

**Ann Arbor Art Association**

**Financial Statements**

**August 31, 2015 and 2014**

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## Accountants' Compilation Report

To the Board of Directors  
Ann Arbor Art Association  
Ann Arbor, Michigan

We have compiled the accompanying statement of financial position of Ann Arbor Art Association d/b/a Ann Arbor Art Center (a nonprofit corporation) as of August 31, 2015 and 2014, and the related statements of activities for the years then ended, and the accompanying supplementary information, which are presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedules are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary schedules 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 and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements or supplementary schedules.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the organization's financial position, results of operations and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Yeo & Yeo, P.C.*

Ann Arbor, Michigan  
July 22, 2016

**Ann Arbor Art Association**  
**Statement of Financial Position**  
**August 31, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Current assets		
Cash	\$ 172,135	\$ 57,196
Accounts receivable	5,880	1,800
Prepaid expenses	8,913	10,247
Inventory, net of writedowns	17,313	16,181
Deposits	670	-
Investments	-	78,306
Total current assets	204,911	163,730
Property and equipment		
Buildings	92,254	92,254
Building improvements	606,654	564,904
Land	25,000	25,000
Capital equipment	161,884	145,937
	885,792	828,095
Accumulated depreciation	(607,737)	(582,543)
Net property and equipment	278,055	245,552
<b>Total assets</b>	<b>\$ 482,966</b>	<b>\$ 409,282</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 35,474	\$ 27,821
Accrued expenses	45,249	30,216
Deferred revenue	102,228	51,624
Line of credit	-	23,400
Total current liabilities	182,951	133,061
Net Assets		
Unrestricted	248,736	166,240
Temporarily restricted	51,279	31,626
Permanently restricted	-	78,355
Total net assets	300,015	276,221
<b>Total liabilities and net assets</b>	<b>\$ 482,966</b>	<b>\$ 409,282</b>

See Accompanying Accountants' Compilation Report

**Ann Arbor Art Association**  
**Statement of Activities**  
**For the Years Ended August 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Unrestricted Net Assets</b>		
<b>Revenue and support</b>		
Art inventory sales	\$ 51,524	\$ 84,257
Cost of goods sold	<u>(78,772)</u>	<u>(40,529)</u>
Net art inventory sales	<u>(27,248)</u>	<u>43,728</u>
Class fees	413,564	356,861
Cost of goods sold	<u>(124,383)</u>	<u>-</u>
Net class fees	<u>289,181</u>	<u>356,861</u>
Commissions from sales	233,297	54,392
Cost of goods sold	<u>(149,889)</u>	<u>-</u>
Net commissions from sales	<u>83,408</u>	<u>54,392</u>
Facility rent	21,465	15,528
Rent costs	<u>(456)</u>	<u>-</u>
Net facility rent	<u>21,009</u>	<u>15,528</u>
Special events	68,161	69,245
Special event costs	<u>(25,502)</u>	<u>-</u>
Net special events	<u>42,659</u>	<u>69,245</u>
Contributions and grants	82,093	61,971
Membership dues	16,850	17,110
Other revenue	<u>52,607</u>	<u>1,822</u>
Total unrestricted revenue and support	<u>560,559</u>	<u>620,657</u>
Net assets released from restrictions	<u>209,955</u>	<u>40,680</u>
Total unrestricted revenue, gains and other support	<u>770,514</u>	<u>661,337</u>
<b>Operating expenses</b>		
Program services	561,801	612,196
Management and general	16,522	17,229
Fundraising	<u>109,695</u>	<u>122,637</u>
Total operating expenses	<u>688,018</u>	<u>752,062</u>
Change in unrestricted net assets	<u>\$ 82,496</u>	<u>\$ (90,725)</u>

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**Ann Arbor Art Association**  
**Statement of Activities**  
**For the Years Ended August 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Temporarily restricted net assets</b>		
Contributions	\$ -	\$ 26,114
Grants	132,206	28,994
Investment earnings	19,047	17,194
Net assets released from restrictions	<u>(131,600)</u>	<u>(40,680)</u>
Change in temporarily restricted net assets	<u>19,653</u>	<u>31,622</u>
<b>Permanently restricted net assets</b>		
Contributions	-	200
Net assets released from restrictions	<u>(78,355)</u>	<u>-</u>
Change in permanently restricted net assets	<u>(78,355)</u>	<u>200</u>
Change in net assets	<u>23,794</u>	<u>(58,903)</u>
Net assets at beginning of year	<u>276,221</u>	<u>335,124</u>
Net assets at end of year	<u>\$ 300,015</u>	<u>\$ 276,221</u>

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**Ann Arbor Art Association**  
**Five Year Analysis of Unrestricted Revenue, Gains and Other Support**  
**For the Five Years Ended August 31, 2011 through 2015**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Program revenue (net of cost of sales)</b>					
Art inventory sales	\$ (27,248)	\$ 43,728	\$ 40,145	\$ 31,636	\$ 44,997
Class fees	289,181	356,861	364,600	366,002	358,371
Commissions on consignment sales	83,408	54,392	74,062	60,835	52,825
Facility rent	<u>21,009</u>	<u>15,528</u>	<u>21,828</u>	<u>18,505</u>	<u>11,717</u>
Total program revenue	<u><b>366,350</b></u>	<u>470,509</u>	<u>500,635</u>	<u>476,978</u>	<u>467,910</u>
<b>Direct public support</b>					
Contributions and grants	82,093	61,971	32,459	35,703	26,002
Membership dues	<u>16,850</u>	<u>17,110</u>	<u>31,355</u>	<u>28,021</u>	<u>35,658</u>
Total support received directly	<u><b>98,943</b></u>	<u>79,081</u>	<u>63,814</u>	<u>63,724</u>	<u>61,660</u>
<b>Special events</b>					
Revenues	68,161	92,548	107,220	174,745	186,354
Direct costs	<u>(25,502)</u>	<u>(23,303)</u>	<u>(86,094)</u>	<u>(120,281)</u>	<u>(135,833)</u>
Net support from special events	<u><b>42,659</b></u>	<u>69,245</u>	<u>21,126</u>	<u>54,464</u>	<u>50,521</u>
<b>Other revenue</b>	<u><b>52,607</b></u>	<u>1,822</u>	<u>3,674</u>	<u>5,690</u>	<u>14,835</u>
<b>Revenue released from restrictions</b>	<u><b>209,955</b></u>	<u>40,680</u>	<u>101,042</u>	<u>70,107</u>	<u>44,098</u>
<b>Total unrestricted revenue, gains, and other support</b>	<u><b>\$ 770,514</b></u>	<u><b>\$ 661,337</b></u>	<u><b>\$ 690,291</b></u>	<u><b>\$ 670,963</b></u>	<u><b>\$ 639,024</b></u>

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**Ann Arbor Art Association**  
**Schedule of Functional Expenses**  
**For the Year Ended August 31, 2015**

	Total Program	Support Services		Total
		Management and General	Fund Raising	
Salaries	\$ 380,634	\$ 8,045	\$ 69,406	\$ 458,085
Payroll taxes	34,117	713	5,846	40,676
Other employee benefits	29,868	1,079	11,650	42,597
Total payroll	<u>444,619</u>	<u>9,837</u>	<u>86,902</u>	<u>541,358</u>
Ad purchases	15,635	311	2,406	18,352
Depreciation	20,782	1,324	3,089	25,195
Insurance	9,331	652	1,525	11,508
Interest	1,172	88	204	1,464
Miscellaneous	16,340	866	2,768	19,974
Other employment costs	2,643	32	76	2,751
Postage	549	21	1,151	1,721
Printing	1,788	52	3,436	5,276
Professional fees	6,049	453	1,058	7,560
Rental and maintenance	19,713	1,273	3,081	24,067
Telephone	7,870	547	1,275	9,692
Travel	1,412	37	323	1,772
Utilities	13,898	1,029	2,401	17,328
Total expenses	<u>\$ 561,801</u>	<u>\$ 16,522</u>	<u>\$ 109,695</u>	<u>\$ 688,018</u>

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**Ann Arbor Art Association**  
**Five Year Analysis of Operating Expenses**  
**For the Five Years Ended August 31, 2011 through 2015**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Salaries	\$ 458,085	\$ 383,618	\$ 334,417	\$ 309,246	\$ 337,703
Payroll taxes	40,676	33,299	31,123	36,339	41,578
Other employee benefits	<u>42,597</u>	<u>36,003</u>	<u>19,119</u>	<u>16,855</u>	<u>14,700</u>
Total payroll	<b>541,358</b>	452,920	384,659	362,440	393,981
Contract fees	-	5,903	4,435	4,152	4,281
Depreciation	25,195	23,742	23,049	21,875	20,964
Ad purchases	18,352	-	-	-	-
Insurance	11,508	7,143	6,285	5,813	6,784
Interest	1,464	770	822	1,885	1,049
Miscellaneous	19,974	23,598	21,729	14,370	14,572
Postage	1,721	3,118	4,704	5,666	6,517
Printing	5,276	16,380	9,541	6,202	7,976
Professional fees	7,560	16,106	24,848	10,311	12,265
Other employment costs	2,751	-	-	-	-
Rental and maintenance	24,067	4,693	7,041	5,961	4,580
Supplies	-	26,863	37,478	41,345	46,320
Teacher and model fees	-	101,885	94,388	102,895	110,350
Telephone	9,692	10,161	10,735	10,181	17,534
Travel	1,772	1,329	1,230	1,282	3,137
Building and utilities	17,328	36,601	39,870	63,378	34,571
Vending expenses	<u>-</u>	<u>20,850</u>	<u>17,657</u>	<u>18,207</u>	<u>18,214</u>
Total expenses	<b><u>\$ 688,018</u></b>	<b><u>\$ 752,062</u></b>	<b><u>\$ 688,471</u></b>	<b><u>\$ 675,963</u></b>	<b><u>\$ 703,095</u></b>

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