

**TENNESSEE ASSOCIATION OF  
CRAFT ARTISTS**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

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**DECEMBER 31, 2008**

# **TENNESSEE ASSOCIATION OF CRAFT ARTISTS**

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**BELLENFANT + MILES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of the  
Tennessee Association of Craft Artists  
Nashville, Tennessee

We have audited the accompanying statement of financial position of the Tennessee Association of Craft Artists (a non-profit organization) as of December 31, 2008, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all respects, the financial position of the Tennessee Association of Craft Artists as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Grant Activity is presented for the purpose 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.

*Bellenfant & Miles, P.C.*

April 20, 2009

**TENNESSEE ASSOCIATION OF CRAFT ARTISTS**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2008**

**ASSETS**

**Current Assets**

Cash	\$ 52,709
Investments	56,419
Total Current Assets	<u>109,128</u>

**Property and Equipment**

Computer software	865
Website design	18,416
Equipment	4,986
Furniture and fixtures	6,048
	<u>30,315</u>
Less: Accumulated Depreciation	(10,239)
Property and Equipment, net	<u>20,076</u>
 Total Assets	 <u><u>\$ 129,204</u></u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable and accrued expenses	\$ 25,671
Total Current Liabilities	<u>25,671</u>

**Net Assets**

Unrestricted	
Undesignated	65,222
Designated - educational funds	17,855
Designated - reserves	13,000
Temporarily restricted	7,456
Total Net Assets	<u>103,533</u>

Total Liabilities and Net Assets	<u><u>\$ 129,204</u></u>
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The accompanying notes are an integral part of this statement.

**TENNESSEE ASSOCIATION OF CRAFT ARTISTS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Support and Revenue**

Jury and booth fees	\$ 181,468
Donations	74,002
Grant income	43,028
Craft fair	1,516
Membership dues - TACA	15,259
Marketing	300
Interest	<u>3,577</u>
Total Revenue	<u>319,150</u>

**Expenses**

Salaries	125,046
Facility expense	54,220
Advertising	26,981
Postage and shipping	1,680
Printing	14,177
Artists fees	9,294
Security	13,156
Specialized and contract services	50,390
Miscellaneous	6,564
Occupancy	12,589
Awards	8,291
Supplies	3,824
Travel and seminars	16,388
Payroll taxes	10,042
Audit	5,500
Telephone	2,712

The accompanying notes are an integral part of this statement.

**TENNESSEE ASSOCIATION OF CRAFT ARTISTS**

**STATEMENT OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**EXPENSES - (CONTINUED)**

Insurance	\$ 11,965
Deprecation and amortization	2,010
Scholarship grants	500
Equipment lease	2,122
Unrealized loss on investments	<u>34,833</u>
<b>TOTAL EXPENSES</b>	<u><b>412,284</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>(93,134)</b>
Net Assets, January 1, 2008	<u>196,667</u>
Net Assets, December 31, 2008	<u><u><b>\$ 103,533</b></u></u>

The accompanying notes are an integral part of this statement.

**TENNESSEE ASSOCIATION OF CRAFT ARTISTS**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (93,134)
Depreciation and amortization	2,010
Adjustments to reconcile change in net assets to net cash provided by operations:	
(Increase) Decrease in:	
Grants and other receivables	2,781
Prepaid expenses	7,074
Increase (Decrease) in:	
Accounts payable and accrued expenses	19,836
Unearned grant revenues	<u>(5,194)</u>
Cash Used by Operating Activities	<u>(66,627)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of equipment	(2,165)
Change in investments	<u>30,212</u>
Cash Provided by Investing Activities	<u>28,047</u>
NET DECREASE IN CASH	(38,580)
Cash, January 1, 2008	<u>91,289</u>
Cash, December 31, 2008	<u><u>\$ 52,709</u></u>

The accompanying notes are an integral part of this statement.

# TENNESSEE ASSOCIATION OF CRAFT ARTISTS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tennessee Association of Craft Artists (TACA), the Organization, was incorporated in 1972 as a Tennessee non-profit corporation. Its primary purpose is to promote the crafts and craftspeople of Tennessee. The main programs used by TACA to fulfill its purpose are spring and fall craft fairs which display the crafts of artisans. The following is a summary of significant accounting policies of TACA:

#### **Accounting Method:**

The financial statements include the accounts of TACA and the do not include activities of TACA's chapter organizations.

TACA's accounting records are maintained in accordance with requirements as stated in *Nonprofit Organizations* as published by the American Institute of Certified Public Accountants. The Organization reports on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when the obligation is incurred.

#### **Financial Statement Presentation:**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. There were no permanently restricted net assets at December 31, 2008. Also the Organization's board may designate certain unrestricted net assets for particular purposes.

#### **Contributions:**

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization's policy is to recognize temporarily restricted contributions as unrestricted if such restrictions are met in the year the contribution is received.



# TENNESSEE ASSOCIATION OF CRAFT ARTISTS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2008**

### **Revenue Recognition:**

Grant income from governmental sources is recognized when related expenses have been incurred. Revenue from craft fairs including jury and booth fees are recognized at the time of the event. Membership dues are recognized in the applicable membership year.

### **Investments:**

The Organization accounts for investments in accordance with SFAS No. 124 "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

### **Property and Depreciation:**

Property and equipment consists primarily of office equipment and furniture. Assets are recorded at cost. Depreciation is provided in amounts necessary to allocate the cost of assets over their estimated useful lives using straight-line and accelerated methods. The estimated useful lives of all major classes of assets are as follows:

Computer Software	3-5 years
Website Design	4 years
Equipment	5-10 years
Furniture and fixtures	7-10 years

### **Income Taxes:**

TACA has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

# TENNESSEE ASSOCIATION OF CRAFT ARTISTS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

### Cash Equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### 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 estimates.

### Contributed Services:

No contributed services meeting the criteria for recognition were received for the year ended December 31, 2008. However, the Organization receives volunteer services in its administrative and fund-raising efforts, particularly in the planning, promotion and staging of its craft fairs. No amounts have been recognized in the accompanying statements of activities because criteria for recognition of such volunteer effort under SFAS No. 116 has not been satisfied.

### Advertising:

Advertising costs are expensed when incurred.

## 2. CASH

Cash consists of the following at December 31:

Operating - Green Bank	\$ 6,960
Vanguard	4,778
Money Market - Green Bank	2,660
Reserves - Vanguard	38,311
	<u>\$ 52,709</u>

**TENNESSEE ASSOCIATION OF CRAFT ARTISTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2008**

**3. GRANTS**

Funds received under the Tennessee Arts Commission grants are to be primarily used for the general support of the Organization including general and administrative expenses. The Organization is required to match the funds received.

Funds received under the Metropolitan Nashville Arts Commission grants are to be used as basic operating support. The Organization is also required to match the funds received under these grants.

**4. INVESTMENTS**

Investments consist of the following at December 31:

Vanguard Index Fund	<u>\$ 56,419</u>
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During 2008, realized and unrealized losses on investments totaled \$34,833

**5. OPERATING LEASE COMMITMENT**

The Organization leases office space for their operations under a noncancelable lease which expires in 2009. Future minimum lease payments required under this operating lease that has initial or remaining noncancelable lease terms in excess of one year as of December 31, 2008 are as follows:

Year Ending December 31, 2009	<u>\$ 8,375</u>
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**TENNESSEE ASSOCIATION OF CRAFT ARTISTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2008**

**6. DESIGNATED NET ASSETS**

Unrestricted net assets include \$17,855 at December 31, 2008, designed by the Organization's board for educational programs as well as \$13,000 at December 31, 2008, designated as reserves.

**7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets include the following at December 31:

Retail Exhibition Space	\$ 956
Heritage Craft Project	<u>6,500</u>
	<u><u>\$ 7,456</u></u>

## **SUPPLEMENTAL INFORMATION**

## SCHEDULE OF GRANT ACTIVITY

Grant or Contract Number	Program Name	Grantor Agency	Total Award	Grant Receivable (Unearned Revenue)		Expenditures (or amounts earned)	Grant Receivable (Unearned Revenue) Balance 12/31/2008
				Balance 12/31/2007	Cash Receipts		
Z-08-21826-00	General Operating	Tennessee Arts Commission	28,050	2,781	16,829	14,048	-
	General Operating	Tennessee Arts Commission	26,280	-	-	-	-
Basic II #08	Basic Operating Support	Metropolitan Nashville Arts Commission	29,694	(5,194)	14,847	20,041	-
Basic II #09	Basic Operating Support	Metropolitan Nashville Arts Commission	17,465	-	8,939	8,939	-
			\$ 101,489	\$ (2,413)	\$ 40,615	\$ 43,028	\$ -