

ARTS COUNCIL OF NEW ORLEANS
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Arts Council of New Orleans
New Orleans, Louisiana

We have reviewed the accompanying financial statements of Arts Council of New Orleans (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 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.

Accountants' 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.

Accountants' 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.

To the Board of Directors of
Arts Council of New Orleans

Change in Accounting Principle

As described in Note 1 to the financial statements, Arts Council of New Orleans, Inc. adopted the Financial Accounting Standards Board's ASU 2018-08, "*Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*" for the year ended December 31, 2019. Our conclusion is not modified with respect to that matter.

Supplementary Information

The accompanying supplementary information included with the basic financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

July 13, 2020
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ARTS COUNCIL OF NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 487,612	\$ 461,288
Restricted cash	167,145	117,822
Accounts receivable	84,353	9,447
Pledges receivable	1,700	20,500
Grants receivable	306,664	306,664
Investments	4,307	3,701
Deposits	<u>18,500</u>	<u>18,000</u>
 Total current assets	 <u>1,070,281</u>	 <u>937,422</u>
<u>NON-CURRENT ASSETS:</u>		
Art collection	27,652	27,652
Capital assets, net	<u>14,940</u>	<u>12,118</u>
 Total non-current assets	 <u>42,592</u>	 <u>39,770</u>
 Total assets	 <u>\$ 1,112,873</u>	 <u>\$ 977,192</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 176,928	\$ 116,548
Accrued expenses	9,168	8,510
Grants payable	236,899	219,611
Refundable advances	<u>51,802</u>	<u>16,736</u>
 Total liabilities	 <u>474,797</u>	 <u>361,405</u>
<u>NET ASSETS:</u>		
Net assets without donor restrictions	497,021	391,445
Net assets with donor restrictions	<u>141,055</u>	<u>224,342</u>
 Total net assets	 <u>638,076</u>	 <u>615,787</u>
 Total liabilities and net assets	 <u>\$ 1,112,873</u>	 <u>\$ 977,192</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND OTHER REVENUES:</u>			
Grant income	\$ 277,164	\$ 769,967	\$ 1,047,131
Contributions	155,801	51,548	207,349
Contracts	187,320	293,756	481,076
Interest and investment income, net	930	-	930
Earned income	242,377	-	242,377
Other income	<u>32,415</u>	<u>-</u>	<u>32,415</u>
Total support and other revenues	<u>896,007</u>	<u>1,115,271</u>	<u>2,011,278</u>
Net assets released from restrictions	<u>1,198,558</u>	<u>(1,198,558)</u>	<u>-</u>
Total support and other revenues and releases from restrictions	<u>2,094,565</u>	<u>(83,287)</u>	<u>2,011,278</u>
<u>EXPENSES:</u>			
Program services:			
Artist services	649,107	-	649,107
Public art	975,924	-	975,924
Supporting services:			
Management and general	207,573	-	207,573
Fundraising	<u>156,385</u>	<u>-</u>	<u>156,385</u>
Total expenses	<u>1,988,989</u>	<u>-</u>	<u>1,988,989</u>
Change in net assets	105,576	(83,287)	22,289
Net assets, beginning of year	<u>391,445</u>	<u>224,342</u>	<u>615,787</u>
Net assets, end of year	<u>\$ 497,021</u>	<u>\$ 141,055</u>	<u>\$ 638,076</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND OTHER REVENUES:</u>			
Grant income	\$ 279,226	\$ 766,717	\$ 1,045,943
Contributions	65,830	143,275	209,105
Contracts	240,992	179,575	420,567
Interest and investment income, net	994	-	994
Earned income	188,688	-	188,688
Other income	<u>29,608</u>	<u>-</u>	<u>29,608</u>
Total support and other revenues	<u>805,338</u>	<u>1,089,567</u>	<u>1,894,905</u>
Net assets released from restrictions	<u>1,023,470</u>	<u>(1,023,470)</u>	<u>-</u>
Total support and other revenues and releases from restrictions	<u>1,828,808</u>	<u>66,097</u>	<u>1,894,905</u>
<u>EXPENSES:</u>			
Program services:			
Artist services	635,981	-	635,981
Public art	860,480	-	860,480
Supporting services:			
Management and general	285,507	-	285,507
Fundraising	<u>55,721</u>	<u>-</u>	<u>55,721</u>
Total expenses	<u>1,837,689</u>	<u>-</u>	<u>1,837,689</u>
Change in net assets	(8,881)	66,097	57,216
Net assets, beginning of year	<u>400,326</u>	<u>158,245</u>	<u>558,571</u>
Net assets, end of year	<u>\$ 391,445</u>	<u>\$ 224,342</u>	<u>\$ 615,787</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Artist Services</u>	<u>Public Art</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 79,955	\$ 176,985	\$ 102,650	\$ 102,712	\$ 462,302
Artist fees and services	5,507	311,468	350	-	317,325
Professional and event fees	60,639	336,103	44,426	23,038	464,206
Occupancy	20,408	26,935	15,646	13,599	76,588
Travel, meetings, conferences, and courses	2,591	22,251	13,069	1,480	39,391
Supplies	2,757	38,052	1,124	3,270	45,203
Advertising	1,550	8,448	6,020	6,650	22,668
Insurance	2,015	11,933	2,588	2,587	19,123
Postage, printing, and duplicating	225	13,993	3,035	1,265	18,518
Depreciation	-	-	5,112	-	5,112
Bad debt expense	-	-	3,225	-	3,225
Other expenses	2,063	3,816	9,603	1,784	17,266
Regrants	471,297	-	-	-	471,297
Repairs and maintenance	100	25,940	725	-	26,765
 Total functional expenses	 <u>\$ 649,107</u>	 <u>\$ 975,924</u>	 <u>\$ 207,573</u>	 <u>\$ 156,385</u>	 <u>\$ 1,988,989</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Artist Services</u>	<u>Public Art</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 92,002	\$ 191,981	\$ 119,667	\$ 50,407	\$ 454,057
Artist fees and services	7,300	256,768	-	-	264,068
Professional and event fees	46,984	326,836	73,667	1,224	448,711
Occupancy	6,930	2,249	61,364	240	70,783
Travel, meetings, conferences, and courses	1,781	3,888	3,526	390	9,585
Supplies	2,768	34,057	3,245	1,452	41,522
Advertising	2,446	21,592	1,793	1,200	27,031
Insurance	-	3,490	8,994	-	12,484
Postage, printing, and duplicating	238	14,083	2,837	544	17,702
Depreciation	2,044	2,044	2,046	-	6,134
Bad debt expense	-	-	500	-	500
Other expenses	2,191	991	7,868	264	11,314
Regrants	471,297	-	-	-	471,297
Repairs and maintenance	-	2,501	-	-	2,501
 Total functional expenses	 <u>\$ 635,981</u>	 <u>\$ 860,480</u>	 <u>\$ 285,507</u>	 <u>\$ 55,721</u>	 <u>\$ 1,837,689</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

ARTS COUNCIL OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<u>CASH FLOWS FROM (USED FOR) OPERATING</u>		
<u>ACTIVITIES:</u>		
Change in net assets	\$ 22,289	\$ 57,216
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	5,112	6,134
Bad debt expense	3,225	500
Unrealized gain (loss) on investments	(606)	175
Decrease (increase) in:		
Accounts receivable	(78,131)	4,749
Pledges receivable	18,800	(18,000)
Grants receivable	-	(99,782)
Deposits	(500)	(12,000)
Increase (decrease) in:		
Accounts payable	60,380	(1,392)
Accrued expenses	658	(20,849)
Grants payable	17,288	(2,162)
Refundable advances	35,066	(155,476)
Net cash from (used for) operating activities	83,581	(240,887)
<u>CASH FLOWS FROM (USED FOR) INVESTING</u>		
<u>ACTIVITIES:</u>		
Purchases of fixed assets	(7,934)	(1,822)
Net cash (used for) investing activities	(7,934)	(1,822)
Net increase (decrease) in cash, cash equivalents and restricted cash	75,647	(242,709)
Cash, cash equivalents and restricted cash at beginning of year	579,110	821,819
Cash, cash equivalents and restricted cash at end of year	\$ 654,757	\$ 579,110
Cash, cash equivalents and restricted cash as of December 31, 2019 and 2018 consist of the followi		
Cash and cash equivalents - operations	\$ 487,612	\$ 461,288
Cash restricted for:		
Community Arts Grants Program	111,520	96,133
State of Louisiana Grants	3,823	4,953
Percent for Arts program	51,802	16,736
Cash, cash equivalents and restricted cash at end of year	\$ 654,757	\$ 579,110

See accompanying NOTES TO FINANCIAL STATEMENTS

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Arts Council of New Orleans (ACNO), a Louisiana non-profit corporation, is the City of New Orleans' officially designated arts agency. ACNO was formed in 1975 as a result of a merger of the Arts Council of Greater New Orleans and the Mayor's Committee for Arts and Cultural Development. ACNO's efforts are directed toward enhancing the cultural and artistic environment in the New Orleans metropolitan area and are as follows:

People – Inspiring and Connecting: Supporting participatory arts, youth arts education, and events that inspire and connect.

Place – Transforming Landscape: Emphasizing design solutions and a heightened awareness of the built environment.

Artists – Investing in our Cultural Assets: Professionalizing the capabilities of local artists and organizations while seeking markets and exchange opportunities.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at 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.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, ACNO is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets with donor restrictions - The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Net assets without donor restrictions - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Cash and Cash Equivalents

For purposes of the statement of cash flows, ACNO considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents including bank repurchase agreements. ACNO investments in certificates of deposits in local financial institutions qualify as cash equivalents under this policy. Cash equivalents as of December 31, 2019 and 2018 were \$101,612.

Restricted Cash

ACNO holds cash from the City of New Orleans for the Percent of Art program and Community of the Arts Program in designated bank accounts. ACNO holds cash for the State of Louisiana grants in a separate account. At December 31, 2019 and 2018, ACNO held \$167,145 and \$117,822 in separate bank accounts in connection with these agreements.

Accounts and Grants Receivable and Allowance for Doubtful Accounts

Grants and contract receivable consist of amounts due to ACNO for services provided through December 31st that have not yet been collected. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. ACNO records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance. For the year ended December 31, 2019 and 2018, management has determined that all amounts were collectible and no allowance was necessary.

Pledges Receivable

ACNO records unconditional promises to give as pledges receivable on the statements of financial position. Unconditional promises to give expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are to be received. Pledges receivable were \$1,700 and \$20,500 as of December 31, 2019 and 2018, respectively.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities as increases or decreases in net assets without donor restrictions unless their use is with restrictions by explicit donor stipulations or law. Dividend, interest, and other investment income are recorded as increases in net assets without donor restriction unless the use is restricted by the donor.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

No Level 2 or Level 3 inputs were used by ACNO.

ACNO maintains an unrestricted fund at the Greater New Orleans Foundation (GNOF). This fund is in an investment pool managed by GNOF. The balance of the fund as of December 31, 2019 and 2018 was \$4,307 and \$3,701, respectively.

Capital Assets

ACNO follows the practice of capitalizing, at cost, all expenditures for assets with an economic life greater than one year. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

Contributions

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are recognized as revenues with donor restrictions and reported as releases from restrictions when a stipulated time restriction ends or purpose restriction is accomplished.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind contributions received by ACNO for the year ended December 31, 2019 and 2018 were \$4,600 and \$12,645, respectively.

Earned Income

ACNO receives concession and ticket sales during its special events. Also, ACNO rents space for its monthly arts markets. These amounts are recognized into revenue on the date of the events.

Contracted Services

ACNO receives in exchange for services under contracts. Revenues for these contracts are recognized as the services are performed.

Board Designated Net Assets

ACNO's governing board has designated \$510,695 and \$391,445 from net assets without donor restrictions to serve as an emergency reserve as of December 31, 2019 and 2018, respectively.

Interest Income

Interest income is allocated to restricted programs to fund certain costs when specifically required by applicable contracts or grants.

Advertising

ACNO expenses advertising as incurred. Advertising expense was \$22,668 and \$27,031 for the years ended December 31, 2019 and 2018, respectively, and is recorded as advertising expense in the statement of activities.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of ACNO.

Income Taxes

ACNO is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

However, income from certain activities not directly related to ACNO's tax-exempt purpose is subject to taxation as unrelated business income. In addition, ACNO qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

ACNO's evaluation as of December 31, 2019 revealed no tax positions that would have a material impact on the financial statements. ACNO does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Contributed Artwork

ACNO has paintings and sculptures on display in its office. This artwork is recorded at its appraised value at the time of donation. The carrying value of the artwork at December 31, 2019 and 2018 was \$27,652.

Impairment of Long-lived assets

ACNO reviews long-lived assets, consisting of property and equipment and contributed artwork, and cost in excess of net assets acquired, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. ACNO determines the recoverability of the assets by comparing the carrying value of the asset to net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded for the years ended December 31, 2019 and 2018.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

The FASB has issued Update No. 2018-08, “*Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*” The amendments in this Update clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments in this Update require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The adoption of this Update had no material impact on the ACNO's financial statements.

Also, on November 17, 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The new guidance is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement. The statement requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows.

ACNO has adjusted the presentation of these statements accordingly. The ASUs have been applied retrospectively to all periods presented.

Date of Management's Review

Subsequent events have been evaluated through July 13, 2020, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects ACNO's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available also include amounts set aside by the Board of Directors that could be drawn upon if the board approves that action.

	<u>2019</u>	<u>2018</u>
Financial assets	\$ 1,051,781	\$ 919,422
Less those unavailable for general expenditure within one year due to:		
Board designated net assets	(510,695)	(391,445)
Net assets with donor restrictions	<u>(141,055)</u>	<u>(224,342)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 806,428</u>	<u>\$ 303,635</u>

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

As part of ACNO's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, ACNO invests cash in excess of daily requirements in certificates of deposit or an investment fund with a community foundation. Although ACNO does not intend to spend from its certificates of deposit or investment fund other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from those sources could be made available if necessary.

(3) CAPITAL ASSETS

Capital Assets are summarized as follows by major classification:

	<u>2019</u>	<u>2018</u>
Equipment, furniture and fixtures	\$ 37,177	\$ 29,243
Leasehold improvements	6,680	6,680
Less: accumulated depreciation	<u>(28,917)</u>	<u>(23,805)</u>
Net capital assets	<u>\$ 14,940</u>	<u>\$ 12,118</u>

Depreciation expense was \$5,112 and \$6,134 in 2019 and 2018, respectively.

(4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31st:

	<u>2019</u>	<u>2018</u>
Purpose restrictions:		
Duncan Plaza program	\$ -	34,661
Digital Equity program	2,351	10,271
Future Project program	13,575	13,575
Lafitte Greenway – Park to Plaza	17,000	-
Airport project	100,000	-
Unframed program	-	51,475
Project Heal program	8,129	14,360
Timing restrictions:		
2019 operations	<u>-</u>	<u>100,000</u>
Total	<u>\$ 141,055</u>	<u>\$ 224,342</u>

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(4) NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets are released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes. Net assets were released from the following restrictions during the years ended December 31st:

	<u>2019</u>	<u>2018</u>
Restrictions accomplished:		
Arts Market	\$ 3,000	\$ 3,500
Digital Equity program	22,650	64,977
Duncan Plaza program	34,661	112,976
LUNA Fête event	335,488	324,055
Project Heal program	26,232	10,632
Regrant programs	471,297	471,297
Unframed program	165,605	36,033
Airport	39,625	-
2019 operations	<u>100,000</u>	<u>-</u>
Total	<u>\$ 1,198,558</u>	<u>\$ 1,023,470</u>

(5) EMPLOYEE BENEFIT PLAN

ACNO has a 403(b) thrift plan that covers all employees. Participants can contribute a percentage of their compensation to the Plan and receive a 50% matching employer contribution up to 4% of their deferral. Employees are immediately fully vested in both employee and employer contributions. ACNO's retirement contributions for the years ended December 31, 2019 and 2018 were \$5,104 and \$5,588, respectively. The expense for these contributions is included in salaries and benefits on the statements of functional expenses.

(6) CONCENTRATIONS

ACNO maintains its cash and cash equivalent balances in local financial institutions, which may, at times, exceed amounts covered by Federal Deposit Insurance Corporation (FDIC) insurance of up to \$250,000 per financial institution. ACNO's cash balance exceeded the FDIC insurance limit by \$345,169 and \$239,890 for the years ended December 31, 2019 and 2018, respectively. ACNO has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

Revenues from two sources represented approximately 39% and 41% of total revenues earned for the years ended December 31, 2019 and 2018, respectively. Two major grantors represented 88% and 91% of receivables at December 31, 2019 and 2018, respectively.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(7) COMMITMENTS

Operating Leases

Commencing on September 1, 2017, ACNO began leasing office space under a five-year agreement. Monthly lease payments through February 2020 are \$4,890 and from March 2020 through August 2022 are \$5,135. Rental expense incurred totaled \$58,680 for the years ended December 31, 2019 and 2018 under this lease.

ACNO leases office equipment with base monthly payments of \$289, plus a varying usage fee on a lease expiring in 2022, which includes a repair and maintenance service agreement. The rental expense totaled \$4,842 and \$4,534 for the years ended December 31, 2019 and 2018, respectively.

ACNO also rents equipment and space for its programming events on a short-term basis. The event and equipment rental expense incurred for short-term rentals totaled \$197,652 and \$211,326 for the years ended December 31, 2019 and 2018 respectively.

Total lease and rental expense for the years ended December 31, 2019 and 2018 was \$274,766 and \$279,272, respectively. Lease expense is included in occupancy on the statements of activities.

Future minimum lease payments on the long-term leases in effect as of December 31, 2019 are as follows:

2020	\$	64,598
2021		65,088
2022		<u>44,259</u>
Total	\$	<u>173,945</u>

(9) CONTRACTS WITH CITY OF NEW ORLEANS

Since 1986, ACNO has entered into annual agreements with the City of New Orleans (the City) relating to the establishment of the Percent for Art Program under which one percent of the cost of eligible city capital projects is used to fund certain works of art. ACNO's ongoing tasks include developing an Annual Art Plan to carry out the implementation of selected art projects, and short-term and long-term coordination and planning for the program.

ACNO incurred expenditures of \$130,000 per year in 2019 and 2018 for administrative duties performed to accomplish the agreed upon tasks. Refundable advances totaled \$51,802 and \$16,736 in 2019 and 2018, respectively, all of which was related to the Percent for Art Program.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(10) ENDOWMENT FUNDS

Annually, ACNO receives distributions from several endowment funds established at the Greater New Orleans Foundation (GNOF). These funds are in an investment pool managed by the GNOF. The funds were donated to the GNOF for the benefit of ACNO. The GNOF utilizes an endowed spending policy to determine the amount available for distributions. Future distributions are subject to that policy. As such, these funds are not recorded as assets on ACNO's financial statements. The balances of these funds are as follows:

<u>Fund</u>	<u>Initial Donation</u>	<u>Net Appreciation</u>	<u>Balance December 31, 2019</u>	<u>Balance December 31, 2018</u>
Koch	\$ 210,000	\$ 145,657	\$ 355,657	\$ 317,768
Billion	50,000	61,021	111,021	99,193
Stern	25,000	64,615	89,615	80,068

Distributions received from these funds totaled \$20,380 and \$20,133, for the years ended December 31, 2019 and 2018, respectively, and are included in contributions on the statements of activities.

(11) SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. ACNO remains open with limitations, the physical arts markets have been closed, and all fundraising events are canceled until state restrictions have been lifted. The future effects of these issues are unknown.

Due to COVID-19, the U.S Small Business Administration offered aid and relief for small business and non-profits through the Paycheck Protection Program authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. On April 15, 2020 ACNO entered into this agreement with Iberia Bank for a total of \$89,896 with a 1.00% fixed interest rate. Interest and principal payment will be deferred for six months after the loan amount has been disbursed. The note will mature in five years of the date of the note at which all unpaid principal and accrued interest will be due and payable. The loan is expected to be expended in a manner that will provide for its full forgiveness under the terms of the program.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

(12) RECLASSIFICATIONS

ACNO made certain reclassifications to prior period amounts to conform to the current year presentation. During the year ended December 31, 2019, the certificates of deposit matured and were rolled over into successive certificates of deposit with maturities of less than three months. As such, the certificates of deposit qualified as cash equivalents in accordance with ACNO's policies as described in Note 1.

During the year ended December 31, 2019, management determined to classify the cash held for the Community Arts Grants program and the State of Louisiana Grants as restricted cash.

Other reclassifications made did not have a material effect on the financial statements.

SUPPLEMENTAL INFORMATION

ARTS COUNCIL OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

(See Independent Accountants' Review Report)

	Heidi Schmalbach Executive Director	Alphonse Smith Executive Director
Time served	01/01/2019 - 10/15/2019	10/15/2019-12/31/2019
Total compensation, benefits, and other payments	\$ -	\$ -

There were no payments for the benefit of the Executive Director that were derived from the public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that ACNO receives.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the management of Arts Council of New Orleans (the Organization) and the Louisiana Legislative Auditor (the specified parties) on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the year ended December 31, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. Management of the Organization is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Organization's management.

Results: The Organization's federal, state, and local award expenditures for all programs for the year ended December 31, 2019 are as follows:

Federal or State Grant Name	Grant Year	CFDA No.	Amount
Louisiana Decentralized Arts Funding Program	2019	n/a	\$ 161,664
National Endowment for the Arts Grant	2019	n/a	95,000
Edward Wisner Donation Grant	2019	n/a	<u>100,000</u>
Total expenditures			<u>\$ 356,664</u>



To the Board of Directors of
Arts Council of New Orleans
July 13, 2020

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.

Results: Six selections were made for the Louisiana Division of the Arts, the National Endowment for the Arts Grant, and the Edward Wisner Donation Grant.

3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

Results: Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

Results: All selected disbursements were properly coded to the correct fund and general ledger account.

5. Report whether the selected disbursements were approved in accordance with the Organization's policies and procedures.

Results: All selected disbursements indicated approval in accordance with the Organization's policies and procedures.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the Compliance Supplement, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

Activities allowed or unallowed

Results: All selected disbursements complied with allowability requirements.

Eligibility

Results: All selected disbursements complied with the eligibility requirements.

Reporting

Results: All selected disbursements complied with the reporting requirements.



To the Board of Directors of
Arts Council of New Orleans
July 13, 2020

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Organization's financial records; and report whether the amounts in the close-out reports agree with the Organization's financial records.

Results: The amounts reported on the close-out reports agreed to the Organization's financial records.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions. Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://app1.la.state.la.us/llala.nsf>, to determine whether a non-profit agency is subject to the open meetings law.

Results: The Organization is not subject to the open meetings law. As such, compliance with open meetings law is not applicable.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

Results: A comprehensive budget that included the anticipated uses and duration was provided to the applicable state or local agency for grants listed in Procedure 1. In addition, the state grant included specific goals and objectives and measures of performance.

State Audit Law

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

Results: The Organization provided for a timely report in accordance with R.S. 24:513.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Results: The Organization was in compliance with the audit law.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Arts Council of New Orleans
July 13, 2020

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Organization's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

July 13, 2020
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ARTS COUNCIL OF NEW ORLEANS
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

We have reviewed the financial statements of Arts Council of New Orleans as of and for the year ended December 31, 2019, and have issued our report thereon dated July 13, 2020. We conducted the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. 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 conformity with accounting principles generally accepted in the United States of America.

During our engagement to review the financial statements, we did not become aware of any matters that we deemed reportable to the management of Arts Council of New Orleans.

SECTION I FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended December 31, 2019.

SECTION II MANAGEMENT LETTER

There was no management letter issued for the year ended December 31, 2019.

ARTS COUNCIL OF NEW ORLEANS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended December 31, 2018.

SECTION II MANAGEMENT LETTER

There was no management letter issued for the year ended December 31, 2018.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-Public Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana quasi-public agencies. The completed and signed questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting.

The completed and signed attestation questionnaire and a copy of the adoption instrument, if appropriate, must be given to the independent certified public accountant at the beginning of the engagement. The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to the Legislative Auditor's office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A "yes" answer indicates that you have complied with the applicable law or regulation. A "no" answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

7/13/2020 (Date Transmitted)

Enksen Kreter (CPA Firm Name)

4427 Canal Street (CPA Firm Address)

New Orleans, LA 70119 (City, State, Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 12/31/2019 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meetings FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Yes No

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

We did not enter into any contracts that utilized state funds as defined in R.S. 38:72.1 A (2) and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No

We have complied with R.S. 24:513 A (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

The previous responses have been made to the best of our belief and knowledge.

	Secretary	8/12/2020	Date
	Treasurer	8/13/2020	Date
	President	8/13/20	Date

**ARTICLES OF INCORPORATION OF
POLE CREEK TIMBERS OWNERS ASSOCIATION**

The undersigned, acting as incorporator, establishes a corporation pursuant to the provisions of the Colorado Revised Nonprofit Corporation Act.

**ARTICLE I
Name, Duration and Initial Principal Office**

The name of the corporation shall be Pole Creek Timbers Owners Association and it shall have perpetual existence. Its initial principal office shall be located at 62510 U.S. Highway 40, Granby, Colorado 80446.

**ARTICLE II
Purposes and Powers**

3.1. **Purposes.** The purposes for which the corporation is organized are to act as the designated Association as defined in and to exercise all rights and powers granted by the Declaration of Covenants. The corporation may do all things permitted by the Colorado Revised Nonprofit Corporation Act (the "Act".)

3.2. **Powers.** The corporation shall have all of the rights, privileges and powers now or subsequently conferred on nonprofit corporations by the laws of Colorado. The corporation shall have and may exercise all powers necessary or convenient to affect any of the purposes for which the corporation has been organized.

**ARTICLE III
Membership**

4.1. **Membership Qualification.** The corporation shall have one class of members and the qualifications and rights of the members shall be set forth in the bylaws.

4.2. **Membership Voting.** Members representing each unit are entitled to one vote on each matter submitted to a vote of members.

4.3. **Election of Directors.** At the election of directors of the corporation, they shall be elected by a majority vote of the members.

**ARTICLE IV
Bylaws**


The initial bylaws of the corporation shall be adopted by the board of directors. The board of directors may alter, amend or repeal the bylaws.

**ARTICLE V
Initial Registered Office and Agent**

The address of the initial registered office of the corporation and the registered agent at that address is Ronald S. Stern, 62510 U.S. Highway 40, Granby, CO 80446. The registered office and the registered agent may be changed as provided in the bylaws.

FILED
DONETTA DAVIDSON
COLORADO SECRETARY OF STATE
62510 U.S. Highway 40, Granby, CO 80446
04-04-2001 11:25:53
SECRETARY OF STATE

I consent to act as the initial registered agent for the corporation.


RONALD S. STERN
Date: April 3, 2001

ARTICLE VI
Board of Directors

7.1. **Initial Directors.** The name and address of the person who is to serve as the initial director and until a successor or successors are elected and qualified are:

Scott C. Shirley, 2108 Birchtree Drive, Greenwood SC 29649

7.2. **Increase or Decrease of Directors.** The board of directors of the corporation may be increased or decreased at any time by adoption of or amendment to the bylaws, but no decrease shall have the effect of shortening the term of any incumbent director. In the absence of any provision in the bylaws fixing the number of directors, the number shall be the same as provided in these articles of incorporation.

ARTICLE VII
Indemnification of Directors

The corporation shall indemnify its directors to the full extent permitted by Colorado law.

ARTICLE VIII
Limitation of Liability

9.1. **Breach of Fiduciary Duty.** The personal liability of a director to the corporation or its members for monetary damages for breach of fiduciary duty as a director is limited to the full extent provided by Colorado law.

9.2. **Obligations of Corporation.** The directors, officers, employees and members of the corporation shall not, as such, be liable on its obligations.

ARTICLE IX
Distribution of Assets on Dissolution

10.1 The assets of the corporation in the process of dissolution shall be applied and distributed as follows:

A. All liabilities and obligations of the corporation shall be paid and discharged, or adequate provisions shall be made therefor.

B. Assets held by the corporation on condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with such requirement.

C. Assets received and held by the corporation, subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution shall be transferred or conveyed to one or more domestic or foreign corporations, societies, or organizations engaged in

activities similar to those of the dissolving corporation, pursuant to a plan of distribution adopted as provided by the Act.

D. Other assets, if any, shall be distributed in accordance with the provisions of the articles of incorporation or the bylaws to the extent that the articles of incorporation or bylaws determine the distributive rights of members or provide for distribution to others.

E. Any remaining assets may be distributed to such persons, societies, organizations, governmental entities, political subdivisions, or domestic or foreign corporations, whether for profit or non-profit, as may be specified in a plan of distribution adopted as provided by the Act.

10.2 A plan providing for the distribution of assets, not inconsistent with the provisions of the Act, may be adopted by the corporation in the process of dissolution and shall be adopted by the corporation for the purpose of authorizing any transfer or conveyance of assets for which the Act requires the plan of distribution in the following manner:

A. If there are members entitled to vote thereon, the board of directors shall adopt a resolution recommending a plan of distribution and directing the submission thereof to a vote at a meeting of members entitled to vote thereon, which may be either an annual or a special meeting. Such plan may also be submitted to the members for a mail vote if the company's bylaws so provide. Written notice setting forth the proposed plan of distribution or a summary thereof shall be given to each member entitled to vote at the meeting or mail vote, within the time and in the manner provided by the Act for the giving of notice of meetings to members. Such plan of distribution shall be adopted upon receiving at least two-thirds of the votes which members present at the meeting or represented by proxy are entitled to cast, or, in the event of a mail vote, said plan shall be adopted upon receiving at least two-thirds of the votes which are entitled to be cast.

B. If there are no members, or no members entitled to vote thereon, a plan of distribution shall be adopted at a meeting of the board of directors upon receiving a vote of the majority of the directors in office.

ARTICLE X
Incorporator

The name of the incorporator is Ronald S. Stern and his address is P.O. Box 50, Granby, Colorado 80446.


RONALD S. STERN

IN WITNESS WHEREOF, the above-named incorporator has signed these Articles of Incorporation on April 3, 2001.

STATE OF COLORADO
COUNTY OF GRAND

I, the undersigned, a Notary Public, hereby certify that on April 3, 2001, there personally appeared before me, Ronald S. Stern, who, being by me first duly sworn, declared that he is the person who signed the foregoing document as incorporator, and that the statements therein contained are true.




Cynthia Caputo
Notary Public