

**SIMSBURY PERFORMING ARTS CENTER, INC.**

Financial Statements  
Independent Auditors' Report

December 31, 2018 and 2017



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# SIMSBURY PERFORMING ARTS CENTER, INC.

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December 31, 2018 and 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
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, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and the statement of functional expenses for the year ended December 31, 2018.

### ***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, 2018 and 2017, 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 PC*

Hartford, Connecticut  
June 11, 2019

# SIMSBURY PERFORMING ARTS CENTER, INC.

## Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash	\$ 75,814	\$ 133,459
Accounts receivable	230	14,480
Inventory	3,150	1,971
Equipment, net of accumulated depreciation, \$11,199 and \$4,750, respectively	<u>30,174</u>	<u>36,623</u>
Total assets	<u><u>\$ 109,368</u></u>	<u><u>\$ 186,533</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 10,859</u>	<u>\$ 2,575</u>
Total liabilities	<u>10,859</u>	<u>2,575</u>
Net assets:		
Without donor restrictions	79,574	139,272
With donor restrictions	<u>18,935</u>	<u>44,686</u>
Total net assets	<u><u>98,509</u></u>	<u><u>183,958</u></u>
Total liabilities and net assets	<u><u>\$ 109,368</u></u>	<u><u>\$ 186,533</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Changes in Net Assets Without Donor Restrictions:</b>		
Operating revenues and support:		
Event revenue	\$ 183,432	\$ 191,160
Concession sales	36,834	155,839
Contributions and sponsorships	91,161	110,892
Release from restrictions	50,951	17,800
Total operating revenues and support	<u>362,378</u>	<u>475,691</u>
Operating expenses:		
Program	314,410	359,842
Management and general	42,743	56,064
Development	7,684	7,498
Total operating expenses	<u>364,837</u>	<u>423,404</u>
Change in net assets from operations	(2,459)	52,287
Other changes in net assets:		
Gift of ticket booth to Town of Simsbury	<u>57,239</u>	<u>-</u>
Change in net assets without donor restrictions	<u>(59,698)</u>	<u>52,287</u>
<b>Changes in Net Assets With Donor Restrictions:</b>		
Contributions	25,200	44,686
Release from restrictions	<u>(50,951)</u>	<u>(17,800)</u>
Change in net assets with donor restrictions	<u>(25,751)</u>	<u>26,886</u>
Change in net assets	(85,449)	79,173
Net assets, beginning of year	<u>183,958</u>	<u>104,785</u>
Net assets, end of year	<u>\$ 98,509</u>	<u>\$ 183,958</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, 2018 and 2017

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	<u>Program</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
<b>Operating expenses</b>				
Salaries	\$ 79,177	\$ -	\$ -	\$ 79,177
Employee benefits and taxes	7,174	-	-	7,174
Event services	76,282	-	-	76,282
Equipment rentals	94,534	-	-	94,534
Concessions	11,036	-	-	11,036
Occupancy	29,296	-	-	29,296
Promotions	13,091	-	-	13,091
Advertising	3,820	-	-	3,820
Sponsors	-	-	7,684	7,684
Insurance	-	13,930	-	13,930
Office	-	6,883	-	6,883
Accounting	-	9,250	-	9,250
Outside projects	-	6,231	-	6,231
Depreciation	-	6,449	-	6,449
Total operating expenses	<u>\$ 314,410</u>	<u>\$ 42,743</u>	<u>\$ 7,684</u>	<u>\$ 364,837</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (85,449)	\$ 79,173
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	6,449	3,837
Gift of ticket booth to Town of Simsbury	57,239	-
(Increase)/decrease in assets:		
Accounts receivable	14,250	(13,980)
Inventory	(1,179)	291
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	8,284	(2,674)
Net change in cash from operating activities	<u>(406)</u>	<u>66,647</u>
<b>Cash flows from investing activities:</b>		
Purchase of equipment and ticket booth	<u>(57,239)</u>	<u>(23,113)</u>
Net change in cash from investing activities	<u>(57,239)</u>	<u>(23,113)</u>
Net change in cash	(57,645)	43,534
Cash at beginning of year	<u>133,459</u>	<u>89,925</u>
Cash at end of year	<u>\$ 75,814</u>	<u>\$ 133,459</u>

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



# SIMSBURY PERFORMING ARTS CENTER, INC.

## Notes to the Financial Statements

December 31, 2018 and 2017

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### 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets that are restricted by the donor either as to purpose or as to time of expenditure.

#### Equipment

Equipment acquisitions that exceed \$5,000 are capitalized at cost and depreciated over their estimated useful lives of five to ten 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.

#### Inventory

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

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

### 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 support within the net asset class of those with donor restrictions. When a donor 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 assets and reported in the statements 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 in the net assets without donor restrictions category.

### 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, 2018 and 2017 was \$3,820 and \$4,370, 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.

### Accounts Receivable

Grants and other receivables arising from regular operations are stated net of an allowance for doubtful accounts. Allowances are estimated based on assessments by management as to the collectability of individual accounts. There was no allowance for doubtful accounts for the years ended December 31, 2018 and 2017.

### Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, Simsbury PAC adopted the Financial Accounting Standard Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return among not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

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

Income Taxes

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

Functional Expenses

No costs are allocated among the program, management and general, and development expense categories. Payroll, occupancy and event-related expenses are classified as program expenses. Sponsor expenses are classified as fundraising expenses. All other expenses are classified as management and general.

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, 2018 through June 11, 2019, the date on which financial statements were available to be issued.

**NOTE 2 – 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.

**NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions are available for the following purposes or periods as of December 31,:

	<u>2018</u>	<u>2017</u>
Ticket Booth	\$ -	\$ 34,686
Board Development	-	10,000
Brick Walkway	<u>18,935</u>	<u>-</u>
Total	<u>\$ 18,935</u>	<u>\$ 44,686</u>

Net assets released from donor restrictions for the following purposes for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Ticket Booth	\$ 34,686	\$ -
Board Development	10,000	-
Brick Walkway	6,265	-
Chairs	<u>-</u>	<u>17,800</u>
Total	<u>\$ 50,951</u>	<u>\$ 17,800</u>

**NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES:**

The following reflects Simsbury PAC’s financial assets as of December 31, 2018, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

Financial assets available to meet cash needs for general expenditures within one year:

Cash	\$ 75,814
Accounts receivable	<u>230</u>
Total financial assets	<u>76,044</u>
Less: Cash restricted by donors with purpose restrictions	<u>(18,935)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 57,109</u>

As part of Simsbury PAC’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 5 – GIFT OF TICKET BOOTH TO THE TOWN OF SIMSBURY:**

Simsbury PAC constructed a ticket booth at the Performing Arts Center at Simsbury Meadows during the year ended December 31, 2018. Subsequently, the ticket booth was gifted to the Town of Simsbury. Simsbury PAC will continue to have use of the ticket booth under the facility operation agreement with the Town of Simsbury as described in Note 3.

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