

KAYENTA ARTS FOUNDATION
FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

Table of Contents

	<u>Page</u>
Report of Certified Public Accountants	1
Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Supplementary Information:	
Statement of Functional Expenses	11



MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
DEAN R. BURDICK, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA

STEVE PALMER, CPA
MORRIS J. PEACOCK, CPA
PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Trustees
Kayenta Arts Foundation
Ivins, Utah 84738

We have reviewed the accompanying statement of net assets of Kayenta Arts Foundation (a nonprofit organization) as of December 31, 2014, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Foundation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

HintonBurdick, PLLC
HintonBurdick, PLLC
August 6, 2015

KAYENTA ARTS FOUNDATION
Statement of Net Assets
For the Year Ended December 31, 2014

Assets

Current assets:

Cash and cash equivalents	\$ 36,967
Accounts receivable	1,000
Prepaid Expense	558
Inventory	<u>3,188</u>

Total current assets 41,713

Capital assets:

Furnitures, fixtures, and equipment	4,924
Accumulated depreciation	<u>(1,686)</u>

Temporarily restricted assets

Temporarily restricted cash	<u>449,296</u>
-----------------------------	----------------

Total capital and restricted assets 452,534

Total assets **\$ 494,247**

Liabilities and Net Assets

Net assets

Unrestricted	44,978
Temporarily restricted for building	449,269

Total net assets 494,247

Total liabilities and net assets **\$ 494,247**

See the independent accountants' review report.
The accompanying notes are an integral part of the financial statements

KAYENTA ARTS FOUNDATION
Statement of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Event income	\$ 40,957	\$ 33,239	\$ 74,196
Government grants	3,000	5,000	8,000
Contributions	91,986	223,693	315,679
Other Income	1,235	-	1,235
Interest revenue	-	3	3
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>5,501</u>	<u>(5,501)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>142,679</u>	 <u>256,434</u>	 <u>399,113</u>
 Expenses and losses:			
Program services	68,900	28,596	97,496
Management and general	53,340	-	53,340
Fundraising	<u>-</u>	<u>26,341</u>	<u>26,341</u>
 Total expenses and losses	 <u>122,240</u>	 <u>54,937</u>	 <u>177,177</u>
 Change in net assets	 20,439	 201,497	 221,936
 Net assets at beginning of year	 <u>24,539</u>	 <u>247,772</u>	 <u>272,311</u>
 Net assets at end of year	 <u>\$ 44,978</u>	 <u>\$ 449,269</u>	 <u>\$ 494,247</u>

See the independent accountants' review report.
The accompanying notes are an integral part of the financial statements

KAYENTA ARTS FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash flows from operating activities:	
Cash received from events	\$ 74,196
Cash received from grants	8,000
Cash received from contributions	336,433
Cash received from other income	1,235
Cash received from income on operating bank accounts	3
Payments for program expenses	(112,222)
Payments for management and general expenses	(52,636)
Payments for fundraising expenses	<u>(26,341)</u>
Net cash flows from operating activities	<u>228,668</u>
Net change in cash and cash equivalents	228,668
Cash and cash equivalents, beginning of year	<u>257,595</u>
Cash and cash equivalents, end of year	<u><u>\$ 486,263</u></u>
 Reconciliation of change in net assets to net cash used by operating activities:	
Change in net assets	\$ 221,936
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	703
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	24,500
Decrease/(Increase) in prepaid expense	(558)
Decrease/(Increase) in inventories	(3,187)
Increase/(Decrease) in accounts payable	<u>(14,726)</u>
Net cash flows from operating activities	<u><u>\$ 228,668</u></u>

See the independent accountants' review report.
The accompanying notes are an integral part of the financial statements

KAYENTA ARTS FOUNDATION
Notes to the Financial Statements
December 31, 2014

NOTE 1. Significant Accounting Policies

Date of Management's Review

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the independent accountants' review report, the date the financial statements were available to be issued.

Nature of Activities

Kayenta Arts Foundation (Foundation) was organized in 2011 as a tax-exempt organization to develop and create an environment that fosters diverse artistic endeavors for educational and enrichment purposes and provide a venue in the greater St. George, Utah area for awareness, appreciation, education, and enjoyment of diverse artistic endeavors. The Foundation is a nonprofit organization, and as such, certain accounting policies differ from those required of for-profit businesses. The Foundation's major source of revenue is contributions from the general public.

Use of 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.

Contributions

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

The Foundation recognizes contribution revenue for donated property and equipment in the period received at the property or equipment's fair value. If donated assets have questionable or uncertain value and no alternative use that adds value to the assets, the Foundation does not recognize them in the financial statements.

Donated Services

Also, the Foundation receives donations or contributions in the form of services performed. The fair value of the donated services is recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by the entities or persons possessing those skills. Services that do not meet either of the preceding criteria are not recognized. Donated services are recorded at their fair value.

KAYENTA ARTS FOUNDATION
Notes to the Financial Statements
December 31, 2014

NOTE 1. Significant Accounting Policies, Continued

The Foundation receives donated volunteer services from the general public assisting with venues and events. There is no objective way to measure the value these donated services.

Grants and Donations

Grants and donations are provided to Kayenta Arts Foundation in cash and in-kind.

Income Taxes

No amounts have been paid or accrued for income taxes as the Foundation is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Advertising

The Foundation expenses the cost of advertising as incurred. For the year ended December 31, 2014, the Foundation incurred \$17,609 in advertising expenses.

Fundraising

The Foundation expenses fundraising costs as incurred. For the year ended December 31, 2014, the Foundation incurred \$26,341 in fundraising expenses.

NOTE 2. Cash and Cash Equivalents

The Foundation's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

At December 31, 2014, the carrying amount of the Foundation's deposits was \$486,262 and the bank balance was \$474,659 of which, \$250,000 was covered by federal depository insurance. Deposits are not collateralized nor are they required to be by state statute.

KAYENTA ARTS FOUNDATION
Notes to the Financial Statements
December 31, 2014

NOTE 2. Cash and Cash Equivalents, Continued

A reconciliation of cash and investments as shown on the statement of net assets follows:

	Carrying Amount
Carrying amounts of deposits	<u>\$ 486,263</u>
Total	<u>486,263</u>
Cash and cash equivalents	36,967
Restricted and designated cash	<u>449,296</u>
Total	<u>\$ 486,263</u>

NOTE 3. Accounts Receivable

The Foundation considers all accounts receivable as collectible, thus no allowance for doubtful accounts has been established. Accounts receivable consists of \$1,000 in grants receivable in less than one year.

NOTE 4. Capital Assets

Capital assets held by the Foundation are for its own use and are recorded at historical cost. The cost of repairs and maintenance is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation and amortization is determined on the straight-line method over the varied useful lives of the assets. Depreciation and amortization expenses for the fiscal year ended December 31, 2014 was \$703.

KAYENTA ARTS FOUNDATION
Notes to the Financial Statements
December 31, 2014

NOTE 4. Capital Assets (Continued)

The following table summarizes the changes to the capital assets during the year ended December 31, 2014.

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Equipment, Furniture, and Fixtures	\$ 4,924	\$ -	\$ -	\$ 4,924
	\$ 4,924	\$ -	\$ -	\$ 4,924

NOTE 5. IRS Form 990

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 6. Restricted Net Assets and Cash

In accordance with generally accepted accounting principles, contributions, contracts and grants are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence, and/or nature, of any restrictions. Support that is restricted by the donor or by contract is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other restricted support is reported as an increase in temporarily restricted net assets. When a 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. As of December 31, 2014 unrestricted net assets totaled \$44,978 and temporarily restricted net assets totaled \$449,269.

KAYENTA ARTS FOUNDATION
Notes to the Financial Statements
December 31, 2014

NOTE 7. Related Party Transactions

The Foundation has entered into agreements with Man of Two Worlds, LLC (MOTW) to provide event production, fundraising, and management services to the Foundation. The owners of MOTW serve as the Foundation's artistic directors and provide management and fundraising services. MOTW is owned, in part, by Gary Morris, a former director of the Foundation. For the year ended December 31, 2014 the Foundation incurred \$34,282 in production, fundraising, and management expenses payable to MOTW.

SUPPLEMENTARY INFORMATION

KAYENTA ARTS FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2014

Expense category	Program Services	Management & General	Fundraising	Total
Advertising	\$ 17,575	\$ 34	\$ -	\$ 17,609
Administrative and organization	-	103		103
Artists and presenters	17,508	-	-	17,508
Bank service charges		26	-	26
Depreciation and amortization	-	703	-	703
Event expenses	51,931		-	51,931
Facilities	-	2,166	-	2,166
Fees	-	140	-	140
Insurance	-	325	-	325
Management fees	-	32,775	26,341	59,116
Operations	-	2,060	-	2,060
Postage and printing	-	5,218	-	5,218
Professional fees	-	6,576	-	6,576
Wages and salaries	10,482	-	-	10,482
Website Development	-	1,702		1,702
Supplies	-	1,151	-	1,151
Telephone	-	361	-	361
Total	\$ 97,496	\$ 53,340	\$ 26,341	\$ 177,177

See independent accountant's review report.