

SPELLBINDERS
COMPILED COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

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CERTIFIED PUBLIC ACCOUNTANTS

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The Board of Directors
Spellbinders and Affiliates
Woody Creek, Colorado

We have compiled the accompanying combined statement of assets, liabilities & net assets – modified cash basis of Spellbinders (a nonprofit organization) and affiliates as of June 30, 2010 and the related statements of support, revenue & expenses – modified cash basis and cash flows – modified cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of combined financial statements information that is the representation of management. We have not audited or reviewed the accompanying combined financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The financial statements have been restated to convert to the modified cash basis of accounting as of July 1, 2009. This change resulted in an increase of combined unrestricted net assets of \$6,617 and a decrease in combined temporarily restricted net assets of \$80,856.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the combined financial statements, they might influence the user's conclusions about the organization's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
September 15, 2010

SPELLBINDERS AND AFFILIATES

COMBINED STATEMENT ASSETS, LIABILITIES & NET ASSETS – MODIFIED CASH BASIS

June 30, 2010

	<u>Combined</u>	<u>Spellbinders</u>	<u>Jefferson County Spellbinders</u>	<u>Larimer County Spellbinders</u>
ASSETS				
Cash	\$ 31,976	\$ 10,561	\$ 16,045	\$ 5,370
Fixed Assets, net	4,339	4,339	-	-
Security Deposit	31	31	-	-
Trademark & Copyright	1,950	1,950	-	-
TOTAL ASSETS	<u>\$ 38,296</u>	<u>\$ 16,881</u>	<u>\$ 16,045</u>	<u>\$ 5,370</u>
LIABILITIES & NET ASSETS				
LIABILITIES				
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS				
Unrestricted, Undesignated	28,160	16,881	5,909	5,370
Unrestricted, Board Designated	10,136	-	10,136	-
Temporarily Restricted	-	-	-	-
TOTAL NET ASSETS	<u>38,296</u>	<u>16,881</u>	<u>16,045</u>	<u>5,370</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 38,296</u>	<u>\$ 16,881</u>	<u>\$ 16,045</u>	<u>\$ 5,370</u>

See accountant's compilation report.

SPELLBINDERS AND AFFILIATES

COMBINED STATEMENT OF SUPPORT, REVENUE & EXPENSES – MODIFIED CASH BASIS

For the Year Ended June 30, 2010

	Combined	Spellbinders	Jefferson County Spellbinders	Larimer County Spellbinders
UNRESTRICTED NET ASSETS				
UNRESTRICTED REVENUES				
Gifts, Grants & Contributions	\$ 57,649	\$ 42,918	\$ 12,450	\$ 2,281
Fee Income	13,137	6,696	3,426	3,015
Investment Income	89	-	89	-
Loss on Sale of Assets	(3,671)	(3,671)	-	-
Merchandise Sales, net	2,000	2,000	-	-
TOTAL UNRESTRICTED REVENUES	69,204	47,943	15,965	5,296
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	88,500	88,500	-	-
TOTAL UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT	157,704	136,443	15,965	5,296
EXPENSES				
Program Services	140,498	124,058	11,700	4,740
General & Administrative	15,701	15,701	-	-
Fundraising	11,055	11,055	-	-
TOTAL EXPENSES	167,254	150,814	11,700	4,740
CHANGE IN UNRESTRICTED NET ASSETS	(9,550)	(14,371)	4,265	556
TEMPORARILY RESTRICTED NET ASSETS				
Gifts, Grants & Contributions	88,500	88,500	-	-
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	(88,500)	(88,500)	-	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	-	-	-
CHANGE IN NET ASSETS	(9,550)	(14,371)	4,265	556
NET ASSETS, July 1, 2009 RESTATED	47,846	31,252	11,780	4,814
NET ASSETS, June 30, 2010	\$ 38,296	\$ 16,881	\$ 16,045	\$ 5,370

See accountant's compilation report.

SPELLBINDERS AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS

For the Year Ended June 30, 2010

	<u>Combined</u>	<u>Spellbinders</u>	<u>Jefferson County Spellbinders</u>	<u>Larimer County Spellbinders</u>
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Change in Net Assets	\$ (9,550)	\$ (14,371)	\$ 4,265	\$ 556
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	2,008	2,008	-	-
Loss on Sale of Assets	3,671	3,671	-	-
(Increase) Decrease in Security Deposit	757	757	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(3,114)</u>	<u>(7,935)</u>	<u>4,265</u>	<u>556</u>
CASH FLOWS FROM				
INVESTING ACTIVITIES				
Sale of Assets	535	535	-	-
Purchase of Trademark & Copyright	(1,300)	(1,300)	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(765)</u>	<u>(765)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(3,879)	(8,700)	4,265	556
CASH, July 1, 2009	<u>35,855</u>	<u>19,261</u>	<u>11,780</u>	<u>4,814</u>
CASH, June 30, 2010	<u>\$ 31,976</u>	<u>\$ 10,561</u>	<u>\$ 16,045</u>	<u>\$ 5,370</u>

See accountant's compilation report.

SPELLBINDERS AND AFFILIATES

SELECTED INFORMATION – Substantially All Disclosures Required by Generally Accepted Accounting Principles are not Included

June 30, 2010

PRINCIPLES OF COMBINATION

The combined financial statements include the accounts of Spellbinders and the following affiliates: Jefferson County Spellbinders and Larimer County Spellbinders. Valley Spellbinders has merged with Spellbinders.

RESTRICTED CONTRIBUTIONS

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets.

RESTATEMENT

Effective July 1, 2009, Spellbinders converted to the modified cash basis of accounting from the accrual basis. Unrestricted, undesignated net assets were reported as \$31,181 on the accrual basis at June 30, 2009. The conversion to the modified cash basis of accounting brought June 30, 2009 unrestricted, undesignated equity to \$36,798. Temporarily restricted net assets were reported as \$81,856 on the accrual basis of accounting at June 30, 2009. The conversion to the modified cash basis of accounting brought June 30, 2009 temporarily restricted net assets to \$1,000.