

**CHATHAM COUNTY
ARTS COUNCIL, INCORPORATED**

FINANCIAL STATEMENTS

JUNE 30, 2009

**Krombach Dunn & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS
Pittsboro, North Carolina**



CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Chatham County Arts Council, Incorporated

We have compiled the accompanying statements of financial position of Chatham County Arts Council, Incorporated (a nonprofit organization) as of June 30, 2008 and 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Krombach Dunn & Co., PLLC
December 9, 2009

Chatham County Arts Council, Incorporated
 Statements of Financial Position
 June 30, 2009 and 2008

	2009	2008
Assets:		
Cash	\$ 22,696	\$ 28,200
Refundable Sales Tax	86	86
Property & Equipment, Net	5,167	6,019
Grants Receivable	10,000	0
Total Assets	<u>\$ 37,949</u>	<u>\$ 34,305</u>
Liabilities and Net Assets:		
Accounts Payable	\$ 0	\$ 106
Payroll Taxes Payable	53	119
Sales Tax Payable	250	0
Total Liabilities	<u>303</u>	<u>225</u>
Net Assets:		
Unrestricted	23,995	24,893
Temporarily Restricted	13,651	9,187
Total Net Assets	<u>37,646</u>	<u>34,080</u>
Total Liabilities and Net Assets	<u>\$ 37,949</u>	<u>\$ 34,305</u>

See accompanying notes and accountant's report

Chatham County Arts Council, Incorporated
 Statements of Activities and Changes in Net Assets
 For The Years Ended June 30, 2009 and 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Totals</u>
Revenues and Other Support:			
Grants	\$ 11,690	\$ 47,452	\$ 59,142
Contributions	11,017	0	11,017
Contributions from Special Events	10,818	0	10,818
Programs	45,282	0	45,282
Bynum Front Porch	0	34,512	34,512
Memberships	0	0	0
Interest Income	222	0	222
Total Revenues and Other Support	<u>79,029</u>	<u>81,964</u>	<u>160,993</u>
Expenses:			
Program	71,157	0	71,157
Management and General	40,031	0	40,031
Fundraising	48,094	0	48,094
Total Expenses	<u>159,282</u>	<u>0</u>	<u>159,282</u>
Change in Net Assets	(80,253)	81,964	1,711
Prior Period Adjustment	1,855	0	1,855
Removal of Studio Tours	0	0	0
Net Assets Released from Restrictions	77,500	(77,500)	0
Net Assets at Beginning of Year	<u>24,893</u>	<u>9,187</u>	<u>34,080</u>
Net Assets at End of Year	<u>\$ 23,995</u>	<u>\$ 13,651</u>	<u>\$ 37,646</u>

See accompanying notes and accountant's report

Exhibit B

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Totals</u>
\$ 5,500	\$ 42,102	\$ 47,602
6,793	0	6,793
6,019	0	6,019
51,753	0	51,753
0	2,900	2,900
3,975	0	3,975
11	0	11
<u>74,051</u>	<u>45,002</u>	<u>119,053</u>
109,907	0	109,907
15,916	0	15,916
14,742	0	14,742
<u>140,565</u>	<u>0</u>	<u>140,565</u>
(66,514)	45,002	(21,512)
(16,605)	0	(16,605)
0	0	0
58,870	(58,870)	0
<u>49,142</u>	<u>23,055</u>	<u>72,197</u>
<u>\$ 24,893</u>	<u>\$ 9,187</u>	<u>\$ 34,080</u>

Chatham County Arts Council, Incorporated
 Statements of Functional Expenses
 For The Years Ended June 30, 2009 and 2008

	<u>PROGRAM</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>	<u>2009 TOTALS</u>
Expenses				
Salaries	\$ 10,796	\$ 24,291	\$ 18,983	\$ 54,070
Benefits	1,265	2,846	2,214	6,325
Bank Charges	834	51	0	885
Advertising	1,104	828	828	2,760
Arts Programs	12,308	0	0	12,308
Subcontractors	6,595	0	0	6,595
Dues & Subscriptions	80	60	60	200
Insurance	656	292	0	948
Special Events	0	0	24,166	24,166
Office Supplies	699	524	524	1,747
Postage & Delivery	342	256	256	854
Professional Fees	3,191	7,736	0	10,927
Rent	9,801	0	0	9,801
Maintenance & Repairs	2,103	75	0	2,178
Taxes, Licenses & Fees	379	450	0	829
Telephone	2,105	245	325	2,675
Artists Commissions	10,639	0	0	10,639
Website	1,733	0	0	1,733
Utilities	2,225	220	0	2,445
Equipment Rental	741	200	199	1,140
Miscellaneous	490	838	0	1,328
Travel	0	26	0	26
Grant Expense	0	0	0	0
Supplies	1,740	0	0	1,740
Staff Development	0	255	0	255
Total	<u>69,826</u>	<u>39,193</u>	<u>47,555</u>	<u>156,574</u>
Depreciation Expense	1,331	838	539	2,708
Total Expenses	<u>\$ 71,157</u>	<u>\$ 40,031</u>	<u>\$ 48,094</u>	<u>\$ 159,282</u>

See accompanying notes and accountant's report

Exhibit C

<u>PROGRAM</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>	<u>2008 TOTALS</u>
\$ 11,544	\$ 7,318	\$ 0	\$ 18,862
0	1,496	0	1,496
0	150	0	150
3,740	0	0	3,740
19,840	0	0	19,840
24,062	3,539	4,718	32,319
0	200	0	200
989	0	0	989
0	0	8,054	8,054
897	207	276	1,380
403	99	160	662
2,165	1,299	635	4,099
9,415	0	0	9,415
121	380	0	501
4,312	0	0	4,312
1,304	152	201	1,657
23,311	0	0	23,311
0	0	0	0
1,346	114	153	1,613
975	225	300	1,500
712	51	0	763
5	0	0	5
1,850	0	0	1,850
1,853	55	0	1,908
0	200	0	200
<u>108,844</u>	<u>15,485</u>	<u>14,497</u>	<u>138,826</u>
<u>1,063</u>	<u>431</u>	<u>245</u>	<u>1,739</u>
<u>\$ 109,907</u>	<u>\$ 15,916</u>	<u>\$ 14,742</u>	<u>\$ 140,565</u>

Exhibit D

Chatham County Arts Council, Incorporated
 Statements of Cash Flows
 For The Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,711	\$ (21,512)
Change Due to Removal of Studio Tours	0	(16,605)
Depreciation	2,708	1,739
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
(Increase)Decrease in Recieveables	(10,000)	0
Increase(Decrease) in Payables	77	99
(Increase)Decrease in Refundable Sales Tax	0	(13)
(Increase)Decrease in Inventory	0	294
Net cash used in operating activities:	<u>(5,504)</u>	<u>(35,998)</u>
Cash flows from investing activities:		
Purchase of equipment	0	(1,300)
Purchase of Software	0	(2,495)
Net cash used in investing activities	<u>0</u>	<u>(3,795)</u>
Cash flows from financing activities:		
	<u>0</u>	<u>0</u>
Net cash used in financing activites	<u>0</u>	<u>0</u>
Change in cash and cash equivalents	<u>(5,504)</u>	<u>(39,793)</u>
Cash and cash equivalents at beginning of year	<u>28,200</u>	<u>67,993</u>
Cash and cash equivalents at end of year	<u>\$ 22,696</u>	<u>\$ 28,200</u>
Supplemental Disclosure Information		
Income Taxes Paid	\$ 0	0
Interest Paid	\$ 0	0

For the purpose of the statement of cash flow, the Organization considers highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

See accompanying notes and accountant's report

Chatham County Arts Council, Incorporated
Notes To Financial Statements

NOTE 1 - ORGANIZATION PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES

A - Mission

The mission of the Chatham County Arts Council, Incorporated is to enrich the cultural life of Chatham County by providing opportunities for people to experience the arts; to bring artists and others together in celebration of the creativity and diversity of the community; to support and nurture excellence in the arts through partnerships with others; and to work with schools to bring the arts to children, encouraging them to experience and to express themselves through art.

B - Basis of Accounting

The Organization's policy is the accrual method of accounting in accordance with accounting principals generally accepted in the United States of America. Accordingly, support and revenue are recognized when earned or realized and expenses are recognized when incurred.

C - Basis of Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organization*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization does not use fund accounting.

Unrestricted net assets -

Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets –

Net assets subject to donor imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

Permanently restricted net assets –

Net assets subject to donor imposed stipulations that they may be maintained permanently by the organization. Generally, the donors of the assets permit the organization to use all of the income earned on related investments for general or specific purposes.

Chatham County Arts Council, Incorporated
Notes To Financial Statements

- D - Contributions
The Organization has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.
- E - Income Taxes
The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.
- F - Cash
Cash consists of money on deposit with a bank and is considered available for current use.
- G - Property and Equipment
Purchased property and equipment is carried at cost, and donated property and equipment is carried at fair value at date of donation. Depreciation of equipment is provided on the basis of the accelerated cost recovery system, or the straight line method as set forth by the tax code in effect at the time of purchase or donation. Purchased computer software is capitalized at cost and amortized using the straight line method over three years. Contributions of other tangible assets are recognized at fair value when received. Betterments and renewals in excess of \$250 are capitalized. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are adjusted and gain or loss is recorded. The Council does not have a policy relating to disposition of long lived assets donated without donor restrictions.
- H - Functional Allocation of Expenses
The cost 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, based on managements best estimates.
- I - Estimates
The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Chatham County Arts Council, Incorporated
Notes To Financial Statements

NOTE 2 - RISK AND CONCENTRATION

The Organization receives a significant portion of its revenue from grants and its mission function is dependent on this revenue. An interruption of these funds could materially effect future operations.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$13,651 at June 30, 2009 and \$9,187 at June 30, 2008 consists of money belonging to Bynum Front Porch restricted for their use in the next fiscal year.

NOTE 4 - OPERATING LEASES

- A. Office Lease
Chatham County Arts Council, Incorporated does not have a lease agreement at their current location.
- B. Copier Lease
The Organization entered into an operating lease with Kyocera Mita America, Inc. on January 19, 2004 for a copier. The lease is for 60 months with payments of \$190.00 per month ending February of 2009.

Year	Amount Due
2009	\$ 1,140

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and Equipment, Net is summarized as follows:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 4,101	\$ 4,101
Furniture	11,394	11,394
Software	2,495	2,495
Equipment (Bynum)	1,855	0
Less Accumulated Depreciation	<u>(14,679)</u>	<u>(11,971)</u>
Property and Equipment, Net	<u>\$ 5,166</u>	<u>\$ 6,019</u>

Office equipment is being depreciated over 5 years, furniture is being depreciated over 7 years and software is amortized over 3 years, using the IRS method in effect at the time.

Chatham County Arts Council, Incorporated
Notes To Financial Statements

NOTE 6 - DONATED GOODS AND SERVICES

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills. Those services were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the financial statements for volunteer services.

NOTE 7 - REMOVAL OF STUDIO TOURS

The Organization removed the subsidiary, Studio Tours, as of June 30, 2008.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

The Organization made a prior period adjustment to increase net assets by \$1,847. The adjustment was made to properly capitalize purchased equipment that was not recorded the prior year by Bynum Front Porch.