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LAKE REGION ARTS COUNCIL

FERGUS FALLS, MINNESOTA

FINANCIAL REPORT

June 30, 2002

LAKE REGION ARTS COUNCIL

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LAKE REGION ARTS COUNCIL
STATEMENT OF FINANCIAL POSITION
June 30, 2002
(With Comparative Totals for 2001)

ASSETS

	<u>2002</u>	<u>2001</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 93	\$ 223
Money Market Funds	65,510	44,047
Grant Receivable	38,000	-
Other Receivable	-	2,744
Prepaid Expenses	<u>1,669</u>	<u>1,629</u>
Total Current Assets	<u>\$105,272</u>	<u>\$ 48,643</u>
EQUIPMENT		
Equipment	\$ 34,947	\$ 34,947
Less Accumulated Depreciation	<u>(14,228)</u>	<u>(10,092)</u>
Net Equipment	<u>\$ 20,719</u>	<u>\$ 24,855</u>
Total Assets	<u>\$125,991</u>	<u>\$ 73,498</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 4,199	\$ 3,732
Grants Payable	<u>29,275</u>	<u>32,741</u>
Total Current Liabilities	<u>\$ 33,474</u>	<u>\$ 36,473</u>
COMMITMENTS	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Unrestricted	\$ 41,723	\$ 31,061
Temporarily Restricted	<u>50,794</u>	<u>5,964</u>
Total Net Assets	<u>\$ 92,517</u>	<u>\$ 37,025</u>
Total Liabilities and Net Assets	<u>\$125,991</u>	<u>\$ 73,498</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2002
(With Comparative Totals for 2001)

	2002			2001
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Minnesota State Arts Board Grant	\$206,725	\$ -	\$206,725	\$210,389
McKnight Foundation Grant	-	76,000	76,000	-
Interest Income	4,183	-	4,183	9,631
Other Revenue	2,248	2,850	5,098	7,912
Net Assets Released From Restrictions	<u>34,020</u>	<u>(34,020)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>\$247,181</u>	<u>\$ 44,830</u>	<u>\$292,011</u>	<u>\$227,932</u>
EXPENSES				
Program Services				
General Program	\$160,100	\$ -	\$160,100	\$145,448
McKnight Foundation	<u>36,861</u>	<u>-</u>	<u>36,861</u>	<u>32,881</u>
Total Program Services	<u>\$196,961</u>	<u>\$ -</u>	<u>\$196,961</u>	<u>\$178,329</u>
General and Administrative	<u>39,558</u>	<u>-</u>	<u>39,558</u>	<u>64,321</u>
Total Expenses	<u>\$236,519</u>	<u>\$ -</u>	<u>\$236,519</u>	<u>\$242,650</u>
Change in Net Assets	\$ 10,662	\$ 44,830	\$ 55,492	\$(14,718)
NET ASSETS - Beginning of Year	<u>31,061</u>	<u>5,964</u>	<u>37,025</u>	<u>51,743</u>
NET ASSETS - End of Year	<u>\$ 41,723</u>	<u>\$ 50,794</u>	<u>\$ 92,517</u>	<u>\$ 37,025</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2002
(With Comparative Totals for 2001)

	2002		2001	
	General	McKnight-	General and	2001
	Program	Foundation	Administrative	Total
EXPENSES				
Salaries	\$ 29,064	\$ 8,406	\$ 17,501	\$ 54,971
Payroll Taxes	2,182	618	1,318	4,118
Employee Benefits	3,147	891	1,900	5,938
Newsletter	11,133	-	-	11,133
Grants and Awards	94,194	15,500	-	109,694
Project Coordinator	4,352	-	-	4,352
Fees, Stipends and Honoraria	3,512	-	-	3,512
Travel, Meals and Lodging	3,304	891	1,925	6,120
Telephone	997	221	990	2,208
Postage	1,106	226	903	2,235
Electricity	273	545	273	1,091
Office Expenses	1,576	476	382	2,434
Rent	4,140	5,520	4,140	13,800
Gallery Expense	-	1,095	-	1,095
Repairs and Maintenance	633	259	371	1,263
Insurance	183	-	324	507
Professional Services	-	1,200	1,705	2,905
Printing and Publications	4	-	-	4
Memberships	-	-	790	790
Workshops	-	-	1,751	1,751
Depreciation	-	983	3,153	4,136
Miscellaneous	300	30	2,132	2,462
	<u>\$160,100</u>	<u>\$ 36,861</u>	<u>\$ 39,558</u>	<u>\$236,519</u>
				<u>\$242,650</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2002
(With Comparative Totals for 2001)

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 55,492	\$(14,718)
Loss on Disposal of Equipment	-	1,328
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,136	4,238
(Increase) Decrease in Operating Assets		
Grants Receivable	(38,000)	-
Other Receivable	2,744	(1,603)
Prepaid Expenses	(40)	154
Increase (Decrease) in Operating Liabilities		
Accounts Payable	467	1,226
Grants Payable	<u>(3,466)</u>	<u>1,896</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 21,333</u>	<u>\$ (7,479)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of Equipment	\$ -	\$ (9,347)
Net Cash Used by Investing Activities	<u>\$ -</u>	<u>\$ (9,347)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 21,333	\$(16,826)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>44,270</u>	<u>61,096</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 65,603</u>	<u>\$ 44,270</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 1. Nature of Operations and Significant Accounting Policies

Nature of Operation:

Lake Region Arts Council is a non-profit corporation organized under the laws of the State of Minnesota. It is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of Section 509(a) of the Code. The Corporation was formed to provide funding for artistic endeavors through a regranting process.

Funding of the Corporation's activities is from two major sources: the Minnesota State Legislature appropriation and the McKnight Foundation. Continuing support from the State legislature is on a year-by-year basis. McKnight support is provided on a biennial basis.

Support and Revenue:

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates.

Cash and Cash Equivalents:

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and Cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 6. Credit Risk

Financial instruments which potentially subject the Corporation to concentration of credit risk consist principally of temporary cash investments. Lake Region Arts Council has placed its temporary cash investment in a high quality money market fund. The fund is not FDIC insured, but is comprised of mainly of government-backed high grade commercial paper.

NOTE 7. Prior Year Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the corporation's financial statements for the year ended June 30, 2001, from which the summarized information was derived.