

Jazz Education Network

Financial Statements
Year Ended June 30, 2016



WIPFLI^{LLP}
CPAs and Consultants



Independent Auditor's Report

Board of Directors
Jazz Education Network
Highland Park, Illinois

We have audited the accompanying financial statements of Jazz Education Network (the "Organization"), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2016, and the related statements of activities - modified cash basis, and statement of functional expenses - modified cash basis for the year 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 the modified cash basis of accounting; 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 also 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit 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 Jazz Education Network as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.



Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Wipfli LLP

Wipfli LLP

July 18, 2017
Northbrook, Illinois

Jazz Education Network

Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis

June 30,	2016
Current assets:	
Cash and cash equivalents	\$ 260,313
Prepaid loyalty rewards program	5,561
Total current assets	265,874
Property and equipment:	
Office equipment	2,545
Accumulated depreciation and amortization	(1,812)
Total property and equipment	733
Other assets:	
Website development under construction	28,282
TOTAL ASSETS	294,889
Liabilities:	\$ -
Net assets:	
Unrestricted	294,889
TOTAL LIABILITIES AND NET ASSETS	\$ 294,889

See accompanying notes to financial statements.

Jazz Education Network

Statement of Activities - Modified Cash Basis

Year Ended June 30,	2016
Unrestricted Revenues:	
Annual conference	\$ 207,421
Membership dues	133,785
Donations	32,157
Silent auction	11,359
Royalty income	4,000
Scholarships	9,000
Interest income	32
Total unrestricted revenues	397,754
Expenses:	
Program services	177,708
Fundraising	27,462
Management and general	165,071
Total expenses	370,241
Increase in net assets	27,513
Net Assets:	
Beginning of year	267,376
End of year	\$ 294,889

See accompanying notes to financial statements.

Jazz Education Network

Statement of Functional Expenses - Modified Cash Basis

Year Ended June 30,	2016
Program services:	
Annual conference:	
Food and beverage	\$ 35,532
Occupancy	25,178
Insurance - special events	1,192
Merchandise	4,933
Production	93,558
Security	4,698
Travel	1,617
Total annual conference	
	166,708
Scholarships	
	11,000
Total program services	
	177,708
Fundraising fees	
	27,462
Management and general:	
Bank charges	16,530
Computer	560
Depreciation	489
Insurance	1,361
Marketing	10,708
Meals and entertainment	1,946
Office supplies	1,103
Outside labor	96,943
Postage	239
Professional services	11,765
Travel	12,599
Website maintenance	10,828
Total management and general	
	165,071
Total expenses	
	\$ 370,241

See accompanying notes to financial statements.

Jazz Education Network

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Business

Jazz Education Network (the Organization) is an Illinois not-for-profit corporation formed in 2008 to provide jazz education, promote performance and develop new audiences. The Organization offers many educational programs, from an outreach program, to mentoring and scholarships. Funding for these services is derived from membership dues, donations, merchandise sales and an annual conference. The Organization hosts the annual conference with concerts presented by students and professionals, a student jazz festival, workshops, research presentations and an exhibition area with manufacturers, retailers, schools and other jazz related organizations.

Concentrations of Credit Risk

From time to time, the Organization's cash can be held in accounts or instruments that are not fully insured. Management has assessed the creditworthiness of the financial institutions and considers the risk of loss to be minimal.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Modified Cash Basis of Accounting

The Organization's financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. This basis differs from accounting principles generally accepted in the United States primarily in that revenues are recognized when received rather than earned and expenses are recognized when paid rather than when the obligation is incurred.

Resources of the Organization are classified into distinct net asset categories according to externally (donor) imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization or passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

As of June 30, 2016, the Organization's net assets were all unrestricted.

Jazz Education Network

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization's sources of revenue are membership dues, the annual conference revenue, donations, scholarships and merchandise sales. The annual conference revenue consist of registration fees, exhibit booth rental fees, participation fees and sponsorship revenue. All revenues are recognized when received.

Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation provided on the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 year.

Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on disposition of property and equipment are included in income.

Website

The Organization entered into a contract for a new website. The total estimated contract price is \$57,375. The Organization has paid \$28,282 towards the project. The website is expected to be completed and in service by mid 2017. The website costs will be amortized using the straight-line method over an estimated life of three years once the website is in service.

Advertising Expenses

Advertising and promotional costs are expensed as incurred. Advertising and promotional expenses charged to expense totaled approximately \$10,708.

Income Taxes

The Organization has a letter of exemption from the Internal Revenue Service under Section 501(c)(3), and is currently not liable for Federal income tax. However, the Organization is required to file Information Return of Organization Exempt from Income Tax for Federal and State of Illinois purposes.

Subsequent Events

The Organization has made an evaluation of subsequent events through July 18, 2017, the date that the financial statements were available to be issues.

Jazz Education Network

Notes to Financial Statements

Note 2: Commitments

The Organization signs long-term contracts with various hotels and vendors for future annual conferences in order to stabilize pricing with essential suppliers.

In the event of cancellation of any future conference through 2023, the Organization is obligated to pay hotel cancellation fees. The cancellation fees depend on the date when the written cancellation notice is provided to the hotel and other factors listed in the hotel agreements. In the event of not meeting the minimum contracted number of room bookings, the Organization is also obligated to pay additional fees listed in the hotel agreements.

The Organization is obligated under an agreement with an agency for audio visual services for each annual conference until January 2018. The Conference always takes place in January. The total cost for the January 2016 Conference, the January 2017 Conference, and the amount that is obligated for the January 2018 Conference are as follows:

	Disbursed	Obligation
January 2016 Louisville Conference	\$ 76,382	\$ -
January 2017 New Orleans Conference	71,821	-
January 2018 Dallas Conference	-	70,000
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Total	\$ 148,203	\$ 70,000

The above mentioned \$70,000 payment as required by the January 2018 Conference is to be paid in two deposits of \$23,100 due September 1st and December 1st, 2017 before the Conference and the remainder due after the close of the Conference.

The Organization is also obligated under an agreement with an agency for event planning services for each annual conference through January 2018. The agreement lists pricing for decoration material, services, exhibits and equipment rental for each conference. The agency invoices the Organization after each conference based on usage. In the event that the conference is canceled, the agency is required to be compensated for all services provided up to and including the date of cancellation including reimbursement for any direct and actual cost incurred by the agency.

Note 3: Volunteer Services

A significant amount of volunteer services are contributed to the Organization by various members to support the Organization's program and services. These volunteer activities include participation on the Board of Directors and numerous committees, promotional services and usage of musical instruments. The value of these services has not been included in the financial statements.