

Ann Arbor Summer Festival, Inc.

Financial Statements
and Independent Auditors' Report

Years Ended September 30, 2017 and 2016

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WILLIS & JURASEK

CPAS AND CONSULTANTS

Independent Auditors' Report

The Board of Directors
Ann Arbor Summer Festival, Inc.
Ann Arbor, Michigan

We have audited the accompanying financial statements of Ann Arbor Summer Festival, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ann Arbor Summer Festival, Inc. as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.
Jackson, Michigan

January 18, 2018

Ann Arbor Summer Festival, Inc.

Statements of Financial Position

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 297,233	\$ 172,787
Accounts receivable	-	100
Grants receivable - current	43,200	47,600
Pledges receivable - current	17,250	2,500
Prepaid expenses	18,993	20,515
Total current assets	<u>376,676</u>	<u>243,502</u>
Property and Equipment:		
Leasehold improvements	-	3,285
Office equipment	33,825	31,037
Production equipment	142,599	142,599
	<u>176,424</u>	<u>176,921</u>
Less accumulated depreciation	156,824	148,347
Net property and equipment	<u>19,600</u>	<u>28,574</u>
Other Assets:		
Restricted cash	152	100
Restricted investments	150,002	99,701
Grants receivable - long-term	87,000	116,000
Pledges receivable - long-term	-	2,500
Total other assets	<u>237,154</u>	<u>218,301</u>
	<u>\$ 633,430</u>	<u>\$ 490,377</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 28,089	\$ 65,286
Accrued expenses	2,615	10,571
Deferred revenue - current	29,000	29,700
Total current liabilities	<u>59,704</u>	<u>105,557</u>
Other Liabilities:		
Deferred revenue - long-term	87,000	116,000
Total other liabilities	<u>87,000</u>	<u>116,000</u>
Total liabilities	<u>146,704</u>	<u>221,557</u>
Net Assets:		
Unrestricted:		
Designated	21,616	3,820
Undesignated	261,072	166,333
Temporarily restricted	67,250	5,000
Permanently restricted	136,788	93,667
Total net assets	<u>486,726</u>	<u>268,820</u>
	<u>\$ 633,430</u>	<u>\$ 490,377</u>

See Notes to Financial Statements.

Ann Arbor Summer Festival, Inc.
 Statements of Activities
 Years Ended September 30, 2017 and 2016

	2017				2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:								
Mainstage series sales	\$ 502,620	\$ -	\$ -	\$ 502,620	\$ 558,327	\$ -	\$ -	\$ 558,327
Top of the Park/Special Attraction sales	365,107	-	-	365,107	335,037	-	-	335,037
Contributions	428,634	14,750	43,121	486,505	404,106	5,000	15,895	425,001
Grants	140,290	50,000	-	190,290	111,398	-	-	111,398
In-kind contributions	179,548	-	-	179,548	203,741	-	-	203,741
Miscellaneous	9,674	-	-	9,674	8,048	-	-	8,048
Net assets released from restrictions	2,500	(2,500)	-	-	-	-	-	-
Total public support and revenue	<u>1,628,373</u>	<u>62,250</u>	<u>43,121</u>	<u>1,733,744</u>	<u>1,620,657</u>	<u>5,000</u>	<u>15,895</u>	<u>1,641,552</u>
Functional Expenses:								
Program:								
Mainstage, Top of the Park, and Special Attraction	1,095,682	-	-	1,095,682	1,218,092	-	-	1,218,092
Support Services:								
Management and general	316,100	-	-	316,100	341,915	-	-	341,915
Fund-raising	117,858	-	-	117,858	110,387	-	-	110,387
Total support services	<u>433,958</u>	<u>-</u>	<u>-</u>	<u>433,958</u>	<u>452,302</u>	<u>-</u>	<u>-</u>	<u>452,302</u>
Total functional expenses	<u>1,529,640</u>	<u>-</u>	<u>-</u>	<u>1,529,640</u>	<u>1,670,394</u>	<u>-</u>	<u>-</u>	<u>1,670,394</u>
Other Income (Expense):								
Interest and dividend income	2,369	-	-	2,369	2,171	-	-	2,171
Realized gains/(losses)	525	-	-	525	466	-	-	466
Unrealized gains/(losses)	12,989	-	-	12,989	5,686	-	-	5,686
Gain/(loss) on disposal of property & equipment	(2,081)	-	-	(2,081)	(1,139)	-	-	(1,139)
Total other income (expense)	<u>13,802</u>	<u>-</u>	<u>-</u>	<u>13,802</u>	<u>7,184</u>	<u>-</u>	<u>-</u>	<u>7,184</u>
Changes in Net Assets	112,535	62,250	43,121	217,906	(42,553)	5,000	15,895	(21,658)
Net Assets - Beginning of Year	170,153	5,000	93,667	268,820	212,706	-	77,772	290,478
Net Assets - End of Year	<u>\$ 282,688</u>	<u>\$ 67,250</u>	<u>\$ 136,788</u>	<u>\$ 486,726</u>	<u>\$ 170,153</u>	<u>\$ 5,000</u>	<u>\$ 93,667</u>	<u>\$ 268,820</u>

See Notes to Financial Statements.

Ann Arbor Summer Festival, Inc.
 Statements of Cash Flows
 Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Program income	\$ 867,827	\$ 893,907
Grants and contributions	668,245	552,699
Interest received	2,369	2,171
Other revenue	9,674	8,048
Payments to employees	(459,421)	(465,015)
Payments to suppliers	(924,623)	(966,977)
Net cash provided by (used in) operating activities	164,071	24,833
Cash Flows From Investing Activities:		
Purchases of property and equipment	(2,786)	(16,486)
Purchases of investments	(36,787)	(17,624)
Net cash provided by (used in) investing activities	(39,573)	(34,110)
Net Increase (Decrease) in Cash and Cash Equivalents	124,498	(9,277)
Cash and Cash Equivalents - Beginning of Year	172,887	182,164
Cash and Cash Equivalents – End of Year	\$ 297,385	\$ 172,887
Cash on the Statement of Financial Position shown as:		
Cash and cash equivalents (current)	\$ 297,233	\$ 172,787
Restricted cash (other assets)	152	100
	\$ 297,385	\$ 172,887
Reconciliation of Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Increase (decrease) in net assets	\$ 217,906	\$ (21,658)
Adjustment to reconcile increase (decrease) in unrestricted net assets to net cash provided by operating activities:		
Depreciation	9,679	9,079
Realized (gains)/losses	(525)	(466)
Unrealized (gains)/losses	(12,989)	(5,686)
Gain/(loss) on disposal of property & equipment	2,081	1,139
Allowance for uncollectable pledges	-	-
Deferred revenue	(29,700)	120,700
Net change in assets and liabilities:		
(Increase) decrease in accounts receivable	100	543
(Increase) decrease in grants receivable	33,400	(99,400)
(Increase) decrease in pledges receivable	(12,250)	(5,000)
(Increase) decrease in prepaid expenses	1,522	(4,601)
Increase (decrease) in accounts payable	(37,197)	36,651
Increase (decrease) in accrued expenses	(7,956)	(6,468)
Net cash provided by (used in) operating activities	\$ 164,071	\$ 24,833

See Notes to Financial Statements.

Ann Arbor Summer Festival, Inc.
Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Ann Arbor Summer Festival, Inc. (the Festival) is a nonprofit organization incorporated in Michigan in 1978. The Festival's mission is to present a world-class celebration of arts and entertainment that enriches the cultural, economic, and social vitality of the region. The Festival is located in Ann Arbor, Michigan, and is funded through ticket sales, concessions, contributions and grants.

Basis of Accounting

The accompanying financial statements and information are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenditures are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under these professional standards, the Festival 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, cash and cash equivalents include amounts in demand and time deposit accounts, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. There were approximately \$60,700 of deposits in excess of federally insured limits (FDIC) at year-end.

Investments and Fair Value Measurements

Ann Arbor Summer Festival, Inc. carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Investment income and gains and losses, including unrealized, are included in the change in net assets in the accompanying Statements of Activities as unrestricted unless temporarily restricted by donor stipulation. Donated investments are recorded at fair market value at the date of gift. The Festival holds investments which are classified as available for sale and are recorded at fair value.

The Festival applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements (Note 2).

Ann Arbor Summer Festival, Inc.
Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Endowment Fund

The Festival treats monies received as endowments as permanently restricted net assets at the fair market value of the initial contribution. Net income from these endowments may be spent as the Festival sees fit with the current policy that the distributions are limited to 4.5% of the average value of the endowment balance over the previous seven years, with no distributions to be made until the combined endowment accounts reach \$500,000. Endowments are invested with the objective of achieving a long-term growth of principal and income using the following investment vehicles – equity securities, mutual funds, fixed income securities (maturities longer than one year) and cash equivalents (maturities less than one year) and using targeted allocations between these vehicles with, at minimum, annual rebalancing to maintain the strategic allocation goals.

The endowment funds are invested in a checking account, money market account, and in mutual funds. These amounts are listed in the statements of financial position other assets section as restricted cash and restricted investments. Endowment funds activity for the years is as follows (See also Notes 2 and 6 for investment and net asset information):

	<u>2017</u>	<u>2016</u>
Beginning of year balance	\$ 99,801	\$ 76,025
Contributions	43,121	15,895
Investment income, net of fees	6,725	2,195
Market value adjustments	<u>8,757</u>	<u>5,686</u>
End of year balance	<u>\$ 158,404</u>	<u>\$ 99,801</u>
Reported as:		
Permanently restricted net assets	\$ 136,788	\$ 93,667
Board designated for reinvestment	21,616	3,820
Component of unrestricted net assets	<u>-</u>	<u>2,314</u>
Total	<u>\$ 158,404</u>	<u>\$ 99,801</u>

Receivables

The Festival holds various types of receivables – accounts receivable related to Festival operations, grant and sponsorship receivables, as well as contribution receivables (pledges, i.e. promises to give). Accounts receivable are recorded when the corresponding revenue is earned. Contribution receivables of all types are recorded at fair value when pledged/granted.

An allowance for uncollectable receivables, if any, is recorded as estimated based upon management's valuation of related historical data and current economic conditions. Receivables are written off after management has performed attempts at collection and deemed the specific receivables uncollectable. See Note 4 for further details.

Ann Arbor Summer Festival, Inc.
Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Office and production equipment acquisitions are accounted for at cost or if donated, are recorded at their fair market value when received. Assets are capitalized if the cost of an individual item is \$500 or more. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years. Depreciation expense for the reported years was \$9,679 and \$9,079, respectively.

Contributions and Other Support

The Festival accounts for contributions as required by the Not-For-Profit Topic of the Financial Accounting Standards Board Accounting Standards Codification. In accordance with this guidance, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support. Contributions received are required to be recorded at fair market value.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. If donor-restricted contributions are received and the restricted use is met within the same fiscal year, the support is reported as unrestricted contributions.

Contributed Goods and Services

During the year, contributed goods and services meeting the requirements for recognition in the financial statements including legal services, printing, advertising, food, parking, etc. have been recorded at the fair value of the donations received. Total value of donated goods and services included in expenses was \$179,548 and \$203,741 for each year-end, respectively.

Advertising

Advertising costs are expensed as incurred; the expense recognized for each year-end was approximately \$33,000 and \$40,000, respectively.

Tax-Exempt Status

Ann Arbor Summer Festival, Inc., is an organization recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Professional standards require an analysis of uncertain tax positions for the purpose of determining whether benefits associated with those positions may be recognized for financial statement purposes. Based on the analysis, the Festival has determined it has no material uncertain tax positions for which the associated benefits may not be recognized nor for which disclosure is required.

Reclassifications

Certain balances in the prior year financial statements may have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications, if any, have no impact on net income.

Ann Arbor Summer Festival, Inc.
Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Festival has evaluated subsequent events through the date of the auditors' report, the date the financial statements were available to be issued.

2. Investments

FASB has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Fair Value Measurements: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Festival has the ability to access.

Level 2 Fair Value Measurements: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation methodologies from the previous year. There are no level 2 or 3 assets owned by the Festival.

Mutual funds: Valued at the market price as provided by the brokerage.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Festival believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Ann Arbor Summer Festival, Inc.
Notes to Financial Statements

2. Investments (Continued)

The following table presents level 1 assets measured at fair value on a recurring basis at September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Money market	\$ 264	\$ 1,562
Mutual funds	<u>149,738</u>	<u>98,139</u>
 Total assets as fair value	 <u>\$ 150,002</u>	 <u>\$ 99,701</u>

These amounts are reported in the Statements of Financial Position as follows:

	<u>2017</u>	<u>2016</u>
Restricted investments (other assets)	<u>\$ 150,002</u>	<u>\$ 99,701</u>

3. Grants Receivable

Ann Arbor Summer Festival, Inc. had the following grants receivable at year-end:

	<u>2017</u>	<u>2016</u>
University of Michigan (see Note 7) - five year renewable grant for general operations	\$ 116,000	\$ 145,000
National Endowment for the Arts	10,000	15,000
Michigan Council for Arts and Cultural Affairs	4,200	3,600
Total grants receivable	<u>\$ 130,200</u>	<u>\$ 163,600</u>

These amounts are presented in the Statements of Financial Position as follows:

Current grants receivable	\$ 43,200	\$ 47,600
Long-term grants receivable	87,000	116,000
	<u>\$ 130,200</u>	<u>\$ 163,600</u>

4. Pledges Receivable

The Festival has received promises to give, some with multiple year terms. The amount of pledges receivable was \$17,250 and \$5,000 as of September 30, 2017 and 2016, respectively, net of a provision for uncollectible pledges of \$0 as of each year-end. These amounts are presented in the Statements of Financial Position as follows:

	<u>2017</u>	<u>2016</u>
Current pledges receivable (less than one year)	\$ 17,250	\$ 2,500
Less allowance for uncollectible pledges	-	-
Net current portion	<u>\$ 17,250</u>	<u>\$ 2,500</u>
 Long-term pledges receivable (one to five years)	 \$ -	 \$ 2,500
Less allowance for uncollectible pledges	-	-
Net long-term portion	<u>\$ -</u>	<u>\$ 2,500</u>

Ann Arbor Summer Festival, Inc.
Notes to Financial Statements

5. Line of Credit

The Festival has established a \$50,000 line of credit to support cash flow with a maturity date of November 30, 2018 and no amounts outstanding at each year-end.

6. Net Assets

The components of net assets were as follows at year-end:

	<u>2017</u>	<u>2016</u>
Unrestricted:		
Board designated for investment	\$ 21,616	\$ 3,820
Undesignated	261,072	166,333
Total unrestricted	282,688	170,153
Temporarily restricted:		
Contributions for future periods	17,250	5,000
Contributions for summer internships	50,000	-
Total temporarily restricted	67,250	5,000
Permanently restricted:		
Contributions for endowment	136,788	93,667
Total net assets	\$ 486,726	\$ 268,820

7. Related Party Transactions

The Board of Directors and the Executive Committee of Ann Arbor Summer Festival, Inc. include members who are employees and/or directors/trustees of the University of Michigan or the City of Ann Arbor. These entities serve the Festival in the following capacities.

The University of Michigan provided financial and organizational support to the Festival in the amount of \$25,000 for each reported fiscal year. Also, the Festival contracted with the University of Michigan for various services provided during the festival including but not limited to production offices, venue and equipment rentals, telephone, internet, event security, grounds, waste management, physical plant, and film services which totaled approximately \$57,800 and \$97,100 for each year, respectively. Amounts due at year-end for these services were approximately \$27,000 and \$38,000, respectively, reflected in accounts payable.

The University of Michigan has also granted \$29,000 per year for five years beginning fiscal year 2017 and ending fiscal year 2021 (see Note 3). This grant is recorded as deferred revenue in the year received and will be recognized as revenue over the five year period.

The Festival contracts with The University Musical Society to provide management and operation of ticket sales. The financial statements include charges for these services for the years ended September 30, 2017 and 2016, of approximately \$11,700 and \$9,900, respectively. Amounts due at year-end for these services were approximately \$0 and \$9,800, respectively, reflected in accounts payable.

Ann Arbor Summer Festival, Inc.
Notes to Financial Statements

7. Related Party Transactions (Continued)

The City of Ann Arbor provided financial support to the Festival in the amount of \$29,000 for each reported fiscal year. Services the City of Ann Arbor and The Downtown Development Authority provided included but were not limited to street closures, barricades, and parking during the festival that totaled approximately \$27,600 and \$24,900, for each year, respectively.

8. Leases

Lease expense was \$17,236 and \$15,600 for the years ended September 30, 2017 and 2016, respectively. The Festival's previous lease to rent its office facilities expired September 30, 2017 and it moved to a new location and entered into a new five-year lease agreement expiring September 30, 2022.

Future minimum rent payments required under the operating lease are estimated as follows:

<u>Fiscal Years</u>	<u>Amount</u>
2018	\$18,000
2019	18,540
2020	18,900
2021	19,800
2022	20,400

Short-term operating leases for production equipment, venue and storage space, and office equipment totaled \$87,349 and \$91,418, respectively.

9. Union Agreement, Pension and Welfare Plans, and Retirement Plan

The Festival participates in a collective bargaining agreement with Local 395 of IATSE (International Alliance of Theatrical Stage of Employees) for performing artist services which represent approximately 7 percent of the total salaries incurred for each reported year. This agreement is effective through December 31, 2018.

The Festival contributes to the IATSE National Benefits Funds on behalf of applicable union employees. The pension and welfare contribution amounts are based on a set pay schedule. Amounts contributed for the years ended September 30, 2017 and 2016 were approximately \$7,200 and \$12,300, respectively.

The Festival maintains a 403(b) tax deferred annuity plan and a 457(b) deferred compensation plan for eligible employees not covered by the above plan. Total employer contributions to the plans for the years ended September 30, 2017 and 2016, were \$4,750 for both years.

10. Major Contributors and Grantors

Grant income is made up of four main grantors, each contributing approximately 15 - 28 percent of total grant income recognized in fiscal year 2017. For fiscal year 2016, there were four major grantors, each contributing approximately 13 - 26 percent of total grant income.

Supplemental Information

Ann Arbor Summer Festival, Inc.
Schedule of Functional Expenses
Year Ended September 30, 2017
(With Comparative Amounts For the Year Ended September 30, 2016)

	Program Services	Supporting Services		Total	Total
	Total	Management and General	Fund-raising	2017	2016
Personnel costs:					
Salaries	\$ 258,911	\$ 47,727	\$ 74,928	\$ 381,566	\$ 395,453
Employee benefits	14,892	12,412	7,183	34,487	25,816
Payroll taxes	24,900	4,591	5,921	35,412	37,278
	<u>298,703</u>	<u>64,730</u>	<u>88,032</u>	<u>451,465</u>	<u>458,547</u>
Printing and postage	20,077	1,059	17,047	38,183	40,136
Insurance	15,971	7,985	-	23,956	21,029
Utilities	24,877	2,079	-	26,956	24,849
Operating supplies	9,793	-	-	9,793	8,864
Equipment rental and maintenance	62,269	4,112	-	66,381	70,940
Education outreach	1,050	-	-	1,050	1,295
Special attraction - program	52,246	-	-	52,246	74,604
Telephone and internet	-	3,856	-	3,856	4,216
Computer maintenance	-	8,124	-	8,124	10,152
Office supplies	-	1,546	-	1,546	1,129
Professional services	-	27,307	-	27,307	28,676
In-kind expenses	30,370	149,178	-	179,548	203,741
Books, subscriptions, and dues	437	6,004	-	6,441	4,204
Visual arts	3,974	-	-	3,974	3,711
Cost of goods sold	77,583	-	-	77,583	72,674
Artist fees	319,337	-	-	319,337	404,191
Production services and contractors	27,057	-	-	27,057	28,999
Other production costs	2,435	502	-	2,937	5,973
Taxes and licenses	8,417	401	-	8,818	9,255
Professional development	-	4,257	-	4,257	4,425
Design fees	20,000	-	-	20,000	22,000
Rent	20,878	17,326	-	38,204	38,716
Artist hotels and hospitality	10,121	-	-	10,121	9,629
Box office expense	4,357	-	-	4,357	9,791
Artist travel	5,208	-	-	5,208	2,539
Credit card and bank fees	14,727	4,286	-	19,013	15,559
Security	33,225	-	-	33,225	32,975
Cultivation	-	-	11,006	11,006	2,406
Miscellaneous	15	3,669	1,773	5,457	5,848
Advertising and promotion	32,555	-	-	32,555	40,242
Total functional expenses before depreciation	<u>1,095,682</u>	<u>306,421</u>	<u>117,858</u>	<u>1,519,961</u>	<u>1,661,315</u>
Depreciation	-	9,679	-	9,679	9,079
Total functional expenses	<u>\$ 1,095,682</u>	<u>\$ 316,100</u>	<u>\$ 117,858</u>	<u>\$ 1,529,640</u>	<u>\$ 1,670,394</u>

See Notes to Financial Statements.