

**KAYENTA ARTS FOUNDATION**

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**Financial Statements and Review Report of  
Independent Certified Public Accountants**

**December 31, 2015**

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## REVIEW REPORT

To the Board of Trustees  
Kayenta Arts Foundation:

We have reviewed the accompanying financial statements of Kayenta Arts Foundation, which comprise the statement of net assets as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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'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.

### *Accountant's Responsibility*

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### *Accountant's Conclusion*

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 accordance with accounting principles generally accepted in the United States of America.

*Daines Goodwin & Co. P.C.*

Salt Lake City, Utah  
November 14, 2016

**KAYENTA ARTS FOUNDATION**  
**Statement of Net Assets**  
**For the Year Ended December 31, 2015**

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	<u>2015</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 30,609
Total current assets	<u>30,609</u>
Property and equipment, net	426,308
Temporarily restricted cash	<u>455,686</u>
Total assets	<u>912,603</u>
<b>LIABILITIES AND NET ASSETS</b>	
Total Liabilities	<u>-</u>
Temporarily restricted	455,686
Unrestricted	<u>456,917</u>
Total liabilities and net assets	<u>\$ 912,603</u>

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

**KAYENTA ARTS FOUNDATION**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CHANGES IN NET ASSETS</b>			
Increases in net assets:			
Revenue and Support			
Government Grants	\$ -	\$ 1,000	\$ 1,000
Individual / Business Contributions	337,761	151,565	489,326
Gifts in Kind	33,693	-	33,693
Program Income	45,252	4,764	50,016
Total revenue and other support	<u>416,706</u>	<u>157,329</u>	<u>574,035</u>
Decreases in net assets:			
Operating expenses:			
Program Services	49,283	9,779	59,062
Fundraising Expense	-	22,095	22,095
General & Admin	65,618	8,903	74,522
Total operating expenses	<u>114,902</u>	<u>40,777</u>	<u>155,679</u>
Change in net assets	<u>301,804</u>	<u>116,552</u>	<u>418,356</u>
<b>Net assets at beginning of year</b>	<u>44,978</u>	<u>449,269</u>	<u>494,247</u>
<b>Net assets at end of year</b>	<u>\$ 346,782</u>	<u>\$ 565,821</u>	<u>\$ 912,603</u>

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

**KAYENTA ARTS FOUNDATION**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

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**Cash flows from operating activities:**

Change in net assets	\$ 418,356
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	704
Changes in assets and liabilities:	
Accounts receivable	1,000
Prepays	558
Inventory	3,188
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Net cash provided by operating activities	423,806

**Cash flows from investing activities:**

Purchase of property and equipment	(423,774)
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Net cash used in investing activities	(423,774)

**Cash flows from financing activities:**

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	-
Net increase in cash	32
Cash, beginning of year	486,263
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Cash, end of year	\$ 486,295
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**Supplemental Disclosures**

Cash paid for interest	\$ -
Income taxes	\$ -

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

# **KAYENTA ARTS FOUNDTION**

## **Notes to the Financial Statements**

**For the Year Ended December 31, 2015**

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### **1. Nature of Operations**

Kayenta Arts Foundation (the Corporation) is a private not-for-profit incorporated in the state of Utah and began operations on February 10, 2011. The Corporation was organized to be the premier venue in the greater southern Utah area for awareness, appreciation, and education, and enjoyment of diverse artistic endeavors. Funding is provided through contributions from local corporations, individuals, and governmental entities.

The accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The following is a summary of the more significant of the Foundation's accounting policies:

### **2. Summary of Significant Accounting Policies**

#### **Basis of accounting**

The financial statements of the Foundation are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statement presentation follows the recommendation of ASC 958, "Financial Statements of Not-for-Profit Corporations." Under ASC 958, The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation.

The Corporation presently has a bank account with temporarily restricted funds to be used to build a theater in Ivins Utah. These temporarily restricted funds totaled \$455,686 as of December 31, 2015.

The Corporation currently has no permanently restricted assets.

#### **Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise encumbered. The carrying amount approximates fair value because of the short maturity of those instruments.

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

# KAYENTA ARTS FOUNDTION

## Notes to the Financial Statements

For the Year Ended December 31, 2015

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### 2. Summary of Significant Accounting Policies (continued)

#### Property and Equipment

Property and equipment are stated at cost. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

<u>Description</u>	<u>Life</u>	<u>Cost</u>
Construction in progress (building)	-	\$ 423,774
Furniture and fixtures	5 to 7 years	4,324
Total property and equipment		<u>428,098</u>
Less accumulated depreciation		<u>(1,790)</u>
Net property and equipment		<u>\$ 426,308</u>

Depreciation expense on property and equipment was \$704 for the year ended December 31, 2015.

#### Advertising

The Foundation follows the policy of charging the cost of advertising to expense as incurred. For the year ended December 31, 2015, the Foundation incurred \$3,687 in advertising costs.

#### Income Tax Status

The Foundation is a non-profit organization whose revenue is derived from contributions and other fundraising activities and is not subject to federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation files a Form 990 tax return.

As of December 31, 2015 and for the year then ended, the Foundation has not engaged in any activity which management considers to be activity that could result in a loss of their 501 (c)(3) designation. In addition, management does not consider any of the activity of the Foundation to be considered unrelated business income that could result in income tax. For the year ended December 31, 2015, there was no tax interest or penalties reflected in the statement of activities of in the statement of financial position.

#### Impairment of Long-Lived Assets

The Foundation reviews long-lived assets and identifiable intangibles whenever events or circumstances indicate that the carrying amounts of such assets may not be fully recoverable. The Foundation evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted cash flows associated with these assets. At the time such evaluation indicates that the future undiscounted cash flows or certain long-lived assets are not sufficient to recover the assets' carrying value, the assets are adjusted to their fair values (based upon discounted cash flows).

# **KAYENTA ARTS FOUNDTION**

## **Notes to the Financial Statements**

**For the Year Ended December 31, 2015**

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### **2. Summary of Significant Accounting Policies (continued)**

#### **Functional Allocation of Expense**

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities on the final page. Accordingly, certain costs have been allocated among the programs, fundraising and supporting services benefited.

#### **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.

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, and would need to be purchased if they were not donated. Services that do not meet either of the preceding criteria are not recognized. Donated services are recorded at their fair value.

#### **Fair Value of Financial Instruments**

The carrying amounts reported in the accompanying financial statements for cash and accrued liabilities approximate fair values because of the immediate or short-term maturities of these financial instruments. The carrying amounts reported for accounts receivable approximate net realizable value after considering anticipated losses due to potentially uncollectible balances. Estimates of anticipated losses are based on management's analysis of historical losses.

#### **Concentration of Credit Risk**

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. As of December 31, 2015, the Foundation did not have any account balance in excess of these FDIC insured limits. The Foundation has not experienced any losses in such accounts.

**KAYENTA ARTS FOUNDTION**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2015**

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**3. Subsequent Events**

Or the purposes of these financial statements and all disclosures, subsequent events were evaluated through November 14, 2016, which is the date the financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to the balance sheet date that would require disclosure in these financial statements as of December 31, 2015.

## **Supplementary Information**

**KAYENTA ARTS FOUNDTION**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**

	Program Services	Supporting Services		Total Expenses
	Program Expenses	Fundraising Expenses	General & Admin	
Artists and presenters	\$ 13,529	\$ -	\$ -	\$ 13,529
Event expenses	27,002	-	-	27,002
Communications	-	-	1,230	1,230
Management fees	-	22,095	2,000	24,095
Marketing/media	3,687	-	-	3,687
Misc.	-	-	6,164	6,164
Personnel	14,844	-	-	14,844
Professional fees	-	-	20,118	20,118
Printing	-	-	3,530	3,530
Property insurance	-	-	325	325
Rent, parking, utilities	-	-	2,166	2,166
Rentals	-	-	8,843	8,843
Supplies	-	-	582	582
Supplies:other	-	-	2,799	2,799
Training	-	-	125	125
Website expense	-	-	7,922	7,922
Administrative and organization	-	-	5,000	5,000
Banners and signage	-	-	3,000	3,000
Business expenses	-	-	3,589	3,589
Operations	-	-	5,043	5,043
depreciation expense	-	-	704	704
Fees	-	-	1,382	1,382
Total expenses	<u>\$ 59,062</u>	<u>\$ 22,095</u>	<u>\$ 74,522</u>	<u>\$ 155,679</u>

See Independent Accountant's Review Report