



*& Co., P.A.*

**Craftsmen's Guild of Mississippi, Inc.**

**Ridgeland, Mississippi**

**June 30, 2017**

**(With Comparative Information as of June 30, 2016)**

**Financial Statements  
and Supplementary Information**

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*Lefoldt & Co., P.A.*

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors  
Craftsmen's Guild of Mississippi, Inc.  
Ridgeland, Mississippi

We have reviewed the accompanying financial statements of the Craftsmen's Guild of Mississippi, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and cash flows for the year 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 Organization 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.

*Accountant's 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.

*Accountant's 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 conformity with accounting principles generally accepted in the United States of America.

*Summarized Comparative Information*

We previously reviewed the Craftsmen's Guild of Mississippi, Inc.'s 2016 financial statements and in our conclusion dated August 18, 2016, stated that based on our review, we were not aware of any material modifications that should be made to the 2016 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2016, for it to be consistent with the reviewed financial statements from which it has been derived.

*Supplementary Information*

The supplementary information included in the accompanying Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

*Lefollett & Co., P.A.*

August 15, 2017

CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.STATEMENTS OF FINANCIAL POSITIONJune 30, 2017With Comparative Information as of June 30, 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<u>Current Assets:</u>		
Cash	\$ 53,351	\$ 34,736
Accounts Receivable	-	4,000
Inventory	<u>50,280</u>	<u>50,408</u>
<u>Total Current Assets</u>	<u>\$ 103,631</u>	<u>\$ 89,144</u>
<u>Other Assets:</u>		
Property and Equipment at Cost, Net	\$ 157,193	\$ 151,499
Deposits	<u>2,000</u>	<u>2,000</u>
<u>Total Other Assets</u>	<u>\$ 159,193</u>	<u>\$ 153,499</u>
<u>Total Assets</u>	<u>\$ 262,824</u>	<u>\$ 242,643</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses	\$ 18,517	\$ 13,895
Deferred Revenue	55,559	29,250
Notes Payable	<u>7,173</u>	<u>40,000</u>
<u>Total Current Liabilities</u>	<u>\$ 81,249</u>	<u>\$ 83,145</u>
<u>Net Assets:</u>		
Unrestricted	\$ 178,075	\$ 158,380
Temporarily Restricted	<u>3,500</u>	<u>1,118</u>
<u>Total Net Assets</u>	<u>\$ 181,575</u>	<u>\$ 159,498</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 262,824</u>	<u>\$ 242,643</u>

See independent accountant's review report and accompanying notes to financial statements.

CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.STATEMENTS OF ACTIVITIESFor The Year Ended June 30, 2017With Summarized Information for the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017</u>	<u>2016</u>
<u>Support and Revenues:</u>				
Craft Sales	\$ 207,467	\$ -	\$ 207,467	\$ 241,014
Cost of Goods Sold	119,813	-	119,813	144,559
Gross Profit	\$ 87,654	\$ -	\$ 87,654	\$ 96,455
Contributions and Sponsorships	31,378	45,451	76,829	106,821
In-Kind Contributions	252,600	13,752	266,352	251,700
Exhibitors Booth Fees	71,957	-	71,957	65,303
Festival Admissions	42,668	-	42,668	45,131
Grants	22,600	64,695	87,295	60,405
Membership	37,084	-	37,084	33,308
Interest	2	-	2	415
Standards Applications	2,820	-	2,820	3,120
Class Fees	25,022	-	25,022	30,527
Miscellaneous	17,197	-	17,197	9,000
Rental Income	39,966	-	39,966	55,711
Net Assets Released from Restrictions	121,516	( 121,516)	-	-
<u>Total Support and Revenues</u>	<u>\$ 752,464</u>	<u>\$ 2,382</u>	<u>\$ 754,846</u>	<u>\$ 757,896</u>
<u>Expenses:</u>				
Program Services:				
Education	\$ 120,233	\$ -	\$ 120,233	\$ 118,172
Marketing and Retail	378,779	-	378,779	386,474
Economic Development	79,052	-	79,052	74,602
<u>Total Program Services</u>	<u>\$ 578,064</u>	<u>\$ -</u>	<u>\$ 578,064</u>	<u>\$ 579,248</u>
Management and General	134,250	-	134,250	132,482
Fundraising	20,455	-	20,455	20,683
<u>Total Expenses</u>	<u>\$ 732,769</u>	<u>\$ -</u>	<u>\$ 732,769</u>	<u>\$ 732,413</u>
<u>Change in Net Assets</u>	<u>\$ 19,695</u>	<u>\$ 2,382</u>	<u>\$ 22,077</u>	<u>\$ 25,483</u>
<u>Net Assets at Beginning of Year</u>	<u>158,380</u>	<u>1,118</u>	<u>159,498</u>	<u>134,015</u>
<u>Net Assets at End of Year</u>	<u>\$ 178,075</u>	<u>\$ 3,500</u>	<u>\$ 181,575</u>	<u>\$ 159,498</u>

See independent accountant's review report and accompanying notes to financial statements.

CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.STATEMENTS OF CASH FLOWSFor The Year Ended June 30, 2017With Comparative Information for the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Operating Activities:</u>		
Change in Net Assets	\$ 22,077	\$ 25,483
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	18,731	15,881
Donation of Services	( 13,752)	-
(Increase)/Decrease in:		
Accounts Receivable	4,000	( 4,000)
Inventory	128	17,521
Increase/(Decrease) in:		
Accounts Payable and Accrued Expenses	4,622	( 1,684)
Deferred Revenue	<u>26,309</u>	<u>4,632</u>
<u>Net Cash Provided By Operating Activities</u>	<u>\$ 62,115</u>	<u>\$ 57,833</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of Property and Equipment	( \$ 10,673)	( \$ 137,490)
<u>Cash Flows From Financing Activities:</u>		
Advances on Notes Payable, Net of Repayments	( \$ 32,827)	\$ 40,000
<u>Net Increase (Decrease) In Cash</u>	\$ 18,615	( \$ 39,657)
<u>Cash at Beginning of Year</u>	<u>34,736</u>	<u>74,393</u>
<u>Cash at End of Year</u>	<u>\$ 53,351</u>	<u>\$ 34,736</u>
<u>Supplemental Cash Flow Information:</u>		
Cash Paid for Interest	<u>\$ 1,304</u>	<u>\$ 413</u>

See independent accountant's review report and  
accompanying notes to financial statements.

CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

With Comparative Information as of and  
For the Year Ended June 30, 2016

Note 1 - Summary of Significant Accounting Policies:

a. Nature of Operations

The Craftsmen's Guild of Mississippi, Inc. (the Guild) is a nonprofit organization whose mission is the preservation of handmade Mississippi crafts; to educate Mississippians in the production of crafts; and to provide methods for the promotion, display, and sale of crafts. The Guild is supported primarily through sale of crafts in Mississippi, crafts festivals, membership dues, workshops, contributions and grants.

b. Basis of Accounting

The Guild prepares its financial statements on the accrual basis of accounting.

c. Estimates

The Guild prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which require that management make estimates and assumptions that affect the reported amounts. Actual amounts could differ from those results.

d. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification No. 958, *Financial Statements of Not-for-Profit Organizations*. The Guild 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.

e. Income Taxes

The Guild is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and under similar statutes for the State of Mississippi. The Guild has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Guild has adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*. FIN 48 clarifies the accounting for uncertainty in income tax positions recognized in accordance with Accounting Standards Codification No. 740, *Accounting for Income Taxes*. It also provides guidance



CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1 - Summary of Significant Accounting Policies - Continued:

e. Income Taxes - Continued

on when tax positions are recognized in an entity's financial statements and how the values of those positions are determined. There was no impact on the Guild's financial statements as a result of the adoption of FIN 48. The Guild is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Guild believes it is no longer subject to income tax examinations for fiscal years prior to 2014.

f. Accounts Receivable

The Guild considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

g. Inventory

Craft store inventories are valued at cost on a specific identification basis, and are stated at lower of cost or market.

h. Property and Equipment

Property and equipment are valued at cost, or if acquired by gift, the fair market value at the date of the gift. The Guild follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500.

Depreciation is provided over the estimated useful lives of the respective assets (ranging from five to twenty years) on a straight-line basis.

i. Donated Services, Materials, and Facilities

Donated services, materials, and facilities are recorded at their fair market value at the date of gift.

j. Advertising

The Guild follows the policy of charging the cost of advertising to expense as incurred.

CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2 - Property and Equipment:

The following is a summary of property and equipment at cost, less accumulated depreciation:

	<u>2017</u>	<u>2016</u>
Leasehold Improvements	\$ 222,549	\$ 167,605
Furniture and Equipment	185,757	175,758
Construction in Progress	-	<u>40,517</u>
	<u>\$ 408,306</u>	<u>\$ 383,880</u>
Less Accumulated Depreciation	<u>251,113</u>	<u>232,381</u>
	<u>\$ 157,193</u>	<u>\$ 151,499</u>

Note 3 - Notes Payable:

The Guild has a line of credit agreement with a financial institution, allowing for borrowings up to \$20,000 with a maturity date of February, 2018. Interest accrues at a rate of Prime plus 2.00%, subject to a floor of 6.25% at June 30, 2017. The Guild has available \$12,827 in unused line of credit at June 30, 2017.

Note 4 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Designated Grant	\$ 3,500	\$ -
Wood Turning Studio	<u>-</u>	<u>1,118</u>
	<u>\$ 3,500</u>	<u>\$ 1,118</u>

Note 5 - Functional Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 6 - Advertising Costs:

The Guild expenses advertising costs as they are incurred. Advertising costs totaled \$41,407 and \$41,243 for the years ended June 30, 2017 and 2016, respectively.

Note 7 - Donated Services, Facilities, and Materials:

The Guild receives donated services from a variety of unpaid volunteers in their various programs and activities. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied. The Guild received donated services and advertising with a fair value of \$26,352 and \$11,700 for the years ended June 30, 2017 and 2016, respectively, which is included in the accompanying statements of activities.

The Guild occupies space at the Mississippi Crafts Center under a lease with the State of Mississippi. No rent is paid by the Guild during the lease term, which expires in April, 2027. The approximate value of the annual rent was \$240,000 for each of the years ended June 30, 2017 and 2016.

Note 8 - Subsequent Events:

The Guild has evaluated subsequent events through August 15, 2017 at which time the accompanying financial statements were available to be issued.

CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2017

	Education	Marketing and Retail	Economic Develop- ment	Total Program Services	Manage- ment and General	Fund- raising	Total
Advertising	\$ 8,281	\$ 25,672	\$ 6,211	\$ 40,164	\$ -	\$ 1,243	\$ 41,407
Awards	-	-	4,282	4,282	-	-	4,282
Bank Charges	775	1,823	427	3,025	853	-	3,878
Class Expense	1,776	-	-	1,776	-	-	1,776
Cleaning	4,226	9,931	2,324	16,481	4,649	-	21,130
Contract Labor	-	-	-	-	1,059	-	1,059
Credit Card	1,901	4,561	1,141	7,603	-	-	7,603
Demonstrators' Expense	872	-	-	872	-	-	872
Depreciation	3,746	8,804	2,060	14,610	4,121	-	18,731
Dues and Sub- scriptions	155	373	93	621	-	-	621
Food and Entertainment	-	16,683	-	16,683	-	-	16,683
Instructors' Fees	13,809	-	-	13,809	-	-	13,809
Insurance - Health	1,095	2,572	602	4,269	1,204	-	5,473
Insurance - Other	-	-	-	-	11,771	-	11,771
Legal and Accounting	-	-	-	-	5,672	-	5,672
Miscellaneous	-	-	-	-	2,165	-	2,165
Office Expenses	-	-	-	-	15,822	-	15,822
Payroll Taxes	3,581	7,519	1,969	13,069	3,939	895	17,903
Postage and Freight	578	1,157	347	2,082	-	231	2,313
Printing	1,370	2,738	821	4,929	-	547	5,476
Rent Expense	26,387	176,792	29,025	232,204	26,387	5,277	263,868
Repairs and Maintenance	1,092	2,565	600	4,257	1,201	-	5,458
Salaries and Wages	46,262	97,150	25,444	168,856	50,888	11,565	231,309
Security	963	2,261	530	3,754	1,059	-	4,813
Telephone	862	1,809	474	3,145	948	215	4,308
Travel	37	87	20	144	42	-	186
Utilities	2,412	16,158	2,653	21,223	2,412	482	24,117
Volunteer	53	124	29	206	58	-	264
<b>Total</b>	<b>\$ 120,233</b>	<b>\$ 378,779</b>	<b>\$ 79,052</b>	<b>\$ 578,064</b>	<b>\$134,250</b>	<b>\$ 20,455</b>	<b>\$ 732,769</b>
<b>Percentage</b>	<b>16.41%</b>	<b>51.69%</b>	<b>10.79%</b>	<b>78.89%</b>	<b>18.32%</b>	<b>2.79%</b>	<b>100.00%</b>

See independent accountant's review report.

CRAFTSMEN'S GUILD OF MISSISSIPPI, INC.STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2016

	Education	Marketing and Retail	Economic Develop- ment	Total Program Services	Manage- ment and General	Fund- raising	Total
Advertising	\$ 8,249	\$ 25,571	\$ 6,186	\$ 40,006	\$ -	\$ 1,237	\$ 41,243
Awards	-	-	1,606	1,606	-	-	1,606
Bank Charges	341	801	187	1,329	375	-	1,704
Class Expense	840	-	-	840	-	-	840
Cleaning	3,804	8,938	2,092	14,834	4,184	-	19,018
Contract Labor	-	-	-	-	1,098	-	1,098
Credit Card	2,025	4,858	1,215	8,098	-	-	8,098
Demonstrators' Expense	520	-	-	520	-	-	520
Depreciation	3,176	7,464	1,747	12,387	3,494	-	15,881
Dues and Sub- scriptions	258	617	155	1,030	-	-	1,030
Equipment Rent	-	24,849	-	24,849	-	-	24,849
Food and Entertainment	-	11,688	-	11,688	-	-	11,688
Instructors' Fees	14,255	-	-	14,255	-	-	14,255
Insurance - Health	14	34	8	56	16	-	72
Insurance - Other	-	-	-	-	13,423	-	13,423
Legal and Accounting	-	-	-	-	5,355	-	5,355
Miscellaneous	-	-	-	-	2,147	-	2,147
Office Expenses	-	-	-	-	14,407	-	14,407
Payroll Taxes	3,781	7,940	2,079	13,800	4,159	945	18,904
Photography and Video	-	257	-	257	-	-	257
Postage and Freight	735	1,471	441	2,647	-	294	2,941
Printing	1,539	3,079	924	5,542	-	615	6,157
Rent Expense	24,000	160,800	26,400	211,200	24,000	4,800	240,000
Repairs and Maintenance	1,645	3,864	905	6,414	1,809	-	8,223
Salaries and Wages	48,241	101,306	26,533	176,080	53,065	12,060	241,205
Security	1,103	2,591	607	4,301	1,213	-	5,514
Telephone	729	1,531	401	2,661	802	182	3,645
Travel	133	313	73	519	147	-	666
Utilities	2,749	18,420	3,024	24,193	2,749	550	27,492
Volunteer	35	82	19	136	39	-	175
<b>Total</b>	<b>\$ 118,172</b>	<b>\$ 386,474</b>	<b>\$ 74,602</b>	<b>\$ 579,248</b>	<b>\$132,482</b>	<b>\$ 20,683</b>	<b>\$ 732,413</b>
<b>Percentage</b>	<b>16.13%</b>	<b>52.77%</b>	<b>10.19%</b>	<b>79.09%</b>	<b>18.09%</b>	<b>2.82%</b>	<b>100.00%</b>

See independent accountant's review report.