

**Brewery Arts Center
Financial Statements
For the Year Ended June 30, 2018
(With Independent Auditor's Report)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Brewery Arts Center

We have audited the accompanying financial statements of Brewery Arts Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statement of activities and cash flows for the year then ended and the statement of functional expenses for the year ended June 30, 2018, 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 financial statements referred to above present fairly, in all material respects, the financial position of Brewery Arts Center as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Reno, Nevada
February 8, 2019

**Brewery Arts Center
Statement of Financial Position
June 30, 2018**

Assets	
Current Assets	
Cash and cash equivalents	\$ 9,550
Accounts receivable	4,077
Endowment fund	11,356
Total Current Assets	24,983
Fixed Assets	
Buildings	770,659
Furniture and equipment	458,490
Building improvements	256,415
Land	2,396
	1,487,960
Less accumulated depreciation	829,205
Net Fixed Assets	658,755
Total Assets	\$ 683,738
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 30,704
Payroll liabilities	4,509
Current portion of note payable	7,183
Current portion of bank loan payable	4,040
Current portion of bank line of credit	2,012
Total Current Liabilities	48,448
Long-term Liabilities	
Note payable	178,030
Bank loan payable	2,076
Bank line of credit	7,697
Total Long-Term Liabilities	187,803
Total Liabilities	236,251
Net Assets	447,487
Total Liabilities and Net Assets	\$ 683,738

The accompanying notes are an integral part of these financial statements
See Accountant's Audit Report

Brewery Arts Center
Statement of Activities
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Event revenue	\$ 152,238	\$ -	\$ 152,238
Contributions and grants	45,864	65,976	111,840
Facility use	59,532	-	59,532
Concession revenue	45,187	-	45,187
Cafe revenue	31,222	-	31,222
Class fees	7,972	-	7,972
Membership fees	3,785	-	3,785
Art sales	2,882	-	2,882
Endowment fund earnings	508	-	508
Net assets released from restrictions	65,976	(65,976)	-
Total Revenue and Support	<u>415,166</u>	<u>-</u>	<u>415,166</u>
Expenses			
Cost of goods sold - Cafe	10,244	-	10,244
Functional expenses:			
Programs	401,212	-	401,212
Management	109,808	-	109,808
Fund raising	4,547	-	4,547
Total Expenses	<u>525,811</u>	<u>-</u>	<u>525,811</u>
Change in net assets	(110,645)	-	(110,645)
Net Assets, Beginning of year	<u>558,132</u>	<u>-</u>	<u>558,132</u>
Net Assets, End of year	<u>\$ 447,487</u>	<u>\$ -</u>	<u>\$ 447,487</u>

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**Brewery Arts Center
Statement of Functional Expenses
For the Year Ended June 30, 2018**

Functional Expenses	<u>Program</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
Wages	\$ 110,504	\$ 27,626	\$ -	\$ 138,130
Payroll taxes	17,022	4,256	-	21,278
Advertising	1,944	-	1,945	3,889
Bank charges	-	2,433	-	2,433
Artist commissions	7,807	-	2,602	10,409
Contract labor	58,705	-	-	58,705
Depreciation	27,414	9,138	-	36,552
Dues and subscriptions	674	673	-	1,347
Equipment rental	6,973	-	-	6,973
Event expenses	118,503	-	-	118,503
Insurance	-	23,818	-	23,818
Interest	-	11,335	-	11,335
Legal and professional	1,444	1,444	-	2,888
Licenses and fees	1,287	1,286	-	2,573
Maintenance and repairs	6,643	6,642	-	13,285
Meals and entertainment	-	231	-	231
Office supplies	9,838	9,837	-	19,675
Outside services	366	366	-	732
Property taxes	33	33	-	66
Rent	-	5	-	5
Utilities	32,055	10,685	-	42,740
Total Functional Expenses	<u>\$ 401,212</u>	<u>\$ 109,808</u>	<u>\$ 4,547</u>	<u>\$ 515,567</u>

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**Brewery Arts Center
Statement of Cash Flows
For the Year Ended June 30, 2018**

Cash Flows from Operating Activities	
(Decrease) in net assets	\$ (110,645)
Adjustments to reconcile (decrease) in net assets to net cash (used by) operating activities:	
Depreciation	36,552
Changes in assets and liabilities:	
(Increase) in accounts receivable	(4,077)
Increase in accounts payable	5,638
Increase in payroll liabilities	2,002
Cash (used by) operating activities	<u>(70,530)</u>
 Cash Flows from Investing Activities	
Decrease in endowment fund	(488)
Cash (used by) investing activities	<u>(488)</u>
 Cash Flows from Financing Activities	
Repayments of note payable	(14,805)
Repayments of bank loan payable	(3,975)
Repayments of bank line of credit	(3,542)
Borrowings of bank line of credit	3,920
Cash (used by) financing activities	<u>(18,402)</u>
 Decrease in cash	(89,420)
 Cash, Beginning of year	<u>98,970</u>
 Cash, End of year	<u>\$ 9,550</u>
 Supplemental Disclosures of Cash Flow Information:	
Interest paid	\$ 11,335
 Taxes paid	\$ -

The accompanying notes are an integral part of these financial statements
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Notes to Financial Statements

Brewery Arts Center
Notes to Financial Statements
June 30, 2018

Note 1: Nature of Organization ·

Brewery Arts Center (“BAC”) was incorporated in the State of Nevada as a non-profit corporation on September 19, 1975. BAC embraces its vision of growing artists and the artistic community in Carson City and the surrounding area, recognizing responsibility to be a catalyst for economic and educational growth and community collaborations by developing a creative, active and engaged community.

BAC was formed by a group of artists looking for a space to gather the community around the arts. Today, BAC promotes the arts in Carson City and the surrounding area by providing concerts, classes, movies, performances, and other events throughout the year to members of the community.

A majority of BAC’s revenue comes from events held at their facility as well as grants received from various organizations. BAC also has a cafe that provides a spot for community members to eat and relax while enjoying the arts.

A volunteer Board of Directors (“Board”) oversees the operation of BAC while staff members are involved in the day to day operations.

As a non-profit organization, BAC is exempt from income taxes under Internal Revenue Code Section 501(c)(3) for all program related activities and exempted activities. Currently all sources BAC utilizes to generate revenue are exempt from income taxes.

Note 2: Summary of Significant Accounting Policies

For financial statement purposes, the accounting policies of BAC conform to generally accepted accounting principles in the United States of America. The following is a summary of significant policies:

Basis of Accounting

BAC is a non-profit corporation that uses accrual accounting in accordance with accounting principles generally accepted in the United States of America. Revenue is recorded when earned and expenses are recognized when incurred.

Inventories

BAC has no inventory. Materials and supplies used in the cafe are expensed as cost of goods sold when purchased

Brewery Arts Center
Notes to Financial Statements - Continued
June 30, 2018

Note 2: Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable and Uncollectible Accounts

Accounts receivable are valued based on the amount that management expects to collect. No allowance for bad debts has been calculated as management has determined all the accounts receivable are collectible. If an account receivable is deemed uncollectible, it is expensed in the current period.

Fixed Assets

Purchased fixed assets are stated at cost. These assets are depreciated on the straight line method over estimated useful lives of 5 to 39 years. BAC expenses in the current period any fixed assets that are deemed to be immaterial in cost.

Revenues

BAC records revenue received as an increase in unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions. Revenues are generally available for unrestricted use in the programs of BAC.

Temporarily restricted revenue received in the year ended June 30, 2018 and their restricted use is outlined as followed:

Grants:	
Levitt free concert series	\$58,076
Art in the Park	4,000
TEDx Carson City	2,500
Payroll	<u>1,400</u>
Grants Total:	<u>\$65,976</u>

As of June 30, 2018, all net assets of BAC were unrestricted.

Brewery Arts Center
Notes to Financial Statements - Continued
June 30, 2018

Note 3: Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents includes cash on hand and cash in bank accounts.

Note 4: Endowment Fund

BAC has an endowment fund held by the Community Foundation of Western Nevada. The endowment fund is unrestricted and can be used by BAC by having Board approval to utilize the assets. Return objectives, risk parameters, and spending policies concerning the funds is made under discretion of the Board.

Endowment fund composition by type of net assets as of June 30, 2018:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Endowment fund	<u>\$11,356</u>	<u>\$0</u>	<u>\$11,356</u>
Total	<u>\$11,356</u>	<u>\$0</u>	<u>\$11,356</u>

Changes in endowment fund for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Endowment fund, beginning of year	\$10,868	\$0	\$10,868
Investment revenue	508	0	508
Account fees	<u>(20)</u>	<u>0</u>	<u>(20)</u>
Endowment fund, end of year	<u>\$11,356</u>	<u>\$0</u>	<u>\$11,356</u>

Brewery Arts Center
Notes to Financial Statements - Continued
June 30, 2018

Note 5: Note Payable

BAC has a note from a private party collateralized by the performance hall. The note has a principal balance of \$185,213 as of June 30, 2018. A new note was signed on July 10, 2018 with the same party and is amortized over 15 years with a maturity of July 30, 2023. The interest rate on the note adjusts annually on July 30th and is based on the Wells Fargo Prime Rate plus 1% which is 6% as of June 30, 2018.

Note payable June 30, 2018	\$ 185,213
Less current maturities	<u>7,183</u>
	<u>\$ 178,030</u>

Amounts payable in the next five years and thereafter:

<u>Year Ending June 30</u>	
2019	\$ 7,183
2020	8,299
2021	8,811
2022	9,355
2023	9,932
Thereafter	<u>141,633</u>
	<u>\$ 185,213</u>

Note 6: Bank Loan Payable

BAC has an operating loan with their bank that is collateralized by a Uniform Commercial Code filing by the bank. The loan has an interest rate of 6.5% annually. The loan is due on January 25, 2020.

Bank loan payable June 30, 2018	\$ 6,116
Less current maturities	<u>4,040</u>
	<u>\$ 2,076</u>

Amounts payable in the two next years:

<u>Year Ending June 30</u>	
2019	\$ 4,040
2020	<u>2,076</u>
	<u>\$ 6,116</u>

See Accountant's Audit Report

Brewery Arts Center
Notes to Financial Statements - Continued
June 30, 2018

Note 7: Bank Line of Credit

BAC has an unsecured \$10,000 business line of credit through their bank, of which \$291 was unused as of June 30, 2018. The line of credit has an interest rate of 13% annually. Principal and interest are due on October 15, 2045.

Bank line of credit payable June 30, 2018	\$ 9,709
Less current maturities	<u>2,012</u>
	<u>\$ 7,697</u>

Amounts payable in the five next years and thereafter:

<u>Year Ending June 30</u>	
2019	\$ 2,012
2020	1,595
2021	1,265
2022	1,002
2023	795
Thereafter	<u>3,040</u>
	<u>\$ 9,709</u>

Note 8: Leases

BAC leases municipal property from the city of Carson City. Lease terms outline that a \$1 lease payment be made annually. The lease was formed June 24, 1977 and will expire June 24, 2076. Rent expense of \$5 for five years of rent was paid and recorded in the year ended June 30, 2018.

BAC leases a copier machine for use in its office. The lease was formed on April 17, 2014 and is for 60 months. The lease will expire on April 17, 2019. Monthly payments of \$240 are required under the lease. The payments are expensed as incurred. \$2,400 of lease payments are due in the year ending June 30, 2019.

Note 9: Subsequent Events

Subsequent events were evaluated by management through February 8, 2019 the date the financial statements were available to be issued. No matters were identified which would have a material effect on the financial statements.