

SGC INTERNATIONAL

FINANCIAL REPORT
(A Review)

DECEMBER 31, 2016

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
SGC International
Tulsa, Oklahoma

We have reviewed the accompanying financial statements of SGC International, which comprise the statement of financial position – modified cash basis as of December 31, 2016, and the related statements of activities – modified cash basis and cash flows – modified cash basis 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 management. A review is substantively 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for 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 the modified cash basis of accounting. 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 accordance with the modified cash basis of accounting.

Peterson Sullivan LLP

July 20, 2017

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SGC INTERNATIONAL

STATEMENT OF FINANCIAL POSITION – MODIFIED CASH BASIS

(See Independent Accountants' Review Report)

December 31, 2016

ASSETS	
Cash and cash equivalents	\$ 408,915
Furniture and equipment, net of accumulated depreciation of \$219	<u>1,093</u>
Total assets	<u><u>\$ 410,008</u></u>
NET ASSETS	
Unrestricted net assets	<u>\$ 410,008</u>
Total net assets	<u><u>\$ 410,008</u></u>

See Notes to Financial Statements

SGC INTERNATIONAL

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

(See Independent Accountant's Review Report)

For the Year Ended December 31, 2016

Revenue	
Conference revenue	\$ 322,333
Membership dues	75,680
Other income	<u>157</u>
Total revenue	398,170
Expenses	
Conference costs	282,082
Payroll and related taxes	26,275
Travel	12,531
Operations	8,926
Miscellaneous expenses	2,708
Professional fees	<u>600</u>
Total expenses	<u>333,122</u>
Change in net assets	65,048
Net Assets, beginning of year	<u>344,960</u>
Net Assets, end of year	<u><u>\$ 410,008</u></u>

See Notes to Financial Statements

SGC INTERNATIONAL

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS

(See Independent Accountant's Review Report)

For the Year Ended December 31, 2016

Cash Flows From Operating Activities	
Change in net assets	\$ 65,048
Adjustment to reconcile change in net assets to net cash flows from operating activities	
Depreciation	<u>219</u>
Net cash flows from operating activities	65,267
Cash Flows From Investing Activity	
Purchases of property and equipment	<u>(1,312)</u>
Net change in cash	63,955
Cash, beginning of year	<u>344,960</u>
Cash, end of year	<u><u>\$ 408,915</u></u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

SGC International ("SGCI") is a nonprofit organization dedicated to advancing scholarship, education, and opportunities for artists in the field of printmaking, papermaking, and book arts. Since 1973, SGCI has organized conferences and programming around the country that provide a platform for artists to exchange ideas and information, to educate and inspire, and to cultivate new collaborations and friendships. SGCI has over 2,500 members from around the globe.

SGCI's programming comprise the following:

The Annual Conference

SGCI hosts an annual conference that is the largest gathering of individuals working with printmaking, papermaking, and book arts in North America. The annual conference is regularly attended by 1,200 to 1,900 artists, critics, and curators from all fifty states and internationally including Canada, South America, Europe, Australia, and Asia. SGCI conferences are focused on lifelong learning and excellence in the fields of printmaking, papermaking, and book arts. These goals manifest at the conference in the form of technical demonstrations of art techniques, scholarly panels, and keynote lectures on a wide array of contemporary issues in the field, and public exhibitions that give our membership the opportunity to see today's expanding field of print. The conference also features a members' portfolio exchange and an open portfolio session, allowing members to share their artwork with their peers and the public.

Members' Traveling Exhibition

SGCI coordinates a juried traveling exhibition for its members. This exhibition is juried by a renowned scholar in the field of print who selects approximately fifty original works of art from North American and international artists. The members' traveling exhibition celebrates the diversity and vibrancy of printmaking while engaging a broad range of contemporary themes and processes. The exhibition is showcased every three years at the annual conference and travels to colleges and art centers around the country. A full color catalogue is also produced and distributed to artists, collectors, and exhibition venues.

The SGCI Print Collection at the Zuckerman Museum of Art

SGCI selected the Bernard A. Zuckerman Museum of Art ("ZMA") at Kennesaw State University to house its permanent collection of art. This gift expanded the ZMA's collection to over 6,000 works of art.

The SGCI collection at the ZMA features prints and works on paper created by notable national and international artists along with records and archives from the organization's conferences, workshops, and related programs. The ZMA's permanent collection will continue to grow as it acquires future works from SGCI's annual conference hosted during the spring.

The SGCI International Archives at Kennesaw State University's Department of Museums, Archives, and Rare Books

SGCI partnered with Kennesaw State University's Department of Museums, Archives, and Rare Books as the depository for its organizational records and historical documents. The organizational records range in format and include both textual materials and audiovisual materials. Examples of materials with these records include correspondence, annual conference materials, newsletters, artist files, speeches, photographs, bylaws, and SGCI history sketches.

Fundraising

SGCI continues to write grants and seek donors to support its programming.

Management and General

SGCI is committed to accountability and best practices in nonprofit governance. SGCI invests funds in legal assistance, tax preparation, and consulting, as well as administrative staff.

Management estimates 85% of expenses are spent on program activities and 15% are spent on management and general. Management does not believe there was a significant amount of fundraising expenditures during 2016.

Basis of Accounting

SGCI's policy is to prepare its financial statements on the cash receipts and disbursements basis of accounting except for the recognition of fixed assets. Therefore, all revenue and the related assets are recognized when received, and expenses when paid rather than when the obligation is incurred.

Donated Services

A significant portion of SGCI's functions is conducted by unpaid volunteer officers and committees. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition (and the financial statements are prepared using the modified cash basis of accounting).

Concentrations

During 2016, revenue from SGCI's annual conference made up approximately 81% of its total revenue.

Cash

Cash includes cash on deposit with banks and money market funds. Cash balances occasionally exceed federally insured limits.

Furniture and Equipment

Furniture and equipment is recorded at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Furniture and equipment is capitalized if it has a cost greater than \$500 and a life longer than two years. During the year ended December 31, 2016, \$1,302 in additions were made to furniture and equipment. SGCI has recorded \$219 of depreciation during 2016.

Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires estimates to be made by management. Account results could vary from these estimates.

Income Taxes

SGCI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

Management has evaluated subsequent events through the date these financial statements were available to be issued, which was July 20, 2017.

Note 2. Hotel Contracts

SGCI has entered into multiple hotel contracts to host its annual conferences. As of year-end, SGCI has not put deposits down on these hotel venues. However, there are significant cancellation fees associated with these contracts in the event that SGCI does not hold its conferences in these venues. These cancellation fees would vary based on the amount of cancellation notice that is given in advance. If SGCI were to cancel its contracts, the minimum cancellation fee it would be required to pay is estimated to be the following at December 31:

2017	\$	-
2018		72,000
2019		116,000
2020		159,000
		<hr/>
	\$	347,000
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In March 2017, the annual conference was held. Thus, there are no cancellation costs associated with the 2017 annual conference.