

# **Epicenter**

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## **Unaudited Financial Statements and Review Report of Independent Accountants**

**June 30, 2015**

# Epicenter

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON FINANCIAL STATEMENTS

To the Board of Trustees of  
Epicenter

We have reviewed the accompanying balance sheet of Epicenter (the Organization) as of December 15, 2015 and the related statements of activities and changes in net assets and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

### **Accountant's Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

### **Opinion**

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.



FJ & Associates, PLLC  
Kaysville, Utah  
December 15, 2015

**Epicenter**  
**Balance Sheet (unaudited)**  
**June 30, 2015**

**Assets**

Current assets:

Cash-operations	\$ 86,032
Accounts receivable	6,826
Total current assets	<u>92,858</u>

Property and equipment:

Land	2,500
Buildings and improvements	69,918
Furniture and fixtures	1,144
Total capital assets	<u>73,562</u>
Less accumulated depreciation	<u>(3,251)</u>
Net property and equipment	<u>70,311</u>

**Total assets**

\$ 163,169

**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$ 4,553
Total current liabilities	<u>4,553</u>

Total liabilities

4,553

**Net Assets**

Temporarily restricted	66,983
Unrestricted	<u>91,633</u>

Total net assets

158,616

**Total liabilities and net assets**

\$ 163,169

See accompanying notes and accountants' review report

**Epicenter**  
**Statement of Activities and Changes in Net Assets (unaudited)**  
**Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds</u>
<b>Revenues:</b>			
Rents	\$ 6,899	\$ -	\$ 6,899
Government grants	-	26,215	26,215
Direct public grants	6,019	102,026	108,045
Donations - contributions/in-kind	18,538	-	18,538
Program fees	18,135	-	18,135
Fundraisers	1,795	-	1,795
Miscellaneous revenue	2,788	-	2,788
Total revenues	<u>54,174</u>	<u>128,241</u>	<u>182,415</u>
<b>Expenses:</b>			
Professional services	1,454	-	1,454
Business expenses	3,219	2,433	5,652
Utilities	2,012	3,415	5,427
Supplies	3,909	2,793	6,702
Travel	4,563	7,440	12,003
Postage	1,724	414	2,138
Repairs and maintenance	6,848	3,548	10,396
Volunteer support	3,518	12	3,530
Payroll taxes	1,234	2,477	3,711
Interest	24	-	24
Insurance	902	6,711	7,613
Program expense	33,721	31,968	65,689
Miscellaneous	320	47	367
Depreciation	3,251	-	3,251
Total expenses	<u>66,699</u>	<u>61,258</u>	<u>127,957</u>
Operating Income (loss)	<u>(12,525)</u>	<u>66,983</u>	<u>54,458</u>
<b>Other income and expenses:</b>			
Donation - Green River PACT	104,158	-	104,158
Total other income and expenses	<u>104,158</u>	<u>-</u>	<u>104,158</u>
Change in net assets	<u>91,633</u>	<u>66,983</u>	<u>158,616</u>
Net assets, beginning of year	-	-	-
<b>Net assets, end of year</b>	<u><u>\$ 91,633</u></u>	<u><u>\$ 66,983</u></u>	<u><u>\$ 158,616</u></u>

See accompanying notes and accountants' review report

**Epicenter**  
**Statement of Cash Flows (unaudited)**  
**Year Ended June 30, 2015**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 158,616
Adjustments to reconcile change in net assets cash provided by (used in) operating activities:	
Depreciation	3,251
Decrease (increase) in:	
Accounts receivable	(6,825)
Increase (decrease) in:	
Accounts payable	4,552
Net cash provided by (used in) operating activities	<u>159,594</u>
<b>Cash flows from investing activities:</b>	
Transfer of assets from related party	(73,562)
Net cash provided by (used in) investing activities	<u>(73,562)</u>
<b>Cash flows from financing activities:</b>	
Net cash provided by (used in) financing activities	<u>-</u>
Net increase (decrease) in cash and equivalents	86,032
Cash and equivalents at beginning of year	-
<b>Cash and equivalents at end of year</b>	<u><u>\$ 86,032</u></u>
<b>Supplemental disclosure:</b>	
Interest expense	\$ 24

See accompanying notes and accountants' review report

**Epicenter**  
**Notes to Financial Statements (unaudited)**  
**Year Ended June 30, 2015**

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**1. Organization and Summary of Significant Accounting Policies**

Organization

Epicenter (the Organization) was organized in 2014 as a nonprofit corporation to assist the residents of Green River, Utah. Epicenter is located in Green River, Utah. Epicenter was created to accentuate Green River's rural pride and pioneering spirit. Epicenter provides housing and business resources and promotes the arts.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Significant estimates that may change in the near term include fair value of long-lived assets and related impairment, if any.

Property and Equipment

It is the Epicenter's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Capital assets (land, buildings, building improvements, and equipment) are recorded at cost or at estimated fair value at the date of gift. Donated items are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided using the straight-line method over five to thirty years estimated useful lives of the assets. The Organization periodically evaluates its property and equipment for other-than-temporary impairment and considers a write down to fair value if it does not exceed carrying value. As of June 30, 2015, the Organization had not recorded any impairment loss on its long-lived assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include highly liquid short-term investments with a maturity of three months or less. Restricted deposits and funded reserves are not considered cash equivalents.

Income Taxes

Epicenter is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation, and therefore, has made no provision for federal income taxes.

Rental Income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. Interest and other sources of revenue are recognized as the period transpires for which the interest is earned or as services are rendered, and when the amount and collection is reasonably assured. All leases between the Organization and the tenants of the property are operating leases.

**Epicenter**  
**Notes to Financial Statements (unaudited) (continued)**  
**Year Ended June 30, 2015**

**1. Organization and Summary of Significant Accounting Policies (continued)**

Contributed Services

The Organization receives donated services from a variety of unpaid individuals assisting the Organization in various activities. Many individuals volunteered their time and performed a variety of tasks that assisted the Organization, but these services did not meet the criteria for recognition as contributed services.

Contributions

Contributions are recorded when received. Under the Not-For-Profit Entities Topic of the FASB Accounting Standards Codification, contributions are recorded as unrestricted or temporarily restricted, depending on the existence or nature of any donor restrictions.

Accounts Receivable

Accounts receivable consist of operational accounts receivable. The Organization's customers are primarily private foundations, and federal, state, and local governments with receivables that are less than 30 days outstanding. Management reviews outstanding receivables routinely to see if any are uncollectible. No accounts receivable are uncollectible as of June 30, 2015.

Recently Issued Accounting Pronouncements

The Organization has reviewed all recently issued FASB Updates (ASU's) for the year ended June 30, 2015 and has determined that none of the recently issued accounting updates will have a material effect on the fair presentation of these financial statements.

**2. Cash Deposits**

At June 30, 2015, the carrying amount of the Organization's cash deposits was \$86,032, and the bank balance was \$87,467. Of the bank balance, \$87,132 was covered by federal depository insurance. PayPal bank balance of \$335 is not covered by the FDIC.

**3. Property and Equipment**

Property and equipment consists of the following:

	Balance 6/30/2014	Additions	Adjustments and Retirements	Balance 6/30/2015
Land	\$ -	\$ 2,500	\$ -	\$ 2,500
Building	-	69,918	-	69,918
Furniture and equipment	-	1,144	-	1,144
	<u>\$ -</u>	<u>\$ 73,562</u>	<u>\$ -</u>	<u>\$ 73,562</u>
Accumulated depreciation	<u>-</u>	<u>(3,251)</u>	<u>-</u>	<u>(3,251)</u>
Net book value	<u>\$ -</u>			<u>\$ 70,311</u>

**Notes to Financial Statements (unaudited) (continued)**  
**Year Ended June 30, 2015**

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**4. Net Assets**

UNRESTRICTED-

The unrestricted net asset account pertains primarily to amounts that are not designated for specific purposes and are not subject to donor-imposed stipulations. Restricted cash is also included for bond reserve requirements.

TEMPORARILY RESTRICTED-

The temporarily restricted net asset account pertains to Federal, State, and private grants that have been received by the Organization and they have been designated for specific purposes.

**5. Related Party**

Epicenter was a program under Friends of the Green River Positive Action Community Team (PACT). During 2014, Epicenter was created and PACT donated \$104,158 in assets to Epicenter on July 1, 2014.

**6. Fundraising Information**

Fundraising revenue and costs have been kept separate in the financial records of Epicenter. The total fundraising amounts for revenue was \$1,795. There were no fundraising expenses during the year.

**7. Subsequent Events**

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through December 15, 2015 which is the date the financial statements were available to be issued. The Organization did not identify any subsequent events or transactions that should be disclosed.