

THE GEMINI SERIES, INC. dba GEMINI INK
FINANCIAL STATEMENTS – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2016

THE GEMINI SERIES, INC. dba GEMINI INK
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Year Ended December 31, 2016

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
The Gemini Series, Inc. dba Gemini Ink

We have reviewed the accompanying financial statements of The Gemini Series, Inc. dba Gemini Ink (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2016, and the related statements of support and revenue, expenses, and changes in net assets – modified cash basis, functional expenses – 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 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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.

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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 conclusion is not modified with respect to this matter.

Report on 2015 Financial Statements

The 2015 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated March 31, 2016. We have not performed any auditing procedures since that date.

Sagebiel, Ravenburg & Schuh, P.C.

San Antonio, Texas
April 18, 2017

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THE GEMINI SERIES, INC. dba GEMINI INK

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS

December 31, 2016 and 2015

ASSETS	2016 (Reviewed)	2015 (Audited)
Current assets:		
Cash	\$ 59,400	\$ 208,836
Prepaid expenses	<u>1,278</u>	<u>5,525</u>
Total current assets	60,678	214,361
Property and equipment, net	10,880	15,410
Other assets:		
Deposits	<u>2,600</u>	<u>2,600</u>
Total assets	<u>\$ 74,158</u>	<u>\$ 232,371</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Payroll liabilities	\$ 9,637	\$ 4,692
Total current liabilities	<u>9,637</u>	<u>4,692</u>
Net assets:		
Unrestricted - operations	6,613	181,416
Unrestricted - fixed assets	<u>10,880</u>	<u>15,410</u>
Total unrestricted net assets	17,493	196,826
Temporarily restricted	<u>47,028</u>	<u>30,853</u>
Total net assets	<u>64,521</u>	<u>227,679</u>
Total liabilities and net assets	<u>\$ 74,158</u>	<u>\$ 232,371</u>

See accompanying notes and independent accountant's review report.

THE GEMINI SERIES, INC. dba GEMINI INK

**STATEMENT OF SUPPORT AND REVENUE, EXPENSES, AND
CHANGES IN NET ASSETS – MODIFIED CASH BASIS**

Year Ended December 31, 2016

(With Comparative Totals For Year Ended December 31, 2015)

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	<u>Total</u>	
	<u>Operations</u>	<u>Fixed Assets</u>		<u>2016 (Reviewed)</u>	<u>2015 (Audited)</u>
Public support and revenue:					
Public support:					
Special events:					
Gross revenue	\$ 69,946	\$ -	\$ -	\$ 69,946	\$ 91,276
Less direct expenses	<u>(22,224)</u>	<u>-</u>	<u>-</u>	<u>(22,224)</u>	<u>(30,041)</u>
Net special events support	47,722	-	-	47,722	61,235
Contributions	34,347	-	5,000	39,347	28,112
Grants	<u>27,487</u>	<u>-</u>	<u>90,598</u>	<u>118,085</u>	<u>197,337</u>
Total public support	<u>109,556</u>	<u>-</u>	<u>95,598</u>	<u>205,154</u>	<u>286,684</u>
Revenue:					
Fees from governmental agencies	110,327	-	16,475	126,802	161,040
Program revenue	98,022	-	5,000	103,022	79,448
Miscellaneous income	<u>5,279</u>	<u>-</u>	<u>-</u>	<u>5,279</u>	<u>6,293</u>
Total revenue	<u>213,628</u>	<u>-</u>	<u>21,475</u>	<u>235,103</u>	<u>246,781</u>
Net assets released from restrictions:					
Restrictions satisfied by payments	<u>100,898</u>	<u>-</u>	<u>(100,898)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>424,082</u>	<u>-</u>	<u>16,175</u>	<u>440,257</u>	<u>533,465</u>
Expenses:					
Program services:					
Community Writing Classes	151,411	-	-	151,411	110,686
Writers in Communities	132,586	-	-	132,586	125,408
Open Classroom	205,898	-	-	205,898	189,278
Supporting services:					
Management and general	<u>108,990</u>	<u>4,530</u>	<u>-</u>	<u>113,520</u>	<u>100,601</u>
Total expenses	<u>598,885</u>	<u>4,530</u>	<u>-</u>	<u>603,415</u>	<u>525,973</u>
Change in net assets	(174,803)	(4,530)	16,175	(163,158)	7,492
Net assets at beginning of year	181,416	15,410	30,853	227,679	220,187
Transfers between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 6,613</u>	<u>\$ 10,880</u>	<u>\$ 47,028</u>	<u>\$ 64,521</u>	<u>\$ 227,679</u>

See accompanying notes and independent accountant's review report.

THE GEMINI SERIES, INC. dba GEMINI INK

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

Year Ended December 31, 2016
(With Comparative Totals For Year Ended December 31, 2015)

	Program Services				Supporting Services	Total	
	Community Writing Classes	Writers in Communities	Open Classroom	Total Program Services	Management and General	2016 (Reviewed)	2015 (Audited)
Salaries	\$ 54,813	\$ 50,705	\$ 114,055	\$ 219,573	\$ 75,023	\$ 294,596	\$ 232,085
Employee benefits	8,255	4,597	8,209	21,061	3,997	25,058	14,195
Payroll taxes	4,059	3,755	8,536	16,350	8,494	24,844	17,249
Total salaries and related expenses	67,127	59,057	130,800	256,984	87,514	344,498	263,529
Advertising	225	50	264	539	50	589	2,470
Contract labor	-	3,500	-	3,500	189	3,689	-
Dues, subscriptions and memberships	279	264	256	799	109	908	1,292
Equipment rental	230	230	709	1,169	2,023	3,192	1,240
Faculty expense	21,959	34,662	295	56,916	-	56,916	58,299
Insurance	868	725	1,738	3,331	1,943	5,274	4,454
Miscellaneous	2,274	189	1,812	4,275	2,054	6,329	14,248
Occupancy	10,666	7,621	11,908	30,195	3,735	33,930	35,536
Office supplies	2,414	1,268	1,621	5,303	2,080	7,383	6,401
Postage	2,832	83	278	3,193	640	3,833	2,704
Printing and reproduction	2,728	210	160	3,098	125	3,223	16,097
Professional fees	2,507	2,568	2,854	7,929	2,548	10,477	19,345
Program expense	23,628	17,205	47,819	88,652	56	88,708	66,973
Repairs and maintenance	1,276	1,208	988	3,472	1,580	5,052	4,186
Telephone and internet	2,558	1,734	2,081	6,373	1,689	8,062	6,025
Transportation, meals, lodging and entertainment	6,451	549	122	7,122	2,655	9,777	8,595
Utilities	3,388	1,463	2,194	7,045	-	7,045	8,582
Total expenses before depreciation	151,411	132,586	205,898	489,895	108,990	598,885	519,976
Depreciation	-	-	-	-	4,530	4,530	5,997
Total expenses	\$ 151,411	\$ 132,586	\$ 205,898	\$ 489,895	\$ 113,520	\$ 603,415	\$ 525,973

See accompanying notes and independent accountant's review report.

THE GEMINI SERIES, INC. dba GEMINI INK
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
Years Ended December 31, 2016 and 2015

	2016 <u>(Reviewed)</u>	2015 <u>(Audited)</u>
Cash flow from operating activities:		
Change in net assets	\$ (163,158)	\$ 7,492
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	4,530	5,997
Loss on disposal of fixed assets	-	458
Change in prepaid expenses	4,247	(2,195)
Change in deposits	-	(300)
Change in payroll liabilities	4,945	(9,052)
Change in deferred tuition	-	(50)
Net cash provided (used) by operating activities	<u>(149,436)</u>	<u>2,350</u>
Cash at beginning of year	<u>208,836</u>	<u>206,486</u>
Cash at end of year	<u>\$ 59,400</u>	<u>\$ 208,836</u>

See accompanying notes and independent accountant's review report.

THE GEMINI SERIES, INC. dba GEMINI INK

NOTES TO FINANCIAL STATEMENTS

1 NATURE OF ORGANIZATION

The Gemini Series, Inc. dba Gemini Ink (hereinafter referred to as Gemini Ink) is a not-for-profit corporation chartered in 1996. The mission of Gemini Ink is to nurture writers and readers and build community through literature and the related arts.

The specific programs and services that Gemini Ink provides include:

- *Community Writing Classes:*

Excellent creative writing classes taught by professional published writers and scholars and artists from throughout the world.

- *Writers in Communities:*

Sends published writers who are also master teachers into schools and other community settings to teach free individually designed programs that usually result in a print or on-line anthology or final writing product.

- *Open Classroom:*

Represents a variety of arts and cultural extended learning opportunities for San Antonio and the surrounding communities. Open Classroom offerings encompass a variety of formats, including readings, lectures, group discussions, mixed media presentations, interactive workshops, and interdisciplinary forums, etc.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Gemini Ink have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Accordingly, these financial statements are not intended to present the financial position of Gemini Ink under generally accepted accounting principles.

Basis of Presentation

Gemini Ink reports 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.

Comparative Financial Information

The financial information for the year ended December 31, 2015 in the accompanying statements of support and revenue, expenses and changes in net assets – modified cash basis and functional expenses – modified cash basis is included to provide a basis for comparison with the year ended December 31, 2016 and presents summarized totals only.

(Continued)

See independent accountant's review report.

THE GEMINI SERIES, INC. dba GEMINI INK

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Support

Donated goods and services are the difference between actual costs (facility usage, advertising, etc.) and amounts paid by Gemini Ink. During 2016 and 2015, Gemini Ink received in-kind support in the amount of \$680 and \$4,765, respectively. The amounts are not reflected on these financial statements.

Allocated Expenses

Expenses are charged to program services based on costs that can be directly identified as those costs associated with the program of the organization. Any expenses not directly chargeable are allocated to programs and supporting service classifications based on management estimates.

Income Taxes

Gemini Ink is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

Restricted and Unrestricted Revenue and Support

Gemini Ink reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 support and revenue, expenses and changes in net assets - modified cash basis as net assets released from restrictions. For both years ended December 31, 2016 and 2015, there were no permanently restricted net assets.

Estimates

Management uses estimates and assumptions in preparing 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 amounts.

Cash

Cash consists of monies on hand and deposits in bank accounts.

Property and Equipment

Gemini Ink capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Depreciation is computed using the straight-line method.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

(Continued)

See independent accountant's review report.

THE GEMINI SERIES, INC. dba GEMINI INK

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Gemini Ink's management has evaluated subsequent events through April 18, 2017, the date which the financial statements were available for issue.

3 PREPAID EXPENSES AND DEFERRED TUITION

Gemini Ink pays some expenses and receives some tuition for the new year during the last few months of the current year. Expenses paid and revenue received for 2016 and 2015 are deferred to more accurately match revenue and expenses in the correct accounting period to which they relate.

4 PROPERTY AND EQUIPMENT

Property and equipment are composed of the following:

	2016 (Reviewed)	2015 (Audited)
Furniture, fixtures, and equipment	\$ 35,574	\$ 35,574
Computer software	12,181	12,181
Property and equipment, gross	47,755	47,755
Accumulated depreciation	(36,875)	(32,345)
Property and equipment, net	<u>\$ 10,880</u>	<u>\$ 15,410</u>

5 OPERATING LEASES

Gemini Ink leases office space under a lease expiring in November 2017. Total rent expense under these leases for both the years ended December 31, 2016 and 2015 was \$31,200.

Future minimum rental commitments under the lease are as follows:

Year ending December 31, 2017	Noncancellable rental payments <u>\$ 27,300</u>
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6 REVENUE AND SUPPORT CONCENTRATIONS

- A. Grants from one source totaled \$35,000 for the year ended December 31, 2016 and grants from another source totaled \$115,000 for the year ended December 31, 2015. This equates to 8% and 22% of total revenue and support for the years ended December 31, 2016 and 2015, respectively.
- B. Net revenue either directly or indirectly generated by special events totaled \$47,722 and \$61,235 for the years ended December 31, 2016 and 2015, respectively. These totals represent 11% of total revenue and support for both the years ended December 31, 2016 and 2015.

See independent accountant's review report.

THE GEMINI SERIES, INC. dba GEMINI INK

NOTES TO FINANCIAL STATEMENTS

7 FEES FROM GOVERNMENTAL AGENCIES

Fees from governmental agencies consist of the following:

	2016 (Reviewed)		2015 (Audited)	
	Amount	Percent of Total Support and Revenue	Amount	Percent of Total Support and Revenue
City of San Antonio	\$ 80,617	18.3%	\$ 114,000	21.4%
National Endowment for the Arts	1,710	0.4%	33,290	6.2%
TIRZ	10,000	2.3%	-	0.0%
Texas Commission on the Arts	<u>34,475</u>	<u>7.8%</u>	<u>13,750</u>	<u>2.6%</u>
	<u>\$ 126,802</u>	<u>28.8%</u>	<u>\$ 161,040</u>	<u>30.2%</u>

8 FUND-RAISING EXPENSES

Total fund-raising expenses of Gemini Ink for the years ended December 31, 2016 and 2015 were \$108,578 and \$62,328, respectively.

9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2016 (Reviewed)	2015 (Audited)
Storybook Writing Workshop	\$ -	\$ 5,000
Ella Austin Read Me Write Me Project	1,337	1,554
Windcrest Schools Writing Project	3,947	3,445
Autograph Series	3,300	-
Endowed readings	-	6,500
Readers Theater	-	4,617
WIC Bonham	-	5,000
WIC Casa Blanca/Vet Projects	2,725	4,737
WIC In-Service Faculty	3,152	-
Newman Foundation Mentorship	1,700	-
Culture Creative Project	4,500	-
SAAF Read Me Write Me Project	6,367	-
SAAF Page to Podium	<u>20,000</u>	<u>-</u>
	<u>\$ 47,028</u>	<u>\$ 30,853</u>

10 COMMITMENTS AND CONTINGENCIES

Gemini Ink participates in several state grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Gemini Ink has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

See independent accountant's review report.