

24-3026

LAKE REGION ARTS COUNCIL
FERGUS FALLS, MINNESOTA
FINANCIAL REPORT

June 30, 2014

LAKE REGION ARTS COUNCIL
STATEMENT OF FINANCIAL POSITION
June 30, 2014
(With Comparative Totals for 2013)

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$164,517	\$130,468
Prepaid Expenses	486	7,638
Accounts Receivable	<u>-</u>	<u>60,000</u>
Total Current Assets	<u>\$165,003</u>	<u>\$198,106</u>
EQUIPMENT		
Equipment	\$ 77,843	\$ 72,277
Less Accumulated Depreciation	<u>(57,336)</u>	<u>(51,882)</u>
Net Equipment	<u>\$ 20,507</u>	<u>\$ 20,395</u>
Total Assets	<u>\$185,510</u>	<u>\$218,501</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 4,473	\$ 7,663
Grants Payable	<u>91,162</u>	<u>74,455</u>
Total Current Liabilities	<u>\$ 95,635</u>	<u>\$ 82,118</u>
COMMITMENTS	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Unrestricted	\$ 86,051	\$ 70,035
Temporarily Restricted	<u>3,824</u>	<u>66,348</u>
Total Net Assets	<u>\$ 89,875</u>	<u>\$136,383</u>
Total Liabilities and Net Assets	<u>\$185,510</u>	<u>\$218,501</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	2014			2013
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Minnesota State Arts Board Grant	\$563,764	\$ -	\$563,764	\$512,254
McKnight Foundation Grant	-	-	-	-
Interest Income	27	-	27	65
Other Revenue	1,830	-	1,830	8,961
Net Assets Released From Restrictions	<u>62,524</u>	<u>(62,524)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>\$628,145</u>	<u>\$ (62,524)</u>	<u>\$565,621</u>	<u>\$521,280</u>
EXPENSES				
Program Services				
General Program	\$114,618	\$ -	\$114,618	\$118,401
McKnight Foundation	62,273	-	62,273	58,927
Arts and Cultural Heritage	<u>420,860</u>	<u>-</u>	<u>420,860</u>	<u>396,380</u>
Total Program Services	\$597,751	\$ -	\$597,751	\$573,708
General and Administrative	<u>14,378</u>	<u>-</u>	<u>14,378</u>	<u>14,851</u>
Total Expenses	<u>\$612,129</u>	<u>\$ -</u>	<u>\$612,129</u>	<u>\$588,559</u>
Change in Net Assets	\$ 16,016	\$ (62,524)	\$ (46,508)	\$ (67,279)
NET ASSETS - Beginning of Year	<u>70,035</u>	<u>66,348</u>	<u>136,383</u>	<u>203,662</u>
NET ASSETS - End of Year	<u>\$ 86,051</u>	<u>\$ 3,824</u>	<u>\$ 89,875</u>	<u>\$136,382</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	2014					2013
EXPENSES	<u>General Program</u>	<u>McKnight Foundation</u>	<u>Arts and Cultural Heritage</u>	<u>General and Administrative</u>	<u>Total</u>	<u>Total</u>
Salaries and Wages	\$ 21,764	\$ 3,882	\$ 78,140	\$ 1,177	\$104,963	\$112,179
Payroll Taxes	1,722	309	6,079	97	8,207	8,414
Employee Benefits	6,623	735	15,876	243	23,477	17,094
Newsletter and Website	8,726	-	29,659	-	38,385	29,664
Grants and Awards	59,135	18,000	253,115	-	330,250	329,273
Travel, Meals and Lodging	1,884	382	2,027	2,540	6,833	8,115
Telephone	379	190	949	379	1,897	1,885
Postage	387	164	918	367	1,836	1,368
Electricity	166	1,978	419	166	2,729	1,507
Office Expenses	673	362	1,481	645	3,161	3,202
Rent	3,920	30,560	9,800	3,920	48,200	43,200
Gallery Expense	-	2,792	1,000	-	3,792	3,372
Artist and Mentor Program	7,098	-	-	-	7,098	10,368
Repairs and Maintenance	235	160	587	235	1,217	1,270
Parking	108	234	270	108	720	721
Insurance	-	213	1,067	854	2,134	1,084
Professional Services	1,079	1,598	3,988	1,709	8,374	7,206
Memberships	-	155	776	620	1,551	1,413
Workshops	-	-	9,367	-	9,367	2,445
Depreciation	-	556	4,300	599	5,455	4,233
Miscellaneous	719	3	1,042	719	2,483	546
	<u>\$114,618</u>	<u>\$62,273</u>	<u>\$420,860</u>	<u>\$ 14,378</u>	<u>\$612,129</u>	<u>\$588,559</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (46,508)	\$ (67,279)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,455	4,233
(Increase) Decrease in Operating Assets		
Accounts Receivable	60,000	60,000
Prepaid Expenses	7,152	(1,667)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(3,190)	3,003
Grants Payable	<u>16,707</u>	<u>(68,323)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>39,616</u>	\$ <u>(70,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	\$ <u>(5,567)</u>	\$ <u>(14,399)</u>
Net Cash Provided (Used) by Investing Activities	\$ <u>(5,567)</u>	\$ <u>(14,399)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 34,049	\$ 84,432
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>130,468</u>	<u>214,900</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 164,517</u>	<u>\$ 130,468</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014

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 \$5,455 for the year ended June 30, 2014 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, 2014 a total of \$91,162 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, 2014 consisted of the following components:

	<u>June 30, 2014</u>
Unrestricted:	
General Program	\$ <u>86,051</u>
Temporarily Restricted:	
McKnight Foundation	\$ <u>3,824</u>

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 15, 2013, the Corporation entered into a two-year lease for office space and for an art gallery. The lease term runs from September 1, 2013 through October 31, 2015. The lease calls for monthly payments of \$3,625 due on the first day of each month.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2013, from which the summarized information was derived.