

**OUR FAIR CAROUSEL, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED SEPTEMBER 30, 2014 and 2013**

  
**OBERMEIER & ASSOCIATES, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Our Fair Carousel, Inc.  
St. Paul, Minnesota

We have audited the accompanying statements of financial position of Our Fair Carousel, Inc. (a nonprofit corporation) as of September 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended.

**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.

**Auditor's 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 auditor's 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 auditor considers 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 Our Fair Carousel, Inc. as of September 30, 2014 and 2013, 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.

A handwritten signature in black ink, reading "Glenn E. Anderson, P.A." in a cursive script.

Certified Public Accountants

January 22, 2015

**OUR FAIR CAROUSEL, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

SEPTEMBER 30

2014

2013

**CURRENT ASSETS**

Cash and cash equivalents	\$ 255,777	\$ 249,189
Unconditional promise to give	5,000	-
Inventory	30,650	16,463
Total current assets	<u>291,427</u>	<u>265,652</u>

**PROPERTY**

Carousel	1,132,500	1,132,500
Landscaping	19,937	19,937
	<u>1,152,437</u>	<u>1,152,437</u>
Less accumulated depreciation	(13,458)	(12,461)
	<u>1,138,979</u>	<u>1,139,976</u>

**OTHER ASSETS**

Advances for leased building, net	409,554	436,857
	<u>\$ 1,839,960</u>	<u>\$ 1,842,485</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued expenses and total current liabilities	\$ 27,524	\$ 24,091
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**UNRESTRICTED NET ASSETS**

	1,812,436	1,818,394
	<u>\$ 1,839,960</u>	<u>\$ 1,842,485</u>

See notes to financial statements.

**OUR FAIR CAROUSEL, INC.**

**STATEMENTS OF ACTIVITIES**

	<u>YEAR ENDED SEPTEMBER 30</u>	
	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUES:		
Ride revenue	\$ 131,727	\$ 131,797
Merchandise sales	22,698	17,765
Contributions	21,678	1,025
Interest income	336	325
TOTAL SUPPORT AND REVENUES	<u>176,439</u>	<u>150,912</u>
EXPENSES:		
Cost of sales	12,218	8,898
Program services	162,019	150,441
Supporting services - management and general	8,160	8,294
TOTAL EXPENSES	<u>182,397</u>	<u>167,633</u>
CHANGE IN NET ASSETS	(5,958)	(16,721)
BEGINNING NET ASSETS	1,818,394	1,835,115
ENDING NET ASSETS	<u>\$ 1,812,436</u>	<u>\$ 1,818,394</u>

See notes to financial statements.

**OUR FAIR CAROUSEL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Rent	\$ 51,960		\$ 51,960
Payroll and benefits	63,359		63,359
Insurance	19,272		19,272
Advertising	6,962		6,962
Maintenance and security	5,748		5,748
Professional fees		\$ 4,820	4,820
Utilities	4,390		4,390
Volunteer costs	8,478		8,478
Telephone		2,106	2,106
Office		1,234	1,234
Depreciation	997		997
Miscellaneous	853		853
	<u>\$ 162,019</u>	<u>\$ 8,160</u>	<u>\$ 170,179</u>

See notes to financial statements.

**OUR FAIR CAROUSEL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Rent	\$ 48,602		\$ 48,602
Payroll and benefits	61,860		61,860
Insurance	18,970		18,970
Advertising	1,092		1,092
Maintenance and security	8,674		8,674
Professional fees		\$ 4,590	4,590
Utilities	4,109		4,109
Volunteer costs	5,771		5,771
Telephone		2,022	2,022
Office		1,682	1,682
Depreciation	997		997
Miscellaneous	366		366
	<u>\$ 150,441</u>	<u>\$ 8,294</u>	<u>\$ 158,735</u>

See notes to financial statements.

**OUR FAIR CAROUSEL, INC.**  
**STATEMENTS OF CASH FLOWS**

	YEAR ENDED SEPTEMBER 30	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (5,958)	\$ (16,721)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in unconditional promise to give	(5,000)	-
(Increase) decrease in inventory	(14,187)	5,699
Amortization of advances for leased building	27,303	27,303
Increase in accrued expenses	3,433	2,770
Depreciation	997	997
Net cash provided (used) by operating activities	6,588	20,048
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,588	20,048
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	249,189	229,141
End of year	\$ 255,777	\$ 249,189
<b>CASH PAID FOR INTEREST</b>	\$ -	\$ -

See notes to financial statements.



**OUR FAIR CAROUSEL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**A. Nature of activities and significant accounting policies:**

**Description of organization:**

Our Fair Carousel, Inc. (the Organization) is a not-for-profit corporation founded in November 1988 to acquire and operate the carousel previously operated at the Minnesota State Fair. The carousel is currently operated at Como Park in St. Paul. The Organization is supported by ride revenue, merchandise sales, and contributions from the public. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is treated as a publicly supported organization, and not as a private foundation.

**Financial statement presentation:**

The financial statements of Our Fair Carousel, Inc. present 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. All temporarily restricted funds received in 2014 and 2013 were used for the restricted purpose in the same period received. As of September 30, 2014 and 2013, there are no temporarily restricted or permanently restricted net assets.

**Cash equivalents:**

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Deposits periodically exceed FDIC insurance limits. The Organization has not experienced losses related to these deposits.

**Unconditional promise to give:**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. As of September 30, 2014 and 2013 there was no allowance for uncollectible promises to give.

**OUR FAIR CAROUSEL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**A. Nature of activities and significant accounting policies (continued):**

**Inventory:**

Inventory is stated at the lower of cost (first-in, first-out) or market.

**Property:**

The carousel is stated at cost. No depreciation has been recorded because management believes there will be no diminution in value as a result of its use. Restoration and related costs are recorded as expenses in the period incurred because management believes that such costs do not add to the value or increase the life of the carousel.

Landscaping is stated at cost and is depreciated using the straight line method over its estimated useful life of 20 years.

**Contributed services:**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organizations operations. The Organization receives more than 5,000 volunteer hours per year.

**Expense allocation:**

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

**Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**OUR FAIR CAROUSEL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**A. Nature of activities and significant accounting policies (continued):**

**Subsequent events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 22, 2015, the date the financial statements were available to be issued.

**B. Advances for leased building:**

In connection with the move of the carousel to Como Park, the Organization entered into an agreement with the City of St. Paul for the construction of a building at Como Park to house the carousel. The agreement provided for the Organization to provide funding in the amount of \$800,000 towards the building construction. Upon completion of the building, title was transferred to the City. The agreement provides for the City to lease the building to the Organization for 30 years with provisions for renewal of 10 year periods in perpetuity unless the carousel is removed. Annual building rent is calculated based on 15% of gross revenue generating activities, including revenue from ridership, gift shop sales and rentals (\$24,657 and \$21,299 for the years ended September 30, 2014 and 2013, respectively). The amounts paid by the Organization for the construction of the building (\$819,106) have been capitalized and are being amortized over the initial 30 year lease term beginning with operation of the carousel in fiscal 2000. During 2014 and 2013, amortization in the amount of \$27,303 per year has been recorded as additional rent expense.