

A CENTER FOR YOUTH ENTERPRISE

## ARTSTECH

### AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2013

STEWART ACCOUNTING SERVICES

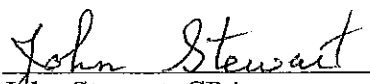
## INDEPENDENT AUDITOR'S REPORT

To: Board of Directors, ArtsTech

I have audited the statement of financial position of ArtsTech as of June 30, 2013, 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, 2013 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 27, 2014

ARTSTECH  
Statement of Financial Position  
June 30, 2013

**ASSETS**

**Current Assets**

Cash	\$133,410
Inventory	<u>10,000</u>
Total Current Assets	143,410

Property and Equipment, at cost, Less accumulated depreciation	<u>1,029,413</u>
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<b>TOTAL ASSETS</b>	<b><u>\$1,172,823</u></b>
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**LIABILITIES**

**Current Liabilities**

Payroll Liabilities	<u>\$8,018</u>
Total Current Liabilities	<u>8,018</u>

**Long Term Liabilities**

Mortgage Payable	<u>1,066,992</u>
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Total Long Term Liabilities	<u>1,066,992</u>
<b>Total Liabilities</b>	<b><u>1,075,010</u></b>

Net Assets	<u>97,813</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$1,172,823</u></b>
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See Notes to Financial Statements

ARTSTECH  
Statement of Activities  
Year Ended June 30, 2013

**REVENUES**

Contributions	\$116,466
Government grants and contracts	401,354
Administrative fees	107,976
Sales to Government Agencies	5,241
Computer Redistribution	34,184
MyARTS	16,102
Rental Income	20,028
Operational Support	47,484
Other Income	<u>5,346</u>
TOTAL REVENUES	<u>754,181</u>

**EXPENSES**

Administration	46,693
Program services	<u>686,416</u>
TOTAL EXPENSES	<u>733,109</u>

CHANGE IN NET ASSETS FROM OPERATIONS	21,072
NET ASSETS AT BEGINNING OF YEAR	<u>76,741</u>
NET ASSETS AT END OF YEAR	<u>\$ 97,813</u>

See Notes to Financial Statements

ARTSTECH  
Statement of Functional Expenses  
Year Ended June 30, 2013

<u>EXPENSES</u>	<u>Administration</u>	<u>Program Services</u>	<u>Total</u>
Salaries	\$17,800	\$234,587	\$252,387
Employee benefits	2,301	16,516	18,817
Payroll taxes	1,362	18,074	19,436
Professional services	7,670	1,172	8,842
Supplies	10,297	37,684	47,981
Telephone	352	3,168	3,520
Occupancy	4,348	104,350	108,698
Travel	0	3,416	3,416
Depreciation	1,085	24,191	25,276
Contract services	1,000	242,783	243,783
Dues and subscriptions	255	0	255
Miscellaneous	<u>223</u>	<u>475</u>	<u>698</u>
<b><u>TOTAL EXPENSES</u></b>	<b><u>\$46,693</u></b>	<b><u>\$686,416</u></b>	<b><u>\$733,109</u></b>

See Notes to Financial Statements

ARTSTECH  
Statement of Cash Flows  
Year Ended June 30, 2013

Change in net assets	\$21,072
Adjustments to reconcile change in net assets to net increase in cash:	
Depreciation	25,276
 (Increase) decrease in fixed assets	 (15,267)
Increase (decrease) in liabilities	
Current Liabilities	8,018
Mortgage payable	<u>0</u>
	Net increase in cash 39,099
	CASH BALANCE, BEGINNING OF YEAR <u>94,311</u>
	CASH BALANCE, END OF YEAR <u>\$133,410</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. 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.

#### 4. 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.

#### 5. Mortgage Payable

The original mortgage was refinanced in October 2011 and is now with IFF, a non-profit corporation. The mortgage note is for \$1,066,992 with an interest rate of 5.875% and the note requires interest-only monthly payments until its maturity in December 2018 when the entire balance is due. The loan may only be prepaid in its entirety. There is a requirement that ArtsTech maintain a reserve account into which they deposit funds to be used for significant capital repairs or improvements to the building. As of June 30, 2013, ArtsTech was in compliance with this provision.