



A CENTER FOR YOUTH ENTERPRISE

ARTSTECH

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2010

STEWART ACCOUNTING SERVICES

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors, ArtsTech

I have audited the statement of financial position of ArtsTech as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ArtsTech as of June 30, 2010 and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.



John Stewart, CPA

December 29, 2010

ARTSTECH
Statement of Financial Position
June 30, 2010

ASSETS

Current Assets

Cash	\$7,444
Inventory	15,000
Other Assets	<u>463</u>
Total Current Assets	22,907

Property and Equipment, at cost, Less accumulated depreciation	<u>1,090,100</u>
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TOTAL ASSETS \$1,113,007

LIABILITIES

Current Liabilities

Payroll Liabilities	<u>\$4,985</u>
Total Current Liabilities	<u>4,985</u>

Long Term Liabilities

Mortgage Payable	<u>1,037,635</u>
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Total Long Term Liabilities	<u>1,037,635</u>
Total Liabilities	1,042,620

Net Assets	<u>70,387</u>
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TOTAL LIABILITIES AND NET ASSETS \$1,113,007

See Notes to Financial Statements

ARTSTECH
Statement of Activities
Year Ended June 30, 2010

REVENUES

Contributions	\$91,591
Government grants and contracts	198,986
Administrative fees	92,245
Sales to Government Agencies	6,440
Computer Redistribution	42,086
MyARTS	29,322
Rental Income	10,892
Other Income	<u>1,671</u>
TOTAL REVENUES	<u>473,233</u>

EXPENSES

Administration	58,368
Program services	<u>481,912</u>
TOTAL EXPENSES	<u>540,280</u>

CHANGE IN NET ASSETS FROM OPERATIONS	(67,047)
NET ASSETS AT BEGINNING OF YEAR	<u>137,434</u>
NET ASSETS AT END OF YEAR	<u>\$ 70,387</u>

See Notes to Financial Statements

ARTSTECH
Statement of Functional Expenses
Year Ended June 30, 2010

<u>EXPENSES</u>	<u>Administration</u>	<u>Program Services</u>	<u>Total</u>
Salaries	\$22,348	\$237,794	\$260,142
Employee benefits	2,385	19,603	21,988
Payroll taxes	1,710	18,191	19,901
Professional services	4,071	4,143	8,214
Supplies	19,118	43,909	63,027
Telephone	585	5,265	5,850
Occupancy	4,575	109,795	114,370
Travel	-	744	744
Depreciation	1,228	23,618	24,846
Contract services	1,250	13,800	15,050
Dues and subscriptions	605	-	605
Contributions	-	4,000	4,000
Miscellaneous	<u>493</u>	<u>1,050</u>	<u>1,543</u>
<u>TOTAL EXPENSES</u>	<u>\$58,368</u>	<u>\$481,912</u>	<u>\$540,280</u>

See Notes to Financial Statements

ARTSTECH
Statement of Cash Flows
Year Ended June 30, 2010

Change in net assets	\$(67,047)
Adjustments to reconcile change in net assets to net decrease in cash:	
Depreciation	24,846
(Increase) decrease in other assets	151
(Increase) decrease in fixed assets	(4,929)
 Increase (decrease) in liabilities	
Current Liabilities	4,985
Mortgage payable	<u>(20,601)</u>
 Net decrease in cash	(62,595)
CASH BALANCE, BEGINNING OF YEAR	<u>70,039</u>
CASH BALANCE, END OF YEAR	<u>\$7,444</u>

See Notes to Financial Statements

ARTSTECH

Notes to Financial Statements

1. Summary of significant accounting policies

Nature of Activities - The purpose of ArtsTech is to identify and facilitate access to selective educational and training opportunities for schools, not-for-profit organizations, and governmental agencies that serve those who are at risk or have special needs. ArtsTech is supported primarily through fees for service and performance-based grants.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Income taxes – No provision is included in these statements for income taxes as the Organization qualifies as a tax-exempt organization under Section 501(c) 3 of the Internal Revenue Code.

2. "Sentenced to the Arts" Program

ArtsTech administers the "Sentenced to the Arts" Project (STTAP) for Jackson County in Missouri and is paid an administrative fee for this service. ArtsTech selects the vendors and contractors, in collaboration with the STTAP Management Team, to provide the services for the program, writes the checks to pay for the services rendered from the program's checking account, and prepares reports outlining the program's accomplishments.

These disbursements are not reflected in the financial statements of ArtsTech since they were payments by the program from the program's funds.

STTAP disbursements were reviewed and audited to the same extent as ArtsTech transactions during my examination.

3. Flash 20/12 –N- Your Super Grill

Flash 20/12 –N- Your Super Grill is a good oral hygiene practice dental program to encourage K-8 Kansas City Missouri School District students to participate in an interactive presentation and receive a comprehensive dental checkup. This program is mainly funded by the Healthcare Foundation of Greater Kansas City.

4. MyARTS

MyARTS is a Jackson County COMBAT-sponsored program that pays ArtsTech administrative and program fees. MyARTS provides entrepreneurial business opportunities for young adults in the art and technology fields. The ArtsTech income and expenses related to this program are included in the ArtsTech financial statements and are part of the audit of ArtsTech. This is a multi-year grant.

Starting January 1, 2008, income generated from the sale of MyARTS products and services made by the participants is received by ArtsTech. Previously, MyARTS income was paid directly to Jackson County.

5. Fixed Assets

On February 21, 2007, ArtsTech purchased the two-story building that they had been renting. The total cost was \$1,151,553.00. The cost was allocated as follows: Land \$264,857, Building \$886,696. It is being depreciated over 40 years using the straight-line method.

6. Mortgage Payable

The building was financed with two mortgage notes. One note was for \$550,000 at 7.43% interest from Bank Midwest. Principal and interest payments are due monthly with a balloon payment due March 1, 2012. The principal balance due at June 30, 2010 is \$508,304.77. The second note was from the Local Initiatives Support Corporation for \$542,000 at 6.75% interest. Payments of interest and principal are due monthly with a balloon payment due July 1, 2011. The principal balance due at June 30, 2010 is \$529,330.35. There are provisions for extensions if not paid by the due date shown above.