

**BOULDER COUNTY ARTS ALLIANCE, INC.**

**FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2007 AND 2006**

**Bain & Jones**  
Certified Public Accountants

Donald R. Bain  
55 Bonnymede Road, Unit X  
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**Boulder County Arts Alliance, Inc.**

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**Independent Auditor's Report**

Board of Directors  
Boulder County Arts Alliance, Inc.

We have audited the accompanying statements of financial position of the Boulder County Arts Alliance, Inc., (a nonprofit organization), as of December 31, 2007 and 2006 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Boulder County Arts Alliance, Inc.'s management. 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 audits 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 our audits provide 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 the Boulder County Arts Alliance, Inc., as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Boulder County Arts Alliance, Inc. taken as a whole. The accompanying supplemental schedule of grant distributions is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Bain and Jones, CPAs**

Louisville, Colorado  
April 22, 2008

**Boulder County Arts Alliance, Inc.**  
**Statements of Financial Position**  
**December 31, 2007 and 2006**

	2007	2006
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 153,055	\$ 139,519
Accounts receivable	4,827	8,144
Prepaid expenses	734	1,595
Total Current Assets	158,616	149,258
Investments - endowment	1,581,937	1,529,599
Unrealized gain on investments	66,551	108,883
Market value of investments	1,648,488	1,638,482
Property and Equipment		
Furniture and equipment	5,113	5,113
Accumulated depreciation	(5,113)	(5,113)
Net Property and Equipment	-	-
Total Assets	\$ 1,807,104	\$ 1,787,740
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 13,365	\$ 15,699
Accrued liabilities	852	2,210
Total Current Liabilities	14,217	17,909
Net Assets		
Unrestricted		
Board designated endowment	1,648,488	1,638,482
Undesignated	144,399	91,703
Temporarily restricted	-	39,646
Total Net Assets	1,792,887	1,769,831
Total Liabilities and Net Assets	\$ 1,807,104	\$ 1,787,740

See accompanying notes to financial statements.

**Boulder County Arts Alliance, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2007 and 2006**

	2007	2006
<b>Changes in Unrestricted Net Assets</b>		
Support and revenue		
Memberships	\$ 14,775	\$ 13,967
Grants	81,011	119,616
Contributions	11,724	15,530
Events	4,131	5,222
In-kind	26,383	32,996
Other	2,981	47
Interest, dividends and capital gains	132,552	97,711
Unrealized gain (loss) on investments	(42,332)	108,628
Net assets released from restrictions	222,883	135,115
Total unrestricted support and revenue	454,108	528,832
Expenses		
Program services		
Grant distributions	210,139	183,794
Other	132,171	127,845
Support services		
Management and general	42,589	41,783
Fundraising	6,507	9,506
Total expenses	391,406	362,928
Change in unrestricted net assets	62,702	165,904
<b>Changes in Temporarily Restricted Net Assets</b>		
Grants and contributions	181,198	151,107
Interest, dividends and capital gains	2,039	1,762
Net assets released from restrictions	(222,883)	(135,115)
Change in temporarily restricted net assets	(39,646)	17,754
Change in total net assets	23,056	183,658
Net Assets, beginning of year	1,769,831	1,586,173
Net Assets, end of year	\$ 1,792,887	\$ 1,769,831

See accompanying notes to financial statements.

**Boulder County Arts Alliance, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities</b>		
Cash received from members	\$ 14,775	\$ 13,967
Cash received from grants, donations and fund raising	281,381	287,119
Cash received from other sources	2,981	47
Cash paid to employees, suppliers, and grant recipients	(367,854)	(322,495)
Interest/dividends/capital gains received	<u>134,591</u>	<u>99,473</u>
Net cash flows from operating activities	<u>65,874</u>	<u>78,111</u>
<b>Cash flows from investing activities</b>		
Net (increase) decrease in investments	<u>(52,338)</u>	<u>(36,579)</u>
Net cash flows from investing activities	<u>(52,338)</u>	<u>(36,579)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	13,536	41,532
<b>Cash and cash equivalents - beginning of year</b>	<u>139,519</u>	<u>97,987</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>\$ 153,055</u></u>	<u><u>\$ 139,519</u></u>
Reconciliation of change in net assets to net cash flows from operating activities		
Change in net assets	\$ 23,056	\$ 183,658
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	42,332	(108,628)
(Increase) decrease in receivables	3,317	(4,356)
(Increase) decrease in prepaid expenses	861	(381)
Increase (decrease) in accounts payable	(2,334)	7,677
Increase (decrease) in accrued liabilities	<u>(1,358)</u>	<u>141</u>
Net cash flows from operating activities	<u><u>\$ 65,874</u></u>	<u><u>\$ 78,111</u></u>
Supplemental data for noncash activities		
In-kind goods and services	<u><u>\$ 26,383</u></u>	<u><u>\$ 32,996</u></u>

See accompanying notes to financial statements.

**Boulder County Arts Alliance, Inc.**  
**Statements of Functional Expenses**  
**Year Ended December 31, 2007**

	Program Services	Management and General	Fund Raising	Total
Expenses				
Accounting and audit fees	\$ -	\$ 6,808	\$ -	\$ 6,808
Advertising	11,311	100		11,411
Consultant fees	400	4,775		5,175
Dues and memberships	-	313	238	551
Grant distributions	210,139			210,139
IMA management fees	10,060			10,060
Insurance	-	1,902		1,902
Other	74	601	18	693
Postage and shipping	2,243	1,007	37	3,287
Program events	13,150	312		13,462
Printing	2,688	258	443	3,389
Rent	-	4,905		4,905
Salaries and fringe benefits	84,158	19,418	5,771	109,347
Supplies and equipment	3,541	2,071		5,612
Telephone/fax/internet	4,546	119		4,665
	<u>\$ 342,310</u>	<u>\$ 42,589</u>	<u>\$ 6,507</u>	<u>\$ 391,406</u>
Total Expenses	<u>\$ 342,310</u>	<u>\$ 42,589</u>	<u>\$ 6,507</u>	<u>\$ 391,406</u>

**Year Ended December 31, 2006**

Expenses				
Accounting and audit fees	\$ -	\$ 7,430	\$ -	\$ 7,430
Advertising	1,595	24		1,619
Consultant fees	10,568			10,568
Dues and memberships	100		238	338
Grant distributions	183,794			183,794
IMA management fees	7,239			7,239
Insurance	-	1,961		1,961
Other	65	229	48	342
Postage and shipping	1,903	537	285	2,725
Program events	18,000		927	18,927
Printing	3,259	105	121	3,485
Rent	-	4,905	49	4,954
Salaries and fringe benefits	74,738	25,378	7,838	107,954
Supplies and equipment	3,177	1,028		4,205
Telephone/fax/internet	7,201	186		7,387
	<u>\$ 311,639</u>	<u>\$ 41,783</u>	<u>\$ 9,506</u>	<u>\$ 362,928</u>
Total Expenses	<u>\$ 311,639</u>	<u>\$ 41,783</u>	<u>\$ 9,506</u>	<u>\$ 362,928</u>

See accompanying notes to financial statements.

**Boulder County Arts Alliance, Inc.**  
**Notes to Financial Statements**  
**December 31, 2007 and 2006**

The Boulder County Arts Alliance, Inc. (the Agency) was formed in 1966 to provide leadership, resources and advocacy for the Boulder County, Colorado arts community. The Agency is funded through membership dues, grants, contributions and fund raising, as well as the earnings from an endowment. The Agency's business office is located at 2590 Walnut Street, Suite 9, Boulder, Colorado. The Agency is organized under State of Colorado statute as a non-profit organization.

**Note 1 - Significant Accounting Policies**

Accounting Basis - The financial statements of the Boulder County Arts Alliance, Inc. have been prepared on the accrual basis of accounting.

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.

Display of Net Assets by Class - The Agency complies with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Accordingly, the net assets of the Agency are reported in each of the following classes: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

In 1984, the Agency was the recipient of a building from Neodata Corporation, permanently restricted for the funding of cultural activities as set forth in an endowment agreement. The building was sold and the proceeds from the sale were invested, annual earnings to be used to fund artists, organizations and certain expenses of the Agency. The endowment agreement was terminated effective January 1, 2006 pursuant to a signed agreement that transferred management of the gift to the Agency. Therefore, no permanently restricted net assets are reflected in these financial statements.

Net assets of the temporarily restricted class are created only by donor-imposed restrictions on their use. All other net assets are legally unrestricted and are reported as part of the unrestricted class.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, cash and cash equivalents consists of checking and savings accounts, and money market funds.

During the course of normal operations, the Agency occasionally deposits cash in bank accounts in amounts that exceed the federally insured limit (\$100,000). The Agency maintains its bank accounts with creditworthy, high-quality financial institutions.

Accounts Receivable - Management has determined that receivables are fully collectible; therefore, no allowance for uncollectible accounts receivable is considered necessary.

**Boulder County Arts Alliance, Inc.**  
**Notes to Financial Statements**  
**December 31, 2007 and 2006**

**Note 1 - Significant Accounting Policies (continued)**

Investments - The Agency carries investments at fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Contributed Support - The Agency recognizes all contributed support as revenue in the period received. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property and Equipment - Property and equipment are stated at cost (or fair market value at time of donation for donated items) less accumulated depreciation. All depreciation is computed using the straight-line method with estimated useful lives of 5 years. Expenditures for maintenance, repairs and minor replacements are charged to operations, and expenditures for major replacements in excess of \$500 are capitalized. No depreciation expense was recorded for the years ended December 31, 2007 and 2006, as all property and equipment is fully depreciated.

In-Kind - Donated goods and services are recorded as revenue and expense in like amounts based on estimated fair market value for the goods and services provided. Donated services are recognized if they create or enhance nonfinancial assets or require specialized skills, (i.e. provided by professionals or craftsmen), are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses - The costs of providing the various programs and services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services, based on management estimates.

Income Taxes - The Agency is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and is classified as a public charity (other than a private foundation). The Agency undertook no unrelated business activities and, therefore, no provision has been made for income taxes in these financial statements.

**Boulder County Arts Alliance, Inc.**  
**Notes to Financial Statements**  
**December 31, 2007 and 2006**

**Note 2 - Investments**

Investments are carried at fair market value, summarized as follows as of December 31, 2007:

	<u>Market Value</u>	<u>Cost</u>
Cash equivalents	\$ 26,775	\$ 26,775
Bonds	570,685	575,827
Mutual funds	<u>1,051,028</u>	<u>979,335</u>
Total	<u>\$1,648,488</u>	<u>\$1,581,937</u>

Investment income, realized and unrealized gains for the year ended December 31, 2007 related to these investments are summarized as follows:

Interest, dividends, realized capital gains	\$ 132,552
Net unrealized gains	<u>(42,332)</u>
Total	<u>\$ 90,220</u>

At December 31, 2006 investments are summarized as follows:

	<u>Market Value</u>	<u>Cost</u>
Cash equivalents	\$ 19,504	\$ 19,504
Stocks	74,480	80,000
Bonds	610,843	617,837
Mutual funds	<u>933,655</u>	<u>812,258</u>
Total	<u>\$1,638,482</u>	<u>\$1,529,599</u>

Investment income, realized and unrealized gains for the year ended December 31, 2006 related to these investments are summarized as follows:

Interest, dividends, realized capital gains	\$ 97,711
Net unrealized gains	<u>108,628</u>
Total	<u>\$ 206,339</u>

**Note 3 - Line Of Credit**

The Agency has a \$25,000 revolving line of credit, which was unused as of December 31, 2007 and 2006. The line of credit carries an interest rate of 8%. The investment assets secure the credit line.

**Boulder County Arts Alliance, Inc.**  
**Notes to Financial Statements**  
**December 31, 2007 and 2006**

**Note 4 - Temporarily Restricted Net Assets**

Temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes, or by the occurrence of other events specified by donors, summarized as follows:

<u>Donor</u>	<u>Purpose</u>	<u>2006</u> <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>2007</u> <u>Balance</u>
Milash	annual grant	\$ 1,639	\$ 1,500	\$ 3,139	\$ 0
Society of Arts Patrons	patrons project	6,234	0	6,234	0
Boulder Arts Commission	workshops	5,000	0	5,000	0
Boulder Arts Commission	annual forum fund	582	0	582	0
Boulder Arts Commission	multi cultural initiative	4,410	0	4,410	0
Boulder Arts Commission	web data base	6,500	0	6,500	0
Millennium Harvest House	Thyme for Culture	454	0	454	0
Boulder County	audience devel project	7,627	20,000	27,627	0
Boulder Arts Commission	audience devel project	5,000	0	5,000	0
Neodata endowment	returned grants	<u>2,200</u>	<u>0</u>	<u>2,200</u>	<u>0</u>
		<u>\$48,553</u>	<u>\$63,459</u>	<u>\$36,798</u>	<u>\$ 3,339</u>

All other temporarily restricted income which was both received and expended during the year, in compliance with the donor restrictions, was recorded as income and as net assets released from restrictions under Changes in Temporarily Restricted Net Assets section of the Statement of Activities.

## **Supplemental Information**

**Boulder County Arts Alliance, Inc.**  
**Supplemental Schedule of Grant Distributions**  
**Year Ended December 31, 2007**

**Artist Support Services**

Angela Simmons	\$ 315
Arts for All Children	8,412
Atomic Clock Music Events	760
Boulder Ensemble Theater Company	5,192
Boulder International Fringe Festival	5,937
Christa Ray	7,000
Danny Goldhaber - OSCY	475
Eco Arts	60,240
Emily Harrison	3,610
Giving Voice Productions	32,300
Judith A. Frey	8,550
Kirsten Wilson	6,935
Noah Moore	11,822
Schiff Dance Collective	332
Sue Coffee - Resonance Women's Chorus	8,435
Sue Coffee - Sound Circle	124
Woof! Productions	3,262
<b>Total Artist Support Services</b>	<b><u>163,701</u></b>

**Milash Grant**

Ken Bernstein	1,000
<b>Total Milash Grant</b>	<b><u>1,000</u></b>

**Addison Mini-Grants**

Emma Hardy	500
Gemma Wilcox	500
Fran Hall	500
Society for Creative Aging	500
Viki Psihoyos	500
Flowering Bones Vocal Ensemble	500
Evelyn Bassoff	500
Donna Flebe	500
Longmont Chorale	500
Elizabeth Black	500
Sarah Kulin	500
Gretchen King	500
Kathy Spratford	500
Cynthia Katsarelis	500
So Young Lee	500
Alirio Ferreira Silva	500
Angela Simmons	500
Ken Bernstein	500
<b>Total Addison Mini-Grants</b>	<b><u>\$ 9,000</u></b>

**BCAA Endowment Grants**

Art Walk Longmont, Inc.	\$ 1,000
Betsy Tobin-	1,250
BMoCA	1,000
Boulder Bach Festival	1,000
Boulder Chamber Orchestra	1,000
Boulder Chorale	1,000
Boulder Philharmonic	4,844
Boulder Youth Symphony Society	1,000
Coal Creek Community Theater	1,000
Colorado Mahlerfest, Inc.	1,000
Colorado Music Festival	4,844
Colorado Shakespeare Festival	1,000
Danse Etoile Ballet, Inc.	1,000
Evert Brown	1,000
Fran Hall	1,000
Interweave Dance Theatre	1,000
Lafayette Pro Musica Chamber Orchestra	1,250
Lemon Sponge Cake Contemporary Ballet	1,000
Longmont Chorale	1,000
Longmont Council for the Arts	1,000
Longmont Jazz Association	1,000
Many Mountains Moving	1,000
Old Firehouse Art Center	1,000
Pearl Ubungen	1,000
Peter Davison	1,000
Randy McIntosh	1,000
Richard Bell	1,000
Schiff Dance Collective	1,250
<b>Total BCAA Endowment Grants</b>	<b><u>36,438</u></b>

**Total Grant Distributions**

**\$ 210,139**