



KESSLER ORLEAN SILVER  
CERTIFIED PUBLIC ACCOUNTANTS

**Snow City Arts Foundation**  
**Financial Statements**  
**December 31, 2014 and 2013**

# Snow City Arts Foundation

## Table of Contents

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	<b>Page</b>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-9



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## **Independent Auditor's Report**

To the Board of Directors  
Snow City Arts Foundation  
Chicago, IL

We have audited the accompanying financial statements of Snow City Arts Foundation (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2014 and the related statements of activities and changes in net assets, 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 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 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 2014 financial statements referred to above present fairly, in all material respects, the financial position of Snow City Arts Foundation as of December 31, 2014, 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.

## **Prior Period Financial Statements**

The financial statements as of December 31, 2013 were audited by Ruzicka & Associates, LTD., who merged with Kessler, Orlean, Silver & Co., P.C. as of December 1, 2014, and whose report dated April 21, 2014 expressed an unmodified opinion on those statements.

Respectfully submitted,

*Kessler, Orlean, Silver & Company, P.C.*

**Kessler, Orlean, Silver & Company, P.C.**  
Certified Public Accountants

Deerfield, Illinois  
September 1, 2015



**Snow City Arts Foundation**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2014 and 2013**

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Foundation and Corporate Grants	\$ 280,826	\$ 51,350	\$ 332,176	\$ 271,663	\$ 77,314	\$ 348,977
Grants Released From Restriction	68,180	(68,180)	-	42,781	(42,781)	-
Government Grants	40,965	-	40,965	15,878	-	15,878
Individual and Small Business	39,581	-	39,581	27,940	-	27,940
Donated Office Space	12,000	-	12,000	12,000	-	12,000
Donated Goods				170		
Program Service Fees	140,734	-	140,734	161,338	-	161,338
Special Events						
Gross Receipts	171,067	-	171,067	130,577	-	130,577
Direct Expenses	(29,618)	-	(29,618)	(47,042)	-	(47,042)
Other	992	-	992	-	-	-
Total Support and Revenue and Assets Released from Restrictions	724,727	(16,830)	707,897	615,305	34,533	649,668
<b>Operating Expenses</b>						
Program	488,023	-	488,023	449,882	-	449,882
Administrative	82,918	-	82,918	77,440	-	77,440
Fundraising	74,866	-	74,866	72,033	-	72,033
Total Expenses	645,807	-	645,807	599,355	-	599,355
<b>Change in Net Assets</b>	78,920	(16,830)	62,090	15,950	34,533	50,313
<b>Net Assets at Beginning of Year</b>	234,406	87,314	321,720	218,456	52,781	271,237
<b>Net Assets at End of Year</b>	<u>\$ 313,326</u>	<u>\$ 70,484</u>	<u>\$ 383,810</u>	<u>\$ 234,406</u>	<u>\$ 87,314</u>	<u>\$ 321,550</u>

See accompanying notes to the financial statements.

**Snow City Arts Foundation**

**Statements of Functional Expenses**

**For the Years Ended December 31, 2014 and 2013**

	<b>2014</b>				<b>2013</b>			
	<b>Program Services</b>	<b>Administrative</b>	<b>Fundraising</b>	<b>Total</b>	<b>Program Services</b>	<b>Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 377,780	\$ 42,171	\$ 59,534	\$ 479,485	\$ 362,557	\$ 34,762	\$ 53,764	\$ 451,083
Payroll Taxes	29,599	3,301	4,660	37,560	28,275	2,815	4,224	35,314
Employee Benefits	21,435	2,390	3,375	27,200	16,907	2,834	3,270	23,011
Professional Services	10,675	20,645	-	31,320	3,858	20,730	2,213	26,801
Rent	9,456	1,055	1,489	12,000	9,645	925	1,430	12,000
Supplies	11,875	3,911	195	15,981	12,351	4,446	3,322	20,119
Travel and Meetings	2,178	-	378	2,556	2,262	1,478	149	3,889
Communication	1,654	185	261	2,100	2,005	192	297	2,494
Printing	2,506	3,338	796	6,640	303	3,371	699	4,373
Postage and Delivery	68	744	2,524	3,336	211	495	1,692	2,398
Computer	7,387	173	-	7,560	2,487	-	-	2,487
Exhibit Storage	3,720	-	-	3,720	3,477	-	-	3,477
Insurance	5,573	622	878	7,073	2,849	273	422	3,544
Dues and Subscriptions	996	111	157	1,264	725	289	49	1,063
Miscellaneous	320	3,960	178	4,458	205	4,661	240	5,106
Depreciation	2,801	312	441	3,554	1,765	169	262	2,196
<b>Total</b>	<b>\$ 488,023</b>	<b>\$ 82,918</b>	<b>\$ 74,866</b>	<b>\$ 645,807</b>	<b>\$ 449,882</b>	<b>\$ 77,440</b>	<b>\$ 72,033</b>	<b>\$ 599,355</b>

See accompanying notes to the financial statements.

# Snow City Arts Foundation

## Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 62,090	\$ 50,483
<u>Adjustments to Reconcile Decrease in Net Assets to</u> Net Cash Provided by Operating Activities		
Depreciation	3,554	2,196
(Increase) Decrease:		
Accounts Receivable	(3,023)	4,186
Grants Receivable	(2,800)	(13,550)
Prepaid Expenses	(1,495)	5,294
Increase (Decrease):		
Accounts Payable and Accrued Liabilities	2,211	(3,705)
Deferred Revenue	(7,687)	(11,213)
Total Adjustments	<u>(9,240)</u>	<u>(16,792)</u>
Net Cash Provided by Operating Activities	52,850	33,691
<b>Cash Flows from Investing Activities</b>		
Purchase of Computer Equipment	<u>(8,038)</u>	<u>(3,328)</u>
<b>Net Increase in Cash</b>	44,812	30,363
<b>Cash, Beginning of Year</b>	<u>275,257</u>	<u>244,894</u>
<b>Cash, End of Year</b>	<u><u>\$ 320,069</u></u>	<u><u>\$ 275,257</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Income Taxes	<u>\$ -</u>	<u>\$ -</u>
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.



**Snow City Arts Foundation**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 1 – Summary of Significant Accounting Policies**

Organization

Snow City Arts Foundation (“the Organization”) is an Illinois not-for-profit organization created in 1998 to provide arts education and foster cultural enrichment for the benefit of children in hospitals. The Organization receives donations from private foundations, corporations, and individuals to fund creative writing, music visual arts, theater, and filmmaking programs.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report 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. For the years ended December 31, 2014 and 2013, the Organization considered all of its net assets to be unrestricted.

Cash

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Fair Value Disclosures

The fair value of financial instruments including cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expenses approximates the carrying values, principally because of the short maturity of those items. The fair value of notes payable approximates the carrying value, principally because of the maturity dates of the notes and the current terms applicable to each item.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Restricted contributions whose restrictions are met in the current period are recorded as unrestricted.

**Snow City Arts Foundation**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

Financial Statement Presentation

Financial statement presentation follows the recommendation of FASB Accounting Standards Codification (ASC) 958-210-45. Under ASC 958-210-45, the Organization is required to report 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. For the year ended December 31, 2014, the Organization had \$313,326 unrestricted net assets and \$70,484 of temporarily restricted net assets. For the year ended December 31, 2013, the Organization had \$234,406 of unrestricted net assets and \$87,314 of temporarily restricted net assets. The Organization had no permanently restricted assets in either year.

Functional Expenses

Expenses, which are common to program and to support services, are allocated on bases determined by management.

Fixed Assets

All expenditures for property and equipment in excess of \$1,000 are capitalized. Purchased property and equipment is carried at cost. Contributed property and equipment is carried at fair market value as of the date contributed. If donors stipulate how long assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Assets are depreciated over the estimated economic useful lives using both straight line and accelerated methods. Gains and losses from the sale or disposition of property are included in income.

Income Taxes

The Organization is a not-for-profit that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files U.S. federal and Illinois state informational tax returns. The federal and state informational tax returns of the Organization for 2012, 2013 and 2014 can be subject to examinations by tax authorities, generally for three years after they were filed. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses. At December 31, 2014 and 2013, there was no interest or penalties relating to income taxes recognized in the statements of activities and change in net assets.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through September 1, 2015, the date the financial statements were available to be issued.

**Note 2 – Concentration of Risk**

At December 31, 2014, the Organization maintained cash at a financial institution of the Federal Deposit Insurance Corporation's limit of \$250,000. As of December 31, 2014, the Organization was \$47,910 over the FDIC limit.

**Snow City Arts Foundation**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 3 – Deferred Revenue**

Deferred revenue at December 31, 2013 is comprised of \$7,687 which is the prorated portion of an \$11,050 grant from the Illinois Arts Council for the period September 15, 2013 through August 31, 2014.

**Note 4 – Employee Benefit Plan**

The Organization maintains a Simple IRA plan for the benefit of eligible employees. The plan is a salary reduction plan and eligible employees may choose to have their compensation reduced and contributed to the plan. The Organization, at its discretion, may contribute additional funds to the plan to the extent permitted under the Internal Revenue Code. The Organization made contributions of \$9,645 and \$9,298 in 2014 and 2013, respectively.

**Note 5 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2014 are comprised of \$15,000 which is the prorated portion of a \$30,000 grant from Polk Bros. Foundation for the period July 1, 2014 through June 30, 2015, \$22,917 which is the prorated portion of a \$50,000 grant from the Arie & Ida Crown Foundation for the period December 1, 2013 through November 30, 2015, \$25,000 which is the remaining portion of a two-year grant from the Lloyd Fry Foundation, and \$7,567 which is the pro-rated portion of the \$11,350 Illinois Arts Council grant for the period September 15, 2014 through August 31, 2015.

Temporarily restricted net assets at December 31, 2013 are comprised of a \$10,000 grant from the Arts Works Fund for strategic planning, \$15,000 which is the prorated portion of a \$30,000 grant from Polk Bros. Foundation for the period July 1, 2013 through June 30, 2014, \$47,917 which is the prorated portion of a \$50,000 grant (\$25,000 received in 2013) from the Arie & Ida Crown Foundation for the period December 1, 2013 through November 30, 2015, \$5,000 grant from the Lloyd Fry Foundation for a student tracking database, and \$9,397 which is the prorated portion of a \$10,000 grant from the Poetry Foundation for the period December 10, 2013 through December 9, 2014. All but \$22,917 of the Arie & Ida Crown Foundation grant were released from restriction in 2014.

**Note 6 – Office Space Rental**

The Organization leases office space at no charge from the Rush University Medical Center. Such space has been valued at \$12,000 in the financial statements for both 2014 and 2013.