

ADAMS COUNTY ARTS COUNCIL

YEARS ENDED DECEMBER 31, 2019 AND 2018

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YEARS ENDED DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 & Walborn PC

Harrisburg, Pennsylvania

March 11, 2020

ADAMS COUNTY ARTS COUNCIL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$182,031	\$135,653
Accounts receivable	6,950	7,435
Unconditional promises to give, net	1,000	4,250
Prepaid expenses	92	1,919
Total current assets	190,073	149,257
Net property and equipment	1,315,224	1,358,358
Non-current assets,		
Beneficial interest in community foundation	48,514	42,857
Unconditional promises to give, net	-	4,000
Total non-current assets	48,514	46,857
Total assets	\$1,553,811	\$1,554,472
LIABILITIES AND NET ASSETS		
Current liabilities:		
Note payable, bank	\$56,710	\$70,957
Current portion of long-term debt	23,414	22,859
Accounts payable and accrued expenses	8,957	18,593
Accrued payroll and payroll taxes	13,199	8,095
Deferred revenue	2,743	3,860
Total current liabilities	105,023	124,364
Long-term debt, net of current portion	1,312,509	1,335,923
Total liabilities	1,417,532	1,460,287
Net assets:		
Without donor restrictions (deficit):		
Undesignated	3,484	(6,273)
Designated by the board	20,528	13,328
	24,012	7,055
With donor restrictions:		
Perpetual in nature	43,268	43,268
Purpose restrictions	68,999	43,862
	112,267	87,130
Total net assets	136,279	94,185
Total liabilities and net assets	\$1,553,811	\$1,554,472

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2019 Total</u>	<u>2018 (memo only)</u>
Public support and revenue:				
Contributions	\$150,258	\$26,350	\$176,608	\$134,700
Grants	8,000	233,985	241,985	186,824
Fundraising events	3,780	-	3,780	4,064
Program fees	176,019	-	176,019	343,230
Less cost of direct benefits	<u>(10,500)</u>	<u>-</u>	<u>(10,500)</u>	<u>(15,142)</u>
Net program fees	165,519	-	165,519	328,088
Membership dues	33,375	-	33,375	40,138
Rental income	18,020	-	18,020	14,480
Investment income	1,554	-	1,554	213
Change in value of endowment fund	7,657	-	7,657	(1,784)
Net assets released from restriction	<u>235,198</u>	<u>(235,198)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>623,361</u>	<u>25,137</u>	<u>648,498</u>	<u>706,723</u>
Expenses:				
Program	441,794	-	441,794	400,108
Management and general	127,018	-	127,018	131,812
Fundraising	<u>37,592</u>	<u>-</u>	<u>37,592</u>	<u>37,473</u>
Total expenses	<u>606,404</u>	<u>-</u>	<u>606,404</u>	<u>569,393</u>
Change in net assets	16,957	25,137	42,094	137,330
Net assets, beginning	<u>7,055</u>	<u>87,130</u>	<u>94,185</u>	<u>6,426</u>
Net assets, ending	<u><u>\$24,012</u></u>	<u><u>\$112,267</u></u>	<u><u>\$136,279</u></u>	<u><u>\$143,756</u></u>

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenue:			
Contributions	\$64,183	\$70,517	\$134,700
Grants	12,884	173,940	186,824
Fundraising events	4,064	-	4,064
Program fees	293,659	-	293,659
Less cost of direct benefits	<u>(15,142)</u>	<u>-</u>	<u>(15,142)</u>
Net program fees	278,517	-	278,517
Membership dues	40,138	-	40,138
Rental income	14,480	-	14,480
Investment income	213	-	213
Change in value of endowment fund	(1,784)	-	(1,784)
Net assets released from restriction	<u>262,150</u>	<u>(262,150)</u>	<u>-</u>
Total support and revenue	<u>674,845</u>	<u>(17,693)</u>	<u>657,152</u>
Expenses:			
Program	400,108	-	400,108
Management and general	131,812	-	131,812
Fundraising	<u>37,473</u>	<u>-</u>	<u>37,473</u>
Total expenses	<u>569,393</u>	<u>-</u>	<u>569,393</u>
Change in net assets	105,452	(17,693)	87,759
Net assets (deficit), beginning	<u>(98,397)</u>	<u>104,823</u>	<u>6,426</u>
Net assets, ending	<u><u>\$7,055</u></u>	<u><u>\$87,130</u></u>	<u><u>\$94,185</u></u>

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

Program	Supporting services			2019 Total	2018 (memo only)	
	Management and general	Fundraising	Direct benefits			
Wages	\$118,603	\$73,194	\$10,678	\$ -	\$202,475	\$191,710
Payroll taxes	9,880	7,037	698	-	17,615	16,528
Employee benefits	11,851	1,446	1,097	-	14,394	11,825
Bank service charges	-	6,715	-	-	6,715	3,979
Depreciation	32,350	5,392	5,392	-	43,134	46,401
Dues and subscriptions	1,551	-	-	-	1,551	1,153
Insurance	8,719	1,453	1,452	-	11,624	10,145
Interest expense	42,906	7,151	7,151	-	57,208	58,301
IT and web services	10,911	-	-	-	10,911	1,737
Licenses and permits	-	1,349	-	-	1,349	608
Miscellaneous	-	8,299	-	-	8,299	5,248
Occupancy	29,654	4,942	4,942	-	39,538	26,638
Operating supplies	52,853	-	-	-	52,853	40,981
Professional fees	-	8,405	-	-	8,405	8,150
Program expenses	108,452	-	4,548	10,500	123,500	147,079
STAR grants	12,429	-	-	-	12,429	9,722
Telephone	1,635	1,635	1,634	-	4,904	4,330
Total expenses	441,794	127,018	37,592	10,500	616,904	584,535
Less cost of direct benefits	-	-	-	(10,500)	(10,500)	(15,142)
Total functional expenses	\$441,794	\$127,018	\$37,592	\$ -	\$606,404	\$569,393

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program	Supporting services		Direct benefits	Total
		Management and general	Fundraising		
Wages	\$96,664	\$84,977	\$10,069	\$ -	\$191,710
Payroll taxes	7,007	8,822	699	-	16,528
Employee benefits	9,744	899	1,182	-	11,825
Advertising	1,737	-	-	-	1,737
Bank service charges	-	3,979	-	-	3,979
Depreciation	34,801	5,800	5,800	-	46,401
Dues and subscriptions	1,153	-	-	-	1,153
Insurance	7,609	1,268	1,268	-	10,145
Interest expense	43,725	7,288	7,288	-	58,301
Licenses and permits	-	608	-	-	608
Miscellaneous	-	5,248	-	-	5,248
Occupancy	19,979	3,330	3,329	-	26,638
Operating supplies	40,981	-	-	-	40,981
Professional fees	-	8,150	-	-	8,150
Program expenses	125,542	-	6,395	15,142	147,079
STAR grants	9,722	-	-	-	9,722
Telephone	1,444	1,443	1,443	-	4,330
Total expenses	400,108	131,812	37,473	15,142	584,535
Less cost of direct benefits	-	-	-	(15,142)	(15,142)
Total functional expenses	\$400,108	\$131,812	\$37,473	\$ -	\$569,393

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$42,094	\$87,759
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	43,134	46,401
(Gain) loss on sale of investments	10	202
Net change in endowment fund	(5,657)	3,819
Donation of investments	(2,355)	(3,302)
Provision for uncollectible promises to give	-	(3,100)
(Increase) decrease in current assets:		
Accounts receivable	485	(3,389)
Unconditional promises to give	7,250	(1,150)
Prepaid expenses	1,826	513
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(9,635)	10,732
Accrued payroll and payroll taxes	5,106	4,659
Deferred revenue	(1,118)	547
Net cash provided (used) by operating activities	<u>81,140</u>	<u>143,691</u>
Cash flows from investing activities:		
Proceeds from sale of investments	2,345	3,100
Capital expenditures	<u>-</u>	<u>(45,665)</u>
Net cash provided (used) by investing activities	<u>2,345</u>	<u>(42,565)</u>
Cash flows from financing activities:		
Net borrowing (repayments) under line-of-credit	(14,248)	(9,548)
Principal payments on long-term debt	<u>(22,859)</u>	<u>(21,941)</u>
Net cash provided (used) by financing activities	<u>(37,107)</u>	<u>(31,489)</u>
Net increase (decrease) in cash and cash equivalents	46,378	69,637
Cash and cash equivalents, beginning	<u>135,653</u>	<u>66,016</u>
Cash and cash equivalents, ending	<u><u>\$182,031</u></u>	<u><u>\$135,653</u></u>

(continued)

ADAMS COUNTY ARTS COUNCIL
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$57,208	\$58,301
Income taxes	\$ -	\$ -
Supplemental schedule of noncash operating activities:		
Donated securities	\$2,345	\$3,302
Donated services and supplies	\$26,536	\$34,153

See notes to financial statements.

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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 2019, the Council made the required payments. At December 31, 2019 and 2018, the balance in the mortgage reserve account totaled \$20,528 and \$13,328, respectively. The balance of the reserve account is classified as net assets without donor restrictions designated by the board.

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncollectible accounts receivable:

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.

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. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met.

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:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued):

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions:

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Functional allocation of expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 March 11, 2020, the date which the financial statements were available to be issued.

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31, 2019 and 2018:

Financial assets at year end:	2019	2018
Cash and cash equivalents	\$182,031	\$135,653
Accounts receivable	6,950	7,435
Unconditional promises to give, net	1,000	4,250
Financial assets at year end	189,981	147,338
Available line of credit	43,290	29,043
Less those unavailable for general expenditures:		
Board designated Mortgage Reserve funds	(20,528)	(13,328)
Restricted by donor with time or purpose restrictions	(68,999)	(39,862)
Financial assets available within one year to meet cash needs for general expenditures	\$143,744	\$123,191

In addition to financial assets available to meet general expenditures over the next 12 months, the organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give at December 31, 2019 and 2018 consist of the following:

	2019	2018
Within one year	\$1,000	\$6,250
In one to five years	-	4,000
	1,000	10,250
Less allowances for uncollectible promises to give	-	(2,000)
Promises to give, net	\$1,000	\$8,250

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4 - PROMISES TO GIVE (continued)

During 2018, the Council received a conditional promise of \$160,000, due in \$80,000 increments in 2019 and 2020. Payment is conditional upon there being an outstanding balance due on the USDA mortgage. In 2019, \$80,000 was received on this pledge, reducing the conditional pledge balance to \$80,000 at December 31, 2019.

NOTE 5 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less accumulated depreciation at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Building and improvements	\$1,636,258	\$1,636,258
Furniture and equipment	50,262	57,265
	1,686,520	1,693,523
Accumulated depreciation	<u>(371,296)</u>	<u>(335,165)</u>
Net property and equipment	<u>\$1,315,224</u>	<u>\$1,358,358</u>

NOTE 6 - INVESTMENTS

The following schedule summarized the investment return and its classification in the statement of activities for the years ended December 31, 2019 and 2018, including donated stocks sold during the year:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$1,564	\$415
Net realized and unrealized gain (loss)	<u>(10)</u>	<u>(202)</u>
Total investment return	<u>\$1,554</u>	<u>\$213</u>

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2019 and 2018 are as follows:

	Fair Value	Fair Value Measurements Using		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2019				
Beneficial interest	<u>\$48,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$48,514</u>
December 31, 2018				
Beneficial interest	<u>\$42,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$42,857</u>

For assets falling within Level 3 in the fair value hierarchy, the activity recognized during the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Beneficial interest in Community Foundations:		
Balance, beginning	\$42,857	\$46,676
Distributions	(2,000)	(2,035)
Earnings	<u>7,657</u>	<u>(1,784)</u>
Balance, ending	<u>\$48,514</u>	<u>\$42,857</u>

The unrealized gain for beneficial interests in Community Foundations, classified as Level 3, are included as change in value of endowment funds in the statement of activities.

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 - 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, 2019 and 2018 the total market value of this endowment fund was \$48,514 and \$42,857, respectively. The Council received \$2,000 and \$2,035 from the fund in 2019 and 2018, respectively.

NOTE 9 - NOTE PAYABLE, BANK

The Council has available a line-of-credit of \$100,000. Interest is payable on the outstanding balance at a variable rate. The line is unsecured. There was a balance outstanding of \$56,710 and \$70,957 at December 31, 2019 and 2018, respectively.

NOTE 10 - LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
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.	\$1,334,630	\$1,355,938
Unsecured note payable in monthly installments of \$129 bearing interest at 0%, until maturity in 2020.	<u>1,293</u>	<u>2,844</u>
Total long-term debt	1,335,923	1,358,782
Less current portion	<u>23,414</u>	<u>22,859</u>
Long-term debt, net of current portion	<u>\$1,312,509</u>	<u>\$1,335,923</u>

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 10 - LONG-TERM DEBT (continued)

Principal maturities of long-term debt are as follows:

Year	Amount
2020	\$23,414
2021	22,965
2022	23,841
2023	24,750
2024	25,695
Thereafter	1,215,258
 Total	 \$1,335,923

NOTE 11 - 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, 2019 and 2018 is \$2,743 and \$3,860, respectively.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2019 and 2018, as follows:

	2019	2018
Subject to expenditure for specific purpose:		
Eat Smart, Play Hard classes	\$ -	\$6,500
Star grants	7,200	8,426
Children's programs	-	5,000
Computers	4,600	-
Development director salary	25,000	-
Scholarships	27,350	14,450
Young Artist Encouragement Award	2,805	3,405
Miscellaneous	2,044	6,081
Total purpose restrictions	\$68,999	\$43,862
Perpetual in nature, Beneficial interest in Community Foundation	\$43,268	\$43,268

ADAMS COUNTY ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 - PROGRAM EXPENSES

Program expenses included on the statement of functional expenses consist of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Acts of Kindness production	\$ -	\$9,903
Anniversary	-	6,638
Art classes/Education	41,527	30,407
Costume party	1,761	5,189
Eat Smart Play Hard	7,995	19,557
Gingerbread celebration	2,762	496
Golf outing	4,547	6,395
Jingle Ball	39,521	57,593
Juried art exhibit	4,952	3,971
Local art	355	441
New Year's Eve	2,884	3,947
Resiliency program	13,325	-
Other program costs	3,871	2,542
Total program expenses	<u>\$123,500</u>	<u>\$147,079</u>

NOTE 14 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, insurance, and interest which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

Functional expenses are as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
Program	\$441,794	73 %	\$400,108	70 %
Management and general	127,018	21	131,812	23
Fundraising	37,592	6	37,473	7
Total expenses	<u>\$606,404</u>	<u>100 %</u>	<u>\$569,393</u>	<u>100 %</u>

ADAMS COUNTY ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 15 - 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 \$3,234 and \$3,416 for the years ended December 31, 2019 and 2018, respectively.