

SIMSBURY PERFORMING ARTS CENTER, INC.

Financial Statements
Independent Auditors' Report

December 31, 2016 and 2015

SIMSBURY PERFORMING ARTS CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Simsbury Performing Arts Center, Inc.

We have audited the accompanying financial statements of Simsbury Performing Arts Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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.

Auditors' 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 auditors' 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 Simsbury Performing Arts Center, Inc. as of December 31, 2016 and 2015, 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.

Whittlesey & Hawley, P.C.

Hartford, Connecticut
April 17, 2017

SIMSBURY PERFORMING ARTS CENTER, INC.

Statements of Financial Position

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash	\$ 89,925	\$ 70,697
Accounts receivable	500	-
Inventory	2,262	2,331
Equipment, net of accumulated depreciation, \$913 and \$-0-, respectively	<u>17,347</u>	<u>-</u>
Total assets	<u><u>\$ 110,034</u></u>	<u><u>\$ 73,028</u></u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 5,249</u>	<u>\$ 1,479</u>
Total liabilities	<u>5,249</u>	<u>1,479</u>
Net assets:		
Unrestricted	86,985	71,549
Temporarily restricted	<u>17,800</u>	<u>-</u>
Total net assets	<u>104,785</u>	<u>71,549</u>
Total liabilities and net assets	<u><u>\$ 110,034</u></u>	<u><u>\$ 73,028</u></u>

The accompanying notes are an integral part of the financial statements.

SIMSBURY PERFORMING ARTS CENTER, INC.

Statements of Activities

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets:		
Operating revenues and support:		
Event revenue	\$ 188,612	\$ 216,731
Concession sales	94,473	175,830
Contributions and sponsorships	91,026	85,081
Total operating revenues and support	<u>374,111</u>	<u>477,642</u>
Operating expenses:		
Event expenses	235,311	313,067
Facility management	64,511	71,666
Costs of concessions	19,690	26,017
Management and general	33,879	43,861
Development	5,284	10,227
Total operating expenses	<u>358,675</u>	<u>464,838</u>
Change in unrestricted net assets	<u>15,436</u>	<u>12,804</u>
Changes in Temporarily Restricted Net Assets:		
Contributions	<u>17,800</u>	<u>-</u>
Change in temporarily restricted net assets	<u>17,800</u>	<u>-</u>
Change in net assets	33,236	12,804
Net assets, beginning of year	<u>71,549</u>	<u>58,745</u>
Net assets, end of year	<u>\$ 104,785</u>	<u>\$ 71,549</u>

The accompanying notes are an integral part of the financial statements.

SIMSBURY PERFORMING ARTS CENTER, INC.

Statements of Cash Flows

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 33,236	\$ 12,804
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	913	-
(Increase)/decrease in assets:		
Accounts receivable	(500)	-
Inventory	69	(121)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	3,770	(3,196)
Net change in cash from operating activities	<u>37,488</u>	<u>9,487</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(18,260)</u>	<u>-</u>
Net change in cash from investing activities	<u>(18,260)</u>	<u>-</u>
Net change in cash	19,228	9,487
Cash at beginning of year	<u>70,697</u>	<u>61,210</u>
Cash at end of year	<u>\$ 89,925</u>	<u>\$ 70,697</u>

The accompanying notes are an integral part of the financial statements.

SIMSBURY PERFORMING ARTS CENTER, INC.

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Simsbury Performing Arts Center, Inc. (the “Simsbury PAC”) is a non-profit organization located in Simsbury, Connecticut whose mission is to manage and enhance, the Performing Arts Center at Simsbury Meadows to provide the residents of Simsbury and the surrounding communities with entertainment, educational and charitable events. The Performing Arts Center at Simsbury Meadows is owned by the Town of Simsbury. Simsbury PAC has a facility operation agreement with the Town of Simsbury to manage and conduct the operations of the Performing Arts Center.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The presentation follows the recommendations of the Financial Accounting Standard Board (FASB) Accounting Standard Codification (ASC) Topic 958 *Not-for-Profit Entities Presentation of Financial Statements*, in which Simsbury PAC 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.

Unrestricted – Unrestricted net assets are contributions that are not restricted by the contributor that are used for general activity of Simsbury PAC and its programs.

Temporarily Restricted – Temporarily restricted net assets represent contributions that are restricted by the contributor either as to purpose or as to time of expenditure.

Permanently Restricted – Permanently restricted net assets are subject to explicit donor-imposed or other restrictions requiring that the principal be maintained permanently by the organization.

Simsbury PAC had no permanently restricted net assets at December 31, 2016 and 2015.

Equipment

Equipment acquisitions that exceed \$5,000 are capitalized as cost and depreciated over their estimated useful lives of ten to fifteen years using the straight-line method.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk

Simsbury PAC maintains its cash in bank accounts which at times may exceed federally insured limits. Simsbury PAC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Inventory

Inventory of concession beverages and supplies is stated at cost using the first-in, first-out method.

Revenue Recognition Policy

Event revenues consist primarily of licensing and facility fees from third parties for the right of use of the Performing Arts Center at Simsbury Meadows. Revenues are recognized at the time of the event.

Concessions sales are recorded as revenue at point of sale.

All contributions, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions and sponsorships received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Subsequent Events Measurement Date

Simsbury PAC has monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year ended December 31, 2016 through April 17, 2017, the date on which financial statements were available to be issued.

Advertising

Advertising costs are charged to expense during the fiscal year that the related performance occurs. Advertising costs consist primarily of print, internet, radio, and brochures. Advertising expense for the years ended December 31, 2016 and 2015 was \$7,118 and \$6,395, respectively.

Donated Services

A substantial number of volunteers have donated significant amounts of time to Simsbury PAC's activities. Simsbury PAC recognizes contributed services when the service requires specialized skills that would typically need to be purchased if not provided by the contribution. There are no donated services that meet revenue recognition criteria and as such they have not been reflected in the accompanying financial statements.

NOTE 2 – INCOME TAXES:

Simsbury PAC is a non-profit corporation that has been determined to be exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 3 – COMMITMENT:

Simsbury PAC has entered into a facility operation agreement with the Town of Simsbury for the purpose of managing and conducting operations of the Performing Arts Center at Simsbury Meadows for the period beginning January 1, 2017 and expiring December 31, 2019. Under this agreement, Simsbury PAC will reimburse administrative costs incurred in connection with preparation of the facility for each concert season. This fee of \$2,500 shall be paid at the conclusion of each season on November 1.