

**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY**

**d/b/a ARTS COUNCIL NORTHEAST**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**WILLIAM C. SPORE, P.C.**  
**Certified Public Accountants**  
**200 N. Rufe Snow Drive, Ste 116**  
**Keller, TX 76248**  
**817-421-6619**

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Independent Auditor's Report

To the Board of Directors of  
Arts Council of Northeast Tarrant County  
d/b/a Arts Council Northeast

I have audited the accompanying financial statements of Arts Council of Northeast Tarrant County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 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, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that my audit evidence I have optioned is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

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

*William C. Spore, P.C.*  
Keller, Texas  
August 5, 2015

**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY  
d/b/a ARTS COUNCIL NORTHEAST**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2014

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 154,700
Cerrtificates of Deposit	60,050
Accounts Receivable	3,565
Prepaid Expenses	1,699

**TOTAL CURRENT ASSETS** 220,014

**PROPERTY & EQUIPMENT**

Building & Improvements	99,188
Equipment	18,472
	<u>117,660</u>
Less-Accumulated Depreciation	(73,864)

**NET PROPERTY & EQUIPMENT** 43,796

**TOTAL ASSETS** \$ 263,810

**LIABILITIES & NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 2,752
Refundable Advances	19,500

**TOTAL CURRENT LIABILITIES** 22,252

**NET ASSETS**

Unrestricted	241,558
Restricted	0

**TOTAL NET ASSETS** 241,558

**TOTAL LIABILITIES & NET ASSETS** \$ 263,810

**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY  
d/b/a ARTS COUNCIL NORTHEAST**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2014**

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>REVENUES</b>			
<b>SUPPORT</b>			
Contributions	\$ 45,463	\$ 0	\$ 45,463
Grants	28,900	0	28,900
Member Dues	25,699	0	25,699
Program Revenues	191,190	0	191,190
Fund Raising Events Revenues	258,391	0	258,391
Fund Raising Events Expenses	<u>(80,632)</u>	<u>0</u>	<u>(80,632)</u>
Net Fund Raising Event	<u>177,759</u>	<u>0</u>	<u>177,759</u>
Interest Income	399	0	399
Net Assets Released from Restrictions	0	0	0
<b>TOTAL SUPPORT</b>	<u>469,410</u>	<u>0</u>	<u>469,410</u>
 <b>EXPENSES</b>			
Program Expenses	270,563	0	270,563
Fund Raising Expenses	68,944	0	68,944
General & Administrative Expenses	67,569	0	67,569
<b>TOTAL EXPENSES</b>	<u>407,076</u>	<u>0</u>	<u>407,076</u>
<b>CHANGE IN NET ASSETS</b>	62,334	0	62,334
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>179,224</u>	<u>0</u>	<u>179,224</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 241,558</u>	<u>\$ 0</u>	<u>\$ 241,558</u>

**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY  
d/b/a ARTS COUNCIL NORTHEAST**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2014**

	<b>PROGRAM EXPENSES</b>		<b>FUND RAISING</b>		<b>GENERAL &amp; ADMINISTRATIVE</b>		<b>TOTAL</b>
Computer Software & Maintenance	\$ 905	\$	453	\$	453	\$	1,810
Contract Services - Payroll Processing	493		884		678		2,056
Contract Services - Performers	105,650		0		0		105,650
Contract Services - Teachers	17,850		0		0		17,850
Depreciation	4,009		0		1,336		5,345
Dues	485		0		485		970
Equipment Rental & Minor Purchases	3,836		767		511		5,114
Insurance - Property & Liability	1,495		0		1,495		2,990
Marketing & Promotion	4,497		393		2,426		7,316
Mileage & Meal Reimbursements	4,253		0		0		4,253
Postage & Mailing Services	3,733		74		74		3,881
Printing	3,576		0		0		3,576
Professional Fees	0		0		4,125		4,125
Repair & Maintenance	6,042		0		2,014		8,056
Salaries & Wages	47,375		61,750		45,875		155,000
Sub-Granting	39,846		0		0		39,846
Supplies & Services	11,540		0		852		12,392
Taxes - Payroll	3,548		4,624		3,435		11,607
Telephone	4,130		0		1,377		5,506
Utilities	7,301		0		2,434		9,734
<b>TOTAL EXPENSES</b>	\$ <u>270,563</u>	\$	<u>68,944</u>	\$	<u>67,569</u>	\$	<u>407,077</u>

**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY  
d/b/a ARTS COUNCIL NORTHEAST**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2014**

**CASH FLOWS FOR OPERATING ACTIVITIES:**

Change in Net Assets	\$ 62,334
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Adjustments to reconcile change in net assets  
to net cash provided by operating activities:

Depreciation - Non Cash	5,345
Increase in Receivables	(64)
Increase in Prepaid Expenses	(311)
Decrease in Payables	(9,717)
Increase in Unearned Revenues	18,400

<b>NET CASH PROVIDED BY OPERATIONS</b>	<u>75,987</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of Certificate of Deposit	(60,050)
Purchase of Building Improvements & Equipment	(9,406)

<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(69,456)</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES:**

None	<u>0</u>
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<b>NET INCREASE (DECREASE) IN CASH</b>	6,531
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<b>CASH - BEGINNING OF YEAR</b>	<u>148,169</u>
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<b>CASH - END OF YEAR</b>	<u>\$ 154,700</u>
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**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY**  
**d/b/a ARTS COUNCIL NORTHEAST**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

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

Nature of Activities: The Arts Council of Northeast Tarrant County (The Council) is a community based nonprofit corporation formed to provide artistic, cultural, and educational opportunities to improve the quality of life in the communities they serve. The Council was chartered in Texas in 1975.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting policies based on a calendar year end.

Financial Statement Presentation: The Organization reports 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.

Estimates: The preparation of financial statements in conformity with generally 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.

Cash Equivalents: Cash equivalents consist of all monies held in banks and highly liquid investments with maturity dates of less than three months. The books and records of the Council are maintained on the calendar year basis.

Public Support and Revenues:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as temporarily restricted or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Council had no permanently restricted net assets in 2014.

Grants and other contributions of cash 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.



**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

Contributions of donated noncash assets are recorded at their fair values in the period received. The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition many individuals volunteer their time and perform a variety of tasks that assist the Council in their operations, but these services do not meet the criteria for recognition as contributed services.

Membership dues are recognized as revenue ratably over the applicable period of service to be provided.

Property & Equipment: The Council follows the practice of capitalizing all expenditures for property or equipment in excess of \$1,000. Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded at their estimated fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on a straight-line basis over the useful lives of the assets. Useful lives range from fifteen to forty years.

Impairment of Long-lived Assets: Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are recorded at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amounts.

Refundable advances: The balance in refundable advances represents amounts received in 2014 for program sponsorships for events to be held in 2015.

Compensated absences: Employees of the Council receive paid vacations and personal days off, depending on the length of service and other factors. The Organization's policy is to recognize the cost of compensated absences when actually paid as the amount of unpaid compensated absences at year end is immaterial.

Income Taxes: The Council is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements. The Organization is not classified as a private foundation and there was no unrelated business income for the fiscal year ending December 31, 2014.

**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY  
d/b/a ARTS COUNCIL NORTHEAST**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2014**

Functional Allocation of Expenses: The costs of providing the various programs and 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.

**NOTE B: CASH**

All of the Council's cash accounts are held in checking and savings accounts at local banks and were fully secured by federal depository insurance through the FDIC.

**NOTE C: CERTIFICATES OF DEPOSIT:** The Council owns two certificates of deposit at December 31, 2014. The certificates total \$60,050 and mature in March and May of 2015. The certificates are fully insured by federal depository insurance through the FDIC.

**NOTE D: TEMPORARILY RESTRICTED NET ASSETS:**

The Council does not have any temporarily restricted net assets at December 31, 2014.

**NOTE E: IN-KIND CONTRIBUTIONS:**

The Council received in-kind contributions of professional marketing services from local vendors donor which during the fiscal year 2014. These services were used for web-site services and for marketing at the Council's special fund raising events. These services were valued as follows:

Fund Raising Marketing Services	\$ 11,000
Web-Site Services	500
<b>TOTAL IN-KIND CONTRIBUTIONS</b>	<b>\$ <u>11,500</u></b>

**ARTS COUNCIL OF NORTHEAST TARRANT COUNTY  
d/b/a ARTS COUNCIL NORTHEAST**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE F: OPERATING LEASE COMMITMENTS:**

In November 2000 the Council entered into a one year lease agreement with City of Bedford for the use of a City building to house the Council. For a rental fee of \$10, the Council agreed to maintain the interior of the building in good order and in a clean and attractive appearance. The lease expired in November 2013 at which time the lease was formally renewed for a one year period with the Council having an option to renew for one additional year. Since 1987 the Council has made improvements to the building totaling approximately \$90,000 in lieu of paying any rent.

**NOTE G: FAIR VALUE OF FINANCIAL INSTRUMENTS:**

Due to the short maturities of the Council's cash, certificates of deposit, accounts receivable, prepaid expenses and current liabilities their carrying amounts approximate their fair value and no fair value adjustments are required.

**NOTE H: EVALUATION OF SUBSEQUENT EVENTS:**

The Council has evaluated subsequent events through August 5, 2015 the date which the financial statements were available to be issued.

**WILLIAM C. SPORE, P.C.**  
**Certified Public Accountants**  
**200 N. Rufe Snow Drive, Ste 116**  
**Keller, TX 76248**  
**817-421-6619**

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To the Board of Directors  
Arts Council of Northeast Tarrant County  
d/b/a Arts Council Northeast

In planning and performing my audit of the financial statements of Arts Council of Northeast Tarrant County as of and for the year ending December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, I considered the Arts Council Northeast's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

This communication is intended solely for the information and use of management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

*William C. Spore, PC*  
Certified Public Accountants

August 5, 2015