

**BOULDER COUNTY ARTS ALLIANCE, INC.**

**FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2006 AND 2005**

**Bain & Jones**  
Certified Public Accountants

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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, 2006 and 2005 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, 2006 and 2005, 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  
March 28, 2007



**Boulder County Arts Alliance, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2006 and 2005**

	2006	2005
<b>Changes in Unrestricted Net assets</b>		
Support and revenue		
Memberships	\$ 13,967	\$ 13,237
Grants	116,241	51,224
Contributions	15,530	24,080
Events	5,222	7,234
In-kind	32,996	22,633
Other	47	82
Net assets released from restrictions	187,340	170,062
Total unrestricted support and revenue	371,343	288,552
Expenses		
Program services		
Grant distributions	183,794	141,687
Other	127,845	93,962
Support services		
Management and general	41,783	28,219
Fundraising	9,506	10,366
Total expenses	362,928	274,234
Change in unrestricted net assets	8,415	14,318
<b>Changes in Temporarily Restricted Net Assets</b>		
Grants and contributions	151,107	106,873
Interest, dividends and capital gains	1,762	67,692
Net assets released from restrictions	(126,208)	(170,062)
Change in temporarily restricted net assets	26,661	4,503
<b>Changes in Permanently Restricted Net Assets</b>		
Interest, dividends and capital gains	97,711	16,016
Unrealized gain (loss) on investments	108,628	12,916
Net assets released from restrictions	(61,132)	
Change in permanently restricted net assets	145,207	28,932
Change in total net assets	180,283	47,753
Net Assets, beginning of year	1,586,173	1,538,420
Net Assets, end of year	\$ 1,766,456	\$ 1,586,173

See accompanying notes to financial statements.



**Boulder County Arts Alliance, Inc.**  
**Statements of Functional Expenses**  
**Year Ended December 31, 2006**

	Program Services	Management and General	Fund Raising	Total
<b>Expenses</b>				
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>
<b>Total Expenses</b>	<b>\$ 311,639</b>	<b>\$ 41,783</b>	<b>\$ 9,506</b>	<b>\$ 362,928</b>

**Year Ended December 31, 2005**

<b>Expenses</b>				
Accounting and audit fees	\$ -	\$ 5,735	\$ -	\$ 5,735
Advertising	4,029			4,029
Depreciation	452			452
Dues and memberships	100		403	503
Grant distributions	141,687			141,687
IMA management fees	6,510			6,510
Insurance	-	1,959		1,959
Other	302	283	170	755
Postage and shipping	1,274	106	413	1,793
Program events	10,353		1,176	11,529
Printing	1,753	121	13	1,887
Rent	3,187	1,366		4,553
Salaries and fringe benefits	58,690	16,560	8,068	83,318
Supplies and equipment	4,842	1,798	3	6,643
Telephone/fax/internet	2,470	291	120	2,881
	<u>235,649</u>	<u>28,219</u>	<u>10,366</u>	<u>274,234</u>
<b>Total Expenses</b>	<b>\$ 235,649</b>	<b>\$ 28,219</b>	<b>\$ 10,366</b>	<b>\$ 274,234</b>

See accompanying notes to financial statements.

**Boulder County Arts Alliance, Inc.**  
**Notes to Financial Statements**  
**December 31, 2006 and 2005**

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.

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, 2006 and 2005**

**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 are capitalized. Depreciation expense of \$0 and \$452 was recorded for the years ended December 31, 2006 and 2005, respectively.

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, 2006 and 2005**

**Note 2 - Endowment**

Endowment investments are carried at fair market value. At December 31, 2006 endowment assets were invested 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	933,655	812,258
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>

At December 31, 2005 endowment assets were invested as follows:

	<u>Market Value</u>	<u>Cost</u>
Cash equivalents	\$ 28,327	\$ 28,327
Bonds	379,624	400,000
Mutual funds	1,085,324	1,064,693
Total	<u>\$1,493,275</u>	<u>\$1,493,020</u>

Investment income, realized and unrealized gains for the year ended December 31, 2005 related to these investments are summarized as follows:

Interest, dividends, realized capital gains	\$ 82,909
Net unrealized gains	<u>12,916</u>
Total	<u>\$ 95,825</u>

**Note 3 - Line Of Credit**

The Agency has a \$25,000 revolving line of credit, which was unused as of December 31, 2006 and 2005. The line of credit carries an interest rate of 8%. The assets of the endowment secure the credit line.

**Note 4 - Leases**

The Agency has a noncancelable operating lease for equipment expiring June 2007. Future minimum lease payments equal \$1,026 for the year ending December 31, 2007.

**Boulder County Arts Alliance, Inc.**  
**Notes to Financial Statements**  
**December 31, 2006 and 2005**

**Note 5 - 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>	2005 <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	2006 <u>Balance</u>
Milash	annual grant	\$ 1,039	\$ 2,100	\$ 1,500	\$ 1,639
SCFD	fiscal agency	4,361	0	0	4,361
SCFD	tech assist fund	500	0	500	0
Society of Arts Patrons	patrons project	4,000	5,537	3,303	6,234
Boulder Arts Commission	workshops	5,000	5,000	5,000	5,000
Boulder Arts Commission	annual forum fund	1,000	0	418	582
Boulder Arts Commission	multi cultural initiative	3,528	882	0	4,410
Boulder Arts Commission	web data base	0	6,500	0	6,500
Millennium Harvest House	Thyme for Culture	264	190	0	454
National Endow for the Arts	audience devel project	0	19,750	23,000	(3,250)
Boulder County	audience devel project	0	23,500	877	22,623
Neodata endowment	returned grants	<u>2,200</u>	<u>0</u>	<u>2,200</u>	<u>0</u>
		<u>\$21,892</u>	<u>\$63,459</u>	<u>\$36,798</u>	<u>\$48,553</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, 2006**

**Artist Support Services**

Art as Action	\$ 760
Arts for All Children	3,567
Boulder Ensemble Theater Company	95
Boulder International Fringe Festival	4,323
Boulder Jewish Festival	4,750
Colorado Shakespeare Festival	1,500
Carolyn Mayfield	1,254
Christa Ray	14,250
Citizens Community TV	627
Eco Arts	31,018
Elizabeth Black-Eccentric Gardens	2,468
Giving Voice Productions	14,250
Heather Frost - Woof! Productions	1,900
International Tap Association	475
Isolde Hathaway - MLK Celebration	1,045
Joanna Rotkin	1,567
John King - Lyons Sculpture Trail	2,375
Judith A. Frey	14,250
Longmont Theater	1,350
Menorah - Bldr Ctr for Adult Jewish Ed	2,612
Mystie Brackett - Lyons Artique	1,952
Nancy Cranbourne	1,568
So Young Lee	4,988
So Young Lee - Bach2Brazil	3,054
Society for Creative Aging	4,632
Stephany Roscoe	1,045
Sue Coffee - Resonance Women's Chorus	7,819
Sue Coffee - Sound Circle	2,537
The Shoot Out Boulder	3,135
<b>Total Artist Support Services</b>	<b><u>135,166</u></b>

**Milash Grant**

Dawn H. Siebel	1,000
<b>Total Milash Grant</b>	<b><u>\$ 1,000</u></b>

**Neodata Endowment Grants**

Adjei Abankwah	\$ 1,000
Art Lande	1,000
Boulder Arts Academy	1,000
Boulder Ballet	1,000
Boulder Chorale	2,000
Boulder Community Broadcast Assn Inc. KGNU	4,595
Boulder Ensemble Theater Company	500
Boulder International Fringe Festival	1,000
Boulder Philharmonic	4,595
Boulder Youth Symphony Society	1,000
Citizens Community TV	1,000
Coal Creek Community Theater	1,000
Colorado Mahler Festival	1,000
Colorado Music Festival	4,595
Colorado Shakespeare Festival	1,172
Danse Etoile Ballet, Inc.	1,000
Frequent Flyers Productions, Inc.	2,000
Gemma Wilcox	1,000
Isolde Hathaway	1,000
Jennifer K. Heath	1,000
Kayanne Pickens-Solem	500
Kim Olson	1,000
Longmont Council for the Arts	1,171
Mark duCharme	1,000
Old Firehouse Art Center	1,000
Rocky Mountain Center for Musical Arts	1,000
So Young Lee	500
Third Law Dance/Theater	1,000
<b>Total Neodata Endowment Grants</b>	<b><u>39,628</u></b>

**Addison Mini-Grants**

Gemma Wilcox	500
Laura Tyler	500
Longmont Concert Band	500
Cecilia Pang	500
Contemporary Tibetan Art	500
Margaret (Mollie) Fager	500
Bob Douglas	500
Jurgen Bank	500
Adjei Abankwah	250
Michael Brody	250
Boulder Chamber Orchestra	500
Longmont Jazz Association	500
New Twenty Two Productions	500
Rocky Dialogues	500
Paul Barchilon-v	500
Laura Bruno Lilly	500
Rebecca Jessup	500
<b>Total Addison Mini-Grants</b>	<b><u>8,000</u></b>

**Total Grant Distributions**

**\$ 183,794**