



A CENTER FOR YOUTH ENTERPRISE

# **ARTSTECH**

## **AUDITED FINANCIAL STATEMENTS**

**Year Ended June 30, 2011**

**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, 2011, 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, 2011 and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.



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John Stewart, CPA

February 20, 2012

ARTSTECH  
Statement of Financial Position  
June 30, 2011

**ASSETS**

**Current Assets**

Cash	\$31,907
Inventory	<u>10,000</u>
Total Current Assets	41,907

Property and Equipment, at cost, Less accumulated depreciation	<u>1,064,761</u>
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TOTAL ASSETS \$1,106,668

**LIABILITIES**

**Current Liabilities**

Payroll Liabilities	<u>\$4,265</u>
Total Current Liabilities	<u>4,265</u>

**Long Term Liabilities**

Mortgage Payable	<u>1,007,174</u>
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Total Long Term Liabilities	<u>1,007,174</u>
Total Liabilities	1,011,439

Net Assets	<u>95,229</u>
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TOTAL LIABILITIES AND NET ASSETS \$1,106,668

See Notes to Financial Statements

ARTSTECH  
Statement of Activities  
Year Ended June 30, 2011

**REVENUES**

Contributions	\$78,880
Government grants and contracts	310,377
Administrative fees	97,500
Sales to Government Agencies	5,477
Computer Redistribution	37,957
MyARTS	16,423
Rental Income	76,650
Other Income	2,183
TOTAL REVENUES	<u>625,447</u>

**EXPENSES**

Administration	61,434
Program services	<u>539,171</u>
TOTAL EXPENSES	<u>600,605</u>

CHANGE IN NET ASSETS FROM OPERATIONS	24,842
NET ASSETS AT BEGINNING OF YEAR	<u>70,387</u>
NET ASSETS AT END OF YEAR	<u>\$ 95,229</u>

See Notes to Financial Statements

ARTSTECH  
Statement of Functional Expenses  
Year Ended June 30, 2011

<u>EXPENSES</u>	<u>Administration</u>	<u>Program Services</u>	<u>Total</u>
Salaries	\$23,241	\$194,448	\$217,689
Employee benefits	3,340	12,776	16,116
Payroll taxes	1,778	15,948	17,726
Professional services	11,268	2,537	13,805
Supplies	5,081	46,074	51,155
Telephone	384	3,450	3,834
Occupancy	4,812	115,483	120,295
Travel	0	348	348
Depreciation	1,228	24,111	25,339
Contract services	9,057	121,406	130,463
Dues and subscriptions	555	0	555
Conferences	0	2,590	2,590
Miscellaneous	<u>690</u>	<u>0</u>	<u>690</u>
<b><u>TOTAL EXPENSES</u></b>	<b><u>\$61,434</u></b>	<b><u>\$539,171</u></b>	<b><u>\$600,605</u></b>

See Notes to Financial Statements

ARTSTECH  
Statement of Cash Flows  
Year Ended June 30, 2011

Change in net assets	\$24,842
Adjustments to reconcile change in net assets to net increase in cash:	
Depreciation	25,339
(Increase) decrease in other assets	463
(Increase) decrease in inventory	5,000
 Increase (decrease) in liabilities	
Current Liabilities	(720)
Mortgage payable	<u>(30,461)</u>
 Net increase in cash	24,463
CASH BALANCE, BEGINNING OF YEAR	<u>7,444</u>
CASH BALANCE, END OF YEAR	<u>\$31,907</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, and prepares reports outlining the program's accomplishments.

### 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 was 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 field. 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.

#### 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, 2011 is \$492,011.69. 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, 2011 is \$515,162.41. There are provisions for extensions if not paid by the due date shown above.

In October 2011, the above notes were paid by obtaining a new loan for \$1,066,992 from IFF, a non-profit corporation. This mortgage note requires interest-only payments at an interest rate of 5.875% until December 2018 when the entire balance is due. There are provisions for an extension in not paid at that time.