

24-3024

LAKE REGION ARTS COUNCIL
FERGUS FALLS, MINNESOTA
FINANCIAL REPORT
June 30, 2012

LAKE REGION ARTS COUNCIL
STATEMENT OF FINANCIAL POSITION
June 30, 2012
(With Comparative Totals for 2011)

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$214,900	\$152,761
Prepaid Expenses	5,971	4,160
Accounts Receivable	<u>120,000</u>	<u>-</u>
Total Current Assets	<u>\$340,871</u>	<u>\$156,921</u>
EQUIPMENT		
Equipment	\$ 57,878	\$ 57,878
Less Accumulated Depreciation	<u>(47,648)</u>	<u>(43,480)</u>
Net Equipment	<u>\$ 10,230</u>	<u>\$ 14,398</u>
Total Assets	<u>\$351,101</u>	<u>\$171,319</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 4,661	\$ 11,567
Grants Payable	<u>142,778</u>	<u>101,658</u>
Total Current Liabilities	<u>\$147,439</u>	<u>\$113,225</u>
COMMITMENTS	\$ -	\$ -
NET ASSETS		
Unrestricted	\$ 75,994	\$ 49,819
Temporarily Restricted	<u>127,668</u>	<u>8,275</u>
Total Net Assets	<u>\$203,662</u>	<u>\$ 58,094</u>
Total Liabilities and Net Assets	<u>\$351,101</u>	<u>\$171,319</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012
(With Comparative Totals for 2011)

	2012			2011
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Minnesota State Arts Board Grant	\$492,401	\$ -	\$492,401	\$496,677
McKnight Foundation Grant	-	180,000	180,000	60,000
Interest Income	106	-	106	66
Other Revenue	39,272	-	39,272	1,146
Net Assets Released From Restrictions	<u>60,607</u>	<u>(60,607)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>\$592,386</u>	<u>\$119,393</u>	<u>\$711,779</u>	<u>\$557,889</u>
EXPENSES				
Program Services				
General Program	\$113,544	\$ -	\$113,544	\$108,557
McKnight Foundation	51,635	-	51,635	46,664
Arts and Cultural Heritage	<u>379,987</u>	<u>-</u>	<u>379,987</u>	<u>404,322</u>
Total Program Services	\$545,166	\$ -	\$545,166	\$559,543
General and Administrative	<u>21,045</u>	<u>-</u>	<u>21,045</u>	<u>26,457</u>
Total Expenses	<u>\$566,211</u>	<u>\$ -</u>	<u>\$566,211</u>	<u>\$586,000</u>
Change in Net Assets	\$ (26,175)	\$119,393	\$145,568	\$ (28,111)
Prior Period Adjustment	-	-	-	9,751
NET ASSETS - Beginning of Year	<u>49,819</u>	<u>8,275</u>	<u>58,094</u>	<u>76,454</u>
NET ASSETS - End of Year	<u>\$ 75,994</u>	<u>\$127,668</u>	<u>\$203,662</u>	<u>\$ 58,094</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012
(With Comparative Totals for 2011)

	2012					2011
	General Program	McKnight Foundation	Arts and Cultural Heritage	General and Administrative	Total	Total
EXPENSES						
Salaries and Wages	\$ 20,689	\$ 4,000	\$ 79,559	\$ 1,268	\$105,516	\$112,012
Payroll Taxes	1,726	304	6,424	96	8,550	8,870
Employee Benefits	4,092	560	12,297	187	17,136	12,179
Newsletter and Website	792	-	24,188	-	24,980	39,736
Grants and Awards	62,270	20,690	236,163	-	319,123	331,387
Travel, Meals and Lodging	2,687	1,252	1,559	(4,664)	834	10,303
Telephone	481	241	1,189	481	2,392	1,999
Postage	232	116	581	232	1,161	1,654
Electricity	168	71	427	809	1,475	1,251
Office Expenses	3,132	261	1,379	522	5,294	3,184
Rent	3,360	17,280	8,400	12,760	41,800	39,600
Gallery Expense	-	5,869	-	-	5,869	2,404
Artist and Mentor Program	11,157	-	-	-	11,157	2,231
Repairs and Maintenance	206	218	516	206	1,146	1,208
Parking	108	54	270	310	742	495
Insurance	193	27	-	744	964	966
Professional Services	1,486	449	-	5,741	7,676	7,137
Memberships	-	-	-	1,180	1,180	941
Workshops	301	15	3,396	199	3,911	3,397
Depreciation	-	205	3,154	809	4,168	4,355
Miscellaneous	464	23	485	165	1,137	691
	<u>\$113,544</u>	<u>\$51,635</u>	<u>\$379,987</u>	<u>\$ 21,045</u>	<u>\$566,211</u>	<u>\$586,000</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012
(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 145,568	\$ (18,361)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,168	4,355
(Increase) Decrease in Operating Assets		
Accounts Receivable	(120,000)	-
Prepaid Expenses	(1,811)	(1,941)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(6,906)	10,459
Agency Funds	-	(2,069)
Grants Payable	<u>41,120</u>	<u>29,453</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>62,139</u>	\$ <u>21,896</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	\$ <u>-</u>	\$ <u>-</u>
Net Cash Provided (Used) by Investing Activities	\$ <u>-</u>	\$ <u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 62,139	\$ 21,896
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>152,761</u>	<u>130,865</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 214,900</u>	<u>\$152,761</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. Nature of Operations and Significant Accounting Policies

Nature of Operations:

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 re-granting process.

Funding of the Corporation's activities is from three major sources: the Minnesota State Legislature appropriation, the Minnesota Arts and Cultural Heritage Fund and the McKnight Foundation. Continuing support from the State Legislature and the McKnight Foundation is on a year-by-year 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.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. Nature of Operations and Significant Accounting Policies
(continued)

Equipment:

Office equipment is reported at cost if the asset was purchased, or at fair market value at the date of receipt if the asset was donated. Depreciation totaling \$4,355 for the year ended June 30, 2011 was computed using the straight-line method over the estimated useful lives of the assets.

NOTE 2. Grants Payable

Lake Region Arts Council awards grants to qualifying organizations and individuals based on an evaluation process carried on by the governing board. In most cases, a portion of the amount awarded is withheld until the project being funded is completed. At June 30, 2012 a total of \$142,778 has been awarded but not yet remitted to grantees. This amount will be paid during the next fiscal year.

NOTE 3. Net Assets

The net assets as of June 30, 2012 consisted of the following components:

June 30, 2012

Unrestricted:

General Program

\$ 75,994

Temporarily Restricted:

McKnight Foundation

\$ 127,668

NOTE 4. Functional Allocation of Expense

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Costs which have been allocated include salaries, payroll taxes, telephone, occupancy costs and postage.

NOTE 5. Lease Commitment

On August 31, 2009, the Corporation entered into a two-year lease for office space and for an art gallery. The lease term runs from September 1, 2009 through August 31, 2011. The lease calls for monthly payments of \$3,600 due on the first day of each month.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6. 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, 2012, from which the summarized information was derived.

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