

ADAMS COUNTY ARTS COUNCIL
YEARS ENDED DECEMBER 31, 2015 AND 2014

ADAMS COUNTY ARTS COUNCIL
YEARS ENDED DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Adams County Arts Council
Gettysburg, Pennsylvania

We have audited the accompanying financial statements of Adams County Arts Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the



entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adams County Arts Council as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Boles Metzger Brosius & Emrick PC

Harrisburg, Pennsylvania

May 10, 2016

ADAMS COUNTY ARTS COUNCIL

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

| ASSETS | | |
|--|-------------|-------------|
| | 2015 | 2014 |
| Current assets: | | |
| Cash and cash equivalents | \$36,922 | \$21,744 |
| Temporarily restricted cash and cash equivalents | 65,215 | 40,622 |
| Accounts receivable | 28,050 | 470 |
| Unconditional promises to give, net | 7,800 | 16,000 |
| Prepaid expenses | 1,115 | 2,499 |
| Total current assets | 139,102 | 81,335 |
| Net property and equipment | 1,436,922 | 1,486,080 |
| Non-current assets, | | |
| Beneficial interest in community foundation | 48,617 | 50,837 |
| Unconditional promises to give, net | 6,700 | - |
| Total non-current assets | 55,317 | 50,837 |
| Total assets | \$1,631,341 | \$1,618,252 |

LIABILITIES AND NET ASSETS

| | | |
|--|-------------|-------------|
| Current liabilities: | | |
| Note payable, bank | \$88,094 | \$98,148 |
| Current portion of long-term debt | 20,595 | 18,344 |
| Accounts payable and accrued expenses | 22,343 | 14,194 |
| Accrued payroll and payroll taxes | 5,504 | 7,883 |
| Deferred revenue | 1,095 | 2,892 |
| Total current liabilities | 137,631 | 141,461 |
| Long-term debt, net of current portion | 1,404,221 | 1,415,113 |
| Total liabilities | 1,541,852 | 1,556,574 |
| Net assets: | | |
| Unrestricted net assets (deficit) | (39,568) | (41,186) |
| Unrestricted net assets - board designated | 13,366 | 12,766 |
| Temporarily restricted net assets | 65,215 | 40,622 |
| Permanently restricted net assets | 50,476 | 49,476 |
| Total net assets | 89,489 | 61,678 |
| Total liabilities and net assets | \$1,631,341 | \$1,618,252 |

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>2015 Total</u> | <u>2014 (memo only)</u> |
|--------------------------------------|--------------------------|-----------------------------------|-----------------------------------|------------------------|-----------------------------|
| Public support and revenue: | | | | | |
| Contributions | \$87,639 | \$2,321 | \$1,000 | \$90,960 | \$73,018 |
| Grants | 59,650 | 103,815 | - | 163,465 | 136,141 |
| Fundraising events | 1,657 | - | - | 1,657 | 2,751 |
| Program fees | 264,896 | - | - | 264,896 | 183,539 |
| Membership dues | 37,083 | - | - | 37,083 | 40,373 |
| Rental income | 17,060 | - | - | 17,060 | 18,630 |
| Investment income | (56) | - | - | (56) | (11) |
| Change in value of endowment fund | (1,221) | - | - | (1,221) | 2,813 |
| Net assets released from restriction | 81,543 | (81,543) | - | - | - |
| Total support and revenue | <u>548,251</u> | <u>24,593</u> | <u>1,000</u> | <u>573,844</u> | <u>457,254</u> |
| Expenses: | | | | | |
| Program | 385,227 | - | - | 385,227 | 402,729 |
| Management and general | 79,684 | - | - | 79,684 | 78,447 |
| Fundraising | 81,122 | - | - | 81,122 | 50,157 |
| Total expenses | <u>546,033</u> | <u>-</u> | <u>-</u> | <u>546,033</u> | <u>531,333</u> |
| Change in net assets | 2,218 | 24,593 | 1,000 | 27,811 | (74,079) |
| Net assets, beginning | <u>(28,420)</u> | <u>40,622</u> | <u>49,476</u> | <u>61,678</u> | <u>135,757</u> |
| Net assets (deficit), ending | <u><u>(\$26,202)</u></u> | <u><u>\$65,215</u></u> | <u><u>\$50,476</u></u> | <u><u>\$89,489</u></u> | <u><u>\$61,678</u></u> |

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>2014 Total</u> |
|--------------------------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| Public support and revenue: | | | | |
| Contributions | \$73,018 | \$ - | \$ - | \$73,018 |
| Grants | 91,456 | 44,685 | - | 136,141 |
| Fundraising events | 2,751 | - | - | 2,751 |
| Program fees | 183,539 | - | - | 183,539 |
| Membership dues | 40,373 | - | - | 40,373 |
| Rental income | 18,630 | - | - | 18,630 |
| Investment income | (11) | - | - | (11) |
| Change in value of endowment fund | 2,813 | - | - | 2,813 |
| Net assets released from restriction | 18,263 | (18,263) | - | - |
| Total support and revenue | <u>430,832</u> | <u>26,422</u> | <u>-</u> | <u>457,254</u> |
| Expenses: | | | | |
| Program | 402,729 | - | - | 402,729 |
| Management and general | 78,447 | - | - | 78,447 |
| Fundraising | 50,157 | - | - | 50,157 |
| Total expenses | <u>531,333</u> | <u>-</u> | <u>-</u> | <u>531,333</u> |
| Change in net assets | (100,501) | 26,422 | - | (74,079) |
| Net assets, beginning | 72,081 | 14,200 | 49,476 | 135,757 |
| Net assets, ending | <u>(\$28,420)</u> | <u>\$40,622</u> | <u>\$49,476</u> | <u>\$61,678</u> |

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|------------------------|------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$27,811 | (\$74,079) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 49,158 | 49,158 |
| (Gain) loss on sale of investments | 168 | 73 |
| Net change in endowment fund | 2,220 | 2,187 |
| Donation of investments | (2,792) | (1,746) |
| Net temporarily restricted cash transactions | (24,593) | (26,422) |
| (Increase) decrease in current assets: | | |
| Accounts receivable | (27,580) | (280) |
| Unconditional promises to give | 1,500 | 21,078 |
| Prepaid expenses | 1,384 | (186) |
| Increase (decrease) in current liabilities: | | |
| Accounts payable and accrued expenses | 8,149 | 5,121 |
| Accrued payroll and payroll taxes | (2,379) | 2,989 |
| Deferred revenue | (1,797) | (2,834) |
| Net cash provided (used) by operating activities | <u>31,249</u> | <u>(24,941)</u> |
| Cash flows from investing activities, proceeds from sale of investments | <u>2,624</u> | <u>1,673</u> |
| Cash flows from financing activities: | | |
| Net borrowing under line-of-credit agreement | (10,054) | 35,554 |
| Proceeds from the issuance of long-term debt | 7,756 | - |
| Principal payments on long-term debt | (16,397) | (17,670) |
| Net cash provided (used) by financing activities | <u>(18,695)</u> | <u>17,884</u> |
| Net increase (decrease) in cash and cash equivalents | 15,178 | (5,384) |
| Cash and cash equivalents, beginning | <u>21,744</u> | <u>27,128</u> |
| Cash and cash equivalents, ending | <u><u>\$36,922</u></u> | <u><u>\$21,744</u></u> |

(continued)

ADAMS COUNTY ARTS COUNCIL
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|---|----------|----------|
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for: | | |
| Interest | \$62,600 | \$59,393 |
| Income taxes | \$ - | \$ - |
| Supplemental schedule of noncash operating activities: | | |
| Donated securities | \$2,792 | \$1,746 |
| Donated services and supplies | \$24,457 | \$18,383 |

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

| Program | Supporting services | | | 2015 Total | 2014 (memo only) |
|------------------------|---------------------------|-----------------|-----------------|------------------|---------------------|
| | Management and general | Fundraising | Total | | |
| Wages | \$71,524 | \$34,049 | \$48,991 | \$83,040 | \$158,943 |
| Payroll taxes | 6,728 | 3,203 | 4,609 | 7,812 | 14,255 |
| Employee benefits | 4,042 | 1,803 | 9,127 | 10,930 | 14,996 |
| Advertising | 2,887 | - | - | 2,887 | 6,523 |
| Bad debt expense | - | 450 | - | 450 | 3,440 |
| Bank service charges | - | 5,056 | - | 5,056 | 3,826 |
| Depreciation | 36,868 | 6,145 | 6,145 | 12,290 | 49,158 |
| Dues and subscriptions | 833 | - | - | 833 | 617 |
| Insurance | 6,909 | 1,152 | 1,151 | 2,303 | 9,160 |
| Interest expense | 45,292 | 7,549 | 7,549 | 15,098 | 59,364 |
| Licenses and permits | - | 1,601 | - | 1,601 | 305 |
| Miscellaneous | - | 2,338 | - | 2,338 | 50 |
| Occupancy | 12,111 | 2,019 | 2,018 | 4,037 | 17,759 |
| Operating supplies | 7,738 | - | - | 7,738 | 13,268 |
| Professional fees | - | 12,856 | - | 12,856 | 23,604 |
| Program expenses | 175,642 | - | - | 175,642 | 140,414 |
| Special event costs | - | - | 69 | 69 | - |
| STAR grants | 13,190 | - | - | 13,190 | 11,197 |
| Telephone | 1,463 | 1,463 | 1,463 | 2,926 | 4,454 |
| Total expenses | \$385,227 | \$79,684 | \$81,122 | \$160,806 | \$531,333 |

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

| | Program | Supporting services | | | 2014 Total |
|------------------------|------------------|---------------------------|-----------------|------------------|------------------|
| | | Management and general | Fundraising | Total | |
| Wages | \$95,706 | \$37,219 | \$26,018 | \$63,237 | \$158,943 |
| Payroll taxes | 8,584 | 3,338 | 2,333 | 5,671 | 14,255 |
| Employee benefits | 9,714 | 1,891 | 3,391 | 5,282 | 14,996 |
| Advertising | 6,523 | - | - | - | 6,523 |
| Bad debt expense | - | 3,440 | - | 3,440 | 3,440 |
| Bank service charges | - | 3,826 | - | 3,826 | 3,826 |
| Depreciation | 36,868 | 6,145 | 6,145 | 12,290 | 49,158 |
| Dues and subscriptions | 617 | - | - | - | 617 |
| Insurance | 6,870 | 1,145 | 1,145 | 2,290 | 9,160 |
| Interest expense | 44,522 | 7,421 | 7,421 | 14,842 | 59,364 |
| Licenses and permits | - | 305 | - | 305 | 305 |
| Miscellaneous | - | 50 | - | 50 | 50 |
| Occupancy | 13,319 | 2,220 | 2,220 | 4,440 | 17,759 |
| Operating supplies | 13,268 | - | - | - | 13,268 |
| Professional fees | 13,642 | 9,962 | - | 9,962 | 23,604 |
| Program expenses | 140,414 | - | - | - | 140,414 |
| Special event costs | - | - | - | - | - |
| STAR grants | 11,197 | - | - | - | 11,197 |
| Telephone | 1,485 | 1,485 | 1,484 | 2,969 | 4,454 |
| Total expenses | \$402,729 | \$78,447 | \$50,157 | \$128,604 | \$531,333 |

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - PURPOSE AND ORGANIZATION

Incorporated in 1993, the Adams County Arts Council is a nonprofit organization which supports the arts throughout Adams County, Pennsylvania. The Council's mission is to cultivate an arts-rich community. The Council's primary goals are to provide high quality arts education opportunities for students, to support local arts presenters, schools and artists, and to promote economic development through the arts. The Council is supported primarily through grants, public fundraising events and membership dues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Adams County Arts Council is presented to assist in understanding the Council's financial statements. The financial statements and notes are representations of the Council's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these financial statements.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Council considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents. This includes checking, savings, certificates of deposit and money market accounts.

The USDA Note agreement specifies that the Council must maintain a separate savings account equal to 10% of the total payments made to date against the outstanding loan balance, until a sum of \$71,772 is accumulated in the reserve account. During 2015 and 2014, the Council received temporary relief from this funding requirement. At December 31, 2015 and 2014, the balance in the mortgage reserve account totaled \$13,366 and \$12,766, respectively. The balance of the reserve account is classified as board designated net assets.

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncollectible accounts:

Since bad debts have historically not been material, no allowance for uncollectible accounts has been provided. The Organization uses the specific write-off method in recording uncollectible accounts.

Unconditional promises to give:

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. The Council uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior experience and management's analysis of specific pledges made.

Property and equipment:

Property and equipment are recorded at cost. The Organization capitalizes assets purchased with a cost greater than \$2,500. Depreciation is provided by the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---------------------------|-------------|
| Building and improvements | 40 years |
| Equipment and furniture | 5 - 7 years |

Investments:

U.S. Generally accepted accounting principles, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs in situations where markets do not exist or are illiquid and have the lowest priority. The Council uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The Council measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value and are readily available for all investments of the Council. Purchases and sales of securities are recorded on a trade-date basis.

Net Assets classification:

The Council's net assets are classified as unrestricted, temporarily restricted, and permanently restricted. The unrestricted classification is used to account for the portion of expendable funds that are available for support of the Council's general operations. The temporarily restricted classification is used to account for contributions and grants restricted by the donor. Permanently restricted net assets are net assets subject to donor-imposed stipulations that they be maintained permanently by the Council.

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions:

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 Statements of Activities as net assets released from restriction.

Income taxes:

The Internal Revenue Service has determined that Adams County Arts Council is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, contributions to the Council are deductible for Federal income tax purposes.

Subsequent events

The Council has evaluated subsequent events through May 10, 2016, the date which the financial statements were available to be issued.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2015 and 2014 consist of the following:

| | <u>2015</u> | <u>2014</u> |
|---|------------------------|------------------------|
| Receivable in less than one year | \$7,800 | \$18,000 |
| Receivable in one to five years | <u>6,700</u> | <u>-</u> |
| Unconditional promises to give | 14,500 | 18,000 |
| Less allowance for uncollectible promises to give | <u>-</u> | <u>(2,000)</u> |
| Unconditional promises to give, net | <u><u>\$14,500</u></u> | <u><u>\$16,000</u></u> |

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less accumulated depreciation at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|----------------------------|---------------------------|---------------------------|
| Building and improvements | \$1,580,432 | \$1,580,432 |
| Furniture and equipment | <u>57,623</u> | <u>57,623</u> |
| | 1,638,055 | 1,638,055 |
| Accumulated depreciation | <u>(201,133)</u> | <u>(151,975)</u> |
| Net property and equipment | <u><u>\$1,436,922</u></u> | <u><u>\$1,486,080</u></u> |

NOTE 5 - INVESTMENTS

The following schedule summarized the investment return and its classification in the statement of activities for the years ended December 31, 2015 and 2014, including donated stocks sold during the year:

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| Interest and dividends | \$112 | \$62 |
| Net realized and unrealized gain (loss) | <u>(168)</u> | <u>(73)</u> |
| Total investment return | <u><u>(\$56)</u></u> | <u><u>(\$11)</u></u> |

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 6 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

| | <u>Fair Value</u> | <u>Fair Value Measurements Using</u> | | |
|---------------------|-------------------|--|--|--|
| | | <u>Quoted prices in active markets (Level 1)</u> | <u>Significant other observable inputs (Level 2)</u> | <u>Significant unobservable inputs (Level 3)</u> |
| December 31, 2015 | | | | |
| Beneficial interest | <u>\$48,617</u> | <u>\$48,617</u> | <u>\$ -</u> | <u>\$ -</u> |
| December 31, 2014 | | | | |
| Beneficial interest | <u>\$50,837</u> | <u>\$50,837</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 7 - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION

The Adams County Community Foundation is a community foundation made up of several component funds, which includes the Adams County Arts Council Endowment Fund. The Board of Trustees of the Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community serviced. At December 31, 2015 and 2014 the total market value of this endowment fund was \$48,617 and \$50,837, respectively. The Council received \$2,000 and \$5,000 from the fund in 2015 and 2014, respectively. At December 31, 2015, the permanently restricted portion of the interest exceeded the fair market value of the beneficial interest by \$1,859.

NOTE 8 - NOTE PAYABLE, BANK

During 2013, the Council signed a line-of-credit agreement of \$100,000. Interest is payable on the outstanding balance at a variable rate set by the bank, currently 7.2%. The line is unsecured. There was a balance outstanding of \$88,094 and \$98,148 at December 31, 2015 and 2014, respectively.

ADAMS COUNTY ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 - LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2015 and 2014:

| | 2015 | 2014 |
|---|-------------|-------------|
| Note payable in monthly installments of \$5,982 including interest at 3.75%, until maturity in 2051. This note is secured by real estate, improvements and fixtures at 125 South Washington Street, Gettysburg. | \$1,417,319 | \$1,433,457 |
| Unsecured note payable in monthly installments of \$129 bearing interest at 0%, until maturity in 2020. | 7,497 | - |
| Total long-term debt | 1,424,816 | 1,433,457 |
| Less current portion | 20,595 | 18,344 |
| Long-term debt, net of current portion | \$1,404,221 | \$1,415,113 |

Principal maturities of long-term debt are as follows:

| Year | Amount |
|------------|-------------|
| 2016 | \$20,595 |
| 2017 | 21,322 |
| 2018 | 22,076 |
| 2019 | 22,859 |
| 2020 | 23,414 |
| Thereafter | 1,314,550 |
| Total | \$1,424,816 |

NOTE 10 - DEFERRED REVENUE

Deferred revenue represents deposits, class and special event registration fees for future periods received prior to the period end. Revenue is recognized in the year in which the income is earned. The balance deferred at December 31, 2015 and 2014 is \$1,095 and \$2,892, respectively.

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of funds contributed with donor imposed restrictions that have not been satisfied at December 31, 2015 and 2014, as follows:

| | <u>2015</u> | <u>2014</u> |
|------------------------------|-----------------|-----------------|
| After school program | \$2,500 | \$ - |
| Business plan development | 3,500 | - |
| Eat Smart, Play Hard classes | 40,494 | 35,622 |
| Future operations | 7,400 | 5,000 |
| Future scholarships | 2,321 | - |
| Star Grants | 9,000 | - |
| | <u>9,000</u> | <u>-</u> |
| Total | <u>\$65,215</u> | <u>\$40,622</u> |

NOTE 12 - PROGRAM EXPENSES

Program expenses included on the statement of functional expenses consist of the following for the years ended December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|-----------------------------|------------------|------------------|
| Acts of Kindness production | \$36,827 | \$34,036 |
| Eat Smart Play Hard | 27,599 | 5,917 |
| Education | 48,483 | 55,520 |
| Judges certification class | 2,708 | 6,661 |
| Juried art exhibit | 3,467 | 8,042 |
| Masquerade ball | 6,947 | 10,461 |
| New Year's Eve | 3,294 | 3,660 |
| Other program costs | 42,753 | 6,115 |
| Outreach | 3,564 | 10,002 |
| | <u>3,564</u> | <u>10,002</u> |
| Total program expenses | <u>\$175,642</u> | <u>\$140,414</u> |

ADAMS COUNTY ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 13 - RETIREMENT

The Council offers staff employees the opportunity for participation in a contributory retirement plan. The Council matches employees' contributions up to 3% of their compensation. The expense to the Council in this arrangement was \$2,688 and \$2,672 for the years ended December 31, 2015 and 2014, respectively.