

**CRESTED BUTTE  
CENTER FOR THE ARTS, INC.**

**FINANCIAL STATEMENTS**

**October 31, 2013 and 2012**

**CRESTED BUTTE  
CENTER FOR THE ARTS, INC.**

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**October 31, 2013**

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**CRESTED BUTTE  
CENTER FOR THE ARTS, INC.**

**October 31, 2013**

**BOARD OF DIRECTORS**

<b><u>Name</u></b>		<b><u>Position</u></b>
Melissa Belkin	-	President
Gail Digate	-	Past President
Carol May	-	President Elect
Jason Napoli	-	Treasurer
Marj O'Reilly	-	Secretary
Gloria Kern	-	Member
Sarah Keene	-	Member
Randi Stroh	-	Member
Cjay Clark	-	Member
Edie Gibson	-	Member
John Bruno	-	Member
Donna Rozman	-	Member
Missy Chamberland	-	Member
Heather Featherman	-	Member
Cynthia Peatross	-	Member
Joel Benisch	-	Member
Don Haver	-	Member
Shaun Mastusewicz	-	Ex Officio Member
Tom Steuer	-	Ex Officio Member
Tom Seymour	-	Ex Officio Member
Stephanie Juneau	-	Ex Officio Member
Jenny Birnie	-	Executive Director

# HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

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3082 Evergreen Parkway, Suite 2  
Evergreen, CO 80439  
(303) 694-2727

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Center for the Arts, Inc.  
Crested Butte, Colorado

We have audited the accompanying statements of financial positions of Center for the Arts, Inc. as of October 31, 2013 and 2012, and the related statements of activities, cash flows and program revenues and expenses for the years then ended. These financial statements are the responsibility of Center for the Arts, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for the Arts, Inc. as of October 31, 2013 and 2012, and the changes in its net assets, cash flows and program revenues and expenses for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements that collectively comprise the Center's financial statements. The statement of functional expense is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Hamblin and Associates*

Hamblin and Associates  
Evergreen, Colorado  
May 23, 2014

## **Basic Financial Statements**

**CENTER FOR THE ARTS, Inc.**

**STATEMENT OF FINANCIAL POSITION**  
**October 31, 2013 and 2012**

	2013	2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,209	\$ 48,987
Accounts receivable	14,541	-
Other assets	1,218	1,218
Inventory	4,028	4,134
Total Current Assets	25,996	54,339
<b>Property and Equipment -</b>		
Leasehold improvements	662,867	662,867
Furniture and equipment	194,128	179,031
Accumulated depreciation	(527,693)	(500,177)
Net Property and Equipment	329,302	341,721
<b>Total Assets</b>	\$ 355,298	\$ 396,060
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 14,642	\$ 9,124
Accrued liabilities	7,827	6,263
Line of credit	10,000	25,065
Total Current Liabilities	32,469	40,452
Temporarily restricted net assets	11,702	10,142
Unrestricted net assets	311,127	345,466
Total Net Assets	322,829	355,608
<b>Total Liabilities and Net Assets</b>	\$ 355,298	\$ 396,060

See Accompanying Notes to Financial Statements

**CENTER FOR THE ARTS, Inc.**

**STATEMENTS OF ACTIVITIES**  
**Year Ended October 31, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Donations	\$ 297,436	\$ -	\$ 297,436
Program services	288,885	-	288,885
Grants	16,000	15,966	31,966
Interest	5	-	5
Special events and activities	112,766	-	112,766
Cost of sales - special events	(60,698)	-	(60,698)
Sales - bar	55,970	-	55,970
Cost of sales - bar	(27,452)	-	(27,452)
In-kind Contributions	147,134	-	147,134
	<u>830,046</u>	<u>15,966</u>	<u>846,012</u>
Total Support and Revenue			
<b>EXPENSES</b>			
Program Services	712,506	-	712,506
Management and general	108,353	-	108,353
Fundraising	30,416	-	30,416
Depreciation	27,516	-	27,516
	<u>878,791</u>	<u>-</u>	<u>878,791</u>
Total Expenses			
Increase (Decrease) in unrestricted net assets	(48,745)	15,966	(32,779)
<b>Temporarily restricted net assets</b>			
Assets released from restriction	14,406	(14,406)	-
	<u>34,339</u>	<u>1,560</u>	<u>(32,779)</u>
Change in Net Assets			
Net Assets - Beginning	345,466	10,142	355,608
	<u>345,466</u>	<u>10,142</u>	<u>355,608</u>
Net Assets - Ending	\$ 311,127	\$ 11,702	\$ 322,829
	<u>\$ 311,127</u>	<u>\$ 11,702</u>	<u>\$ 322,829</u>

See Accompanying Notes to Financial Statements

**CENTER FOR THE ARTS, Inc.**

**STATEMENTS OF ACTIVITIES**  
**Year Ended October 31, 2012**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Donations	\$ 258,383	\$ -	\$ 258,383
Program services	150,133	-	150,133
Grants	13,175	18,556	31,731
Interest	15	-	15
Special events and activities	138,823	-	138,823
Cost of sales - special events	(71,123)	-	(71,123)
Sales - bar	45,193	-	45,193
Cost of sales - bar	(21,564)	-	(21,564)
In-kind Contributions	150,408	-	150,408
	<u>663,443</u>	<u>18,556</u>	<u>681,999</u>
Total Support and Revenue			
<b>EXPENSES</b>			
Program Services	572,577	-	572,577
Management and general	86,671	-	86,671
Fundraising	25,662	-	25,662
Depreciation	24,568	-	24,568
	<u>709,478</u>	<u>-</u>	<u>709,478</u>
Total Expenses			
Increase (Decrease) in unrestricted net assets	(46,035)	18,556	(27,479)
<b>Temporarily restricted net assets</b>			
Assets released from restriction	17,816	(17,816)	-
Change in Net Assets	(28,219)	740	(27,479)
Net Assets - Beginning	373,685	9,402	383,087
	<u>373,685</u>	<u>9,402</u>	<u>383,087</u>
Net Assets - Ending	<u>\$ 345,466</u>	<u>\$ 10,142</u>	<u>\$ 355,608</u>

See Accompanying Notes to Financial Statements



**CENTER FOR THE ARTS, Inc.**

**STATEMENT OF CASH FLOWS**  
**Year Ended October 31, 2013 and 2012**

	2013	2012
Cash Flows from Operating Activities:		
Increase (decrease) in unrestricted net assets	\$ (32,779)	\$ (27,479)
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities:		
Depreciation	27,516	24,568
(Increase) Decrease in:		
Accounts receivable	(14,541)	3,500
Inventory	106	(1,258)
Increase (Decrease) in:		
Accounts payable	5,518	(5,210)
Line of credit	(15,065)	10,080
Accrued liabilities	1,564	1,423
Net Cash Provided (Used) by Operating Activities	(27,681)	5,624
Cash Flows from Investing Activities:		
Capital asset (acquisition) disposition	(15,097)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(42,778)	5,624
Cash and Cash Equivalents - Beginning	48,987	43,363
Cash and Cash Equivalents - Ending	\$ 6,209	\$ 48,987

Non cash contributions of facilities use and donated materials amounted to \$147,134 and \$150,408 in October 31, 2013 and 2012, respectively.

See Accompanying Notes to Financial Statements

**CENTER FOR THE ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**October 31, 2013 and 2012**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies for Center for the Arts, Inc. (the Center) is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management, which is responsible for their integrity and objectivity. These accounting policies conform to the generally accepted accounting principles as promulgated by the AICPA Industry Audit and Accounting Guide, Not-for-Profit Organizations.

**1. *Nature of Operations***

The Crested Butte Center for the Arts, Inc. (the Center) was incorporated December 26, 1986, as a Colorado nonprofit corporation. The Center's function is to enrich and expand community participation in the arts. The Center is located in Crested Butte, Colorado.

**2. *Accounting and Financial Statement Presentation***

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Center as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted and unrestricted.

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

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Center and/or passage of time.

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

**3. *Contributions***

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated

CENTER FOR THE ARTS, INC.

**NOTES TO FINANCIAL STATEMENTS**

October 31, 2013 and 2012

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**3. *Contributions*** (Continued)

assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

The Center reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted assets. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Center uses the specific identification method to determine uncollectible unconditional promises receivable. The specific identification is based on management's analysis of specific promises made.

**4. *Donated Services, Goods and Facilities***

A substantial number of volunteers have donated time to the Center's program services and fundraising campaigns during the reporting period; however, these donated services are not reflected in the financial statements since the services do not require specialized skills as required for reporting purposes.

Materials and other assets received as donations are recorded and reported in the accompanying financial statements at their fair values at the date of receipt.

**5. *Functional Allocation of Expenses***

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 benefited.

**6. *Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Center considers all highly liquid investment securities, purchased with an original maturity of three months or less, to be cash equivalents. The Center has no cash equivalents as of October 31, 2013 and 2012.

CENTER FOR THE ARTS, INC.

**NOTES TO FINANCIAL STATEMENTS**

October 31, 2013 and 2012

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**7. *Accounts and Contributions Receivable***

Accounts and contributions receivable are deemed to be fully collectible by management and are primarily from tuition, contributions and fees. If an account becomes uncollectible, it is charged to operations where that determination is made.

**8. *Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. The Center had no equity investments at year end.

**9. *Concentration of Credit and Market Risk***

Financial instruments that potentially expose the Center to concentrations of credit and market risk consist primarily of cash equivalents, receivables and investments. Cash equivalents are maintained at financial institutions and credit exposure is limited to any one institution. The Center has not experienced and losses on its cash equivalents. Credit risk on receivables is minimized as a result of the diverse nature of the Center's student base. The Center's investments do not represent significant concentrations of credit risk.

**10. *Capital Assets***

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Building	45 years
Building Improvements	45 years
Furniture, Fixtures and Equipment	5 – 15 years

**11. *Deferred Revenue/Expense***

Deposits and prepayments are deferred to the year which such amounts are applicable. Deferred revenue and expense are included in the unrestricted net asset class in the accompanying statement of financial position.

CENTER FOR THE ARTS, INC.

**NOTES TO FINANCIAL STATEMENTS**

October 31, 2013 and 2012

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**12. *Income Taxes***

The Center was granted tax-exempt status from federal income taxes by the Internal Revenue Service on May 1, 1987, under Internal Revenue Code Section 501 (c) (3).

**13. *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 the 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. These estimates are based upon management's best estimates, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

**14. *Concentration of Credit Risks***

The viability of the Center's operations is completely dependent upon the geographic resort area of the Town of Crested Butte, Colorado.

**NOTE B: RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES**

Temporarily restricted assets are for expansion expenses for arts facilities. The amounts were \$11,702 and \$10,142 at October 31, 2013 and 2012.

**CENTER FOR THE ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**October 31, 2013 and 2012**

**NOTE C: CAPITAL ASSETS**

Capital assets are summarized as follows:

	Balance Oct. 31, 2012	Additions	Deletions	Balance Oct. 31, 2013
<u>Capital assets being depreciated:</u>				
Leasehold improvements	\$ 455,774	\$ -	\$ -	\$ 455,774
Furniture, fixtures and equipment	179,031	15,097	-	194,128
Gas conversion	12,969	-	-	12,969
Safety improvements	1,700	-	-	1,700
Landscaping	3,815	-	-	3,815
Air lock entry	134,797	-	-	134,797
Information and technology	40,360	-	-	40,360
Ventilation	13,452	-	-	13,452
	<u>841,898</u>	<u>15,097</u>	<u>-</u>	<u>856,995</u>
<u>Less accumulated depreciation:</u>				
Leasehold improvements	(248,589)	(10,090)	-	(258,679)
Furniture, fixtures and equipment	(164,405)	(12,676)	-	(177,081)
Gas conversion	(5,764)	(288)	-	(6,052)
Safety improvements	(756)	(38)	-	(794)
Landscaping	(1,307)	(85)	-	(1,392)
Air lock entry	(37,607)	(2,995)	-	(40,602)
Information and technology	(38,156)	(1,045)	-	(39,201)
Ventilation	(3,593)	(299)	-	(3,892)
	<u>(500,177)</u>	<u>(27,516)</u>	<u>-</u>	<u>(527,693)</u>
Capital assets, net	<u>\$ 341,721</u>	<u>\$ (12,419)</u>	<u>\$ -</u>	<u>\$ 329,302</u>

**CENTER FOR THE ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**October 31, 2013 and 2012**

**NOTE C: CAPITAL ASSETS (Continued)**

	Balance			Balance
	Oct. 31, 2011	Additions	Deletions	Oct. 31, 2012
<u>Capital assets being depreciated:</u>				
Leasehold improvements	\$ 455,774	\$ -	\$ -	\$ 455,774
Furniture, fixtures and equipment	179,031	-	-	179,031
Gas conversion	12,969	-	-	12,969
Safety improvements	1,700	-	-	1,700
Landscaping	3,815	-	-	3,815
Air lock entry	134,797	-	-	134,797
Information and technology	40,360	-	-	40,360
Ventilation	13,452	-	-	13,452
	<u>841,898</u>	<u>-</u>	<u>-</u>	<u>841,898</u>
<u>Less accumulated depreciation:</u>				
Leasehold improvements	(238,499)	(10,090)	-	(248,589)
Furniture, fixtures and equipment	(154,676)	(9,729)	-	(164,405)
Gas conversion	(5,476)	(288)	-	(5,764)
Safety improvements	(718)	(38)	-	(756)
Landscaping	(1,222)	(85)	-	(1,307)
Air lock entry	(34,612)	(2,995)	-	(37,607)
Information and technology	(37,112)	(1,044)	-	(38,156)
Ventilation	(3,294)	(299)	-	(3,593)
	<u>(475,609)</u>	<u>(24,568)</u>	<u>-</u>	<u>(500,177)</u>
Capital assets, net	<u>\$ 366,289</u>	<u>\$ (24,568)</u>	<u>\$ -</u>	<u>\$ 341,721</u>

Depreciation expense was \$27,516 and \$24,568 for the years ended October 31, 2013 and 2012, respectively.

**NOTE D: SUBSEQUENT EVENTS**

The effects of subsequent events that occurred subsequent to period ended October 31, 2013 and through May 23, 2014, the issuance date of the financial statements, have been evaluated. During this period, there have been no material events that would require recognition in the 2013 basic financial statements or disclosures in the Notes to the financial statements.(

## **Supplementary Information**



**CENTER FOR THE ARTS, Inc.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended October 31, 2013

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fund Raising</u>	<u>Total</u>
Expenses				
Salaries and wages	\$ 202,741	\$ 7,164	\$ 22,786	\$ 232,691
Employee Benefits	37,595	-	-	37,595
Professional fees	-	8,078	-	8,078
Supplies	111,194	11,372	1,050	123,616
Telephone	-	5,932	630	6,562
Postage and Shipping	-	1,668	-	1,668
Equipment maintenance	7,029	-	-	7,029
Travel	1,704	-	-	1,704
Other	352,243	74,139	5,950	432,332
Depreciation	27,516	-	-	27,516
Total	<u>\$ 740,022</u>	<u>\$ 108,353</u>	<u>\$ 30,416</u>	<u>\$ 878,791</u>

See Accompanying Notes to Financial Statements

**CENTER FOR THE ARTS, Inc.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended October 31, 2012

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fund Raising</u>	<u>Total</u>
Expenses				
Salaries and wages	\$ 215,098	\$ -	\$ 19,844	\$ 234,942
Employee Benefits	36,512	-	-	36,512
Professional fees	-	7,115	-	7,115
Supplies	106,764	10,997	1,283	119,044
Telephone	-	5,232	599	5,831
Postage and Shipping	-	2,410	-	2,410
Equipment maintenance	8,578	-	-	8,578
Travel	3,903	-	-	3,903
Other	201,722	60,917	3,936	266,575
Depreciation	24,568	-	-	24,568
Total	<u>\$ 597,145</u>	<u>\$ 86,671</u>	<u>\$ 25,662</u>	<u>\$ 709,478</u>

See Accompanying Notes to Financial Statements