

**THE ART OF ELYSIUM**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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Certified Public Accountants and Business Consultants

Member of American Institute of Certified Public Accountants and California Society of Public Accountants  
Participant in Quality Review Program of AICPA

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**INDEPENDENT ACCOUNTANTS' REPORT**

William  
Tilley  
CPA

To the Board of Directors  
**THE ART OF ELYSIUM**  
Los Angeles, California

J. Pearse  
Leonard  
CPA

James T.  
Chang  
CPA

We have reviewed the accompanying statements of financial position of The Art of Elysium (the "Organization") (a California nonprofit corporation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's 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.

Fabio  
Vasco  
CPA

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Manny  
Gleicher  
CPA  
(Retired)

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

**GTL, LLP**

Certified Public Accountants  
June 24, 2014

**THE ART OF ELYSIUM**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2011 AND 2010**

	ASSETS	
	2011	2010
Current Assets:		
Cash and cash equivalents	\$ 150,770	\$ 92,523
Pledges and grants receivable	513,030	45,931
Prepaid expenses and other current assets	36,861	115,121
	700,661	253,575
Equipment and improvements, net	118,535	145,863
Contributed Artwork	1,642,772	1,402,872
Deposits	23,136	23,078
	\$ 2,485,104	\$ 1,825,388

**LIABILITIES AND UNRESTRICTED NET ASSETS**

Current Liabilities:		
Accounts payable and accrued expenses	\$ 138,638	\$ 117,208
Due to Board Member	87,000	87,000
Deferred revenue	633,000	660,500
	858,638	864,708
Net Assets:		
Unrestricted	1,370,549	903,539
Temporarily restricted	255,917	57,141
	1,626,466	960,680
	\$ 2,485,104	\$ 1,825,388

See accompanying independent accountants' review report and notes to financial statements.

**THE ART OF ELYSIUM**

**STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Changes in Unrestricted Net Assets		
Revenue, Gains and Other Support		
Contributions	\$ 347,569	\$ 358,491
Grants	33,450	10,161
Net gain (loss) on sale of artwork	303,994	95,707
Proceeds from fundraising events, net of direct benefit costs of \$538,651 and \$724,758 for 2011 and 2010	619,274	547,442
In-kind contributions	299,710	3,960
Program income	-	3,115
Interest	58	78
Total revenues, gains and other support	1,604,055	1,018,954
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfied by payments	62,714	351,034
Total unrestricted revenues, gains and other support	1,666,769	1,369,988
 Expenses:		
Program services	870,827	1,395,637
Management and general	180,006	236,589
Fundraising	148,926	278,895
	1,199,759	1,911,121
 Increase (Decrease) in Unrestricted Net Assets	467,010	(892,167)
 Changes in Temporarily Restricted Net Assets		
Contributions	261,490	702,071
Net assets released from restriction	(62,714)	(351,034)
Change in Temporarily Restricted Net Assets	198,776	351,037
 CHANGE IN NET ASSETS	665,786	(541,130)
 Unrestricted Net Assets, Beginning of Year	960,680	1,501,810
 Unrestricted Net Assets, End of Year	\$ 1,626,466	\$ 960,680

See accompanying independent accountants' review report and notes to financial statements.

**THE ART OF ELYSIUM**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Cash Flows from Operating Activities:		
Changes in net assets	\$ 665,786	\$ (541,130)
Adjustments to reconcile decrease in unrestricted net assets to net cash (used in) operating activities:		
Depreciation and amortization	29,281	32,204
Contributed artwork	(299,710)	(3,960)
(Gain) loss on sale of artwork	(303,994)	(95,707)
Change in operating assets:		
Pledges and grants receivable	(467,099)	137,425
Prepaid expenses and other current assets	78,260	(3,186)
Deposits	(58)	(5,078)
Change in operating liabilities:		
Accounts payable and accrued expenses	21,430	49,583
Deferred revenue	(27,500)	(157,525)
Net cash (used in) operating activities	(303,604)	(587,374)
Cash Flows from Investing Activities:		
Purchase of furniture and equipment	(1,953)	(34,915)
Proceeds from sale of artwork	363,804	274,267
Net cash provided by investing activities	361,851	239,352
Cash Flows from Financing Activities:		
Proceeds on due to Board Member	-	87,000
Net cash provided by financing activities	-	87,000
Net Increase (Decrease) in Cash and Cash Equivalents	58,247	(261,022)
Cash and Cash Equivalents, Beginning of Year	92,523	353,545
Cash and Cash Equivalents, End of Year	\$ 150,770	\$ 92,523

See accompanying independent accountants' review report and notes to financial statements.

## THE ART OF ELYSIUM

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

#### (1) NATURE OF OPERATIONS

The Art of Elysium (the "Organization") is a California nonprofit organization incorporated on February 11, 1998, with offices in California and New York. Its primary purpose is to engage professional actors, artists, and musicians to voluntarily provide quality arts experiences to emotionally fragile children battling serious medical conditions. In turn, the Organization assists in advancing the work of select new artists who volunteer by facilitating exhibitions and producing monthly talent showcases.

#### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ***(a) Financial Statement Presentation***

The Organization 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.

Unrestricted Net Assets - Includes contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Organization.

Temporarily Restricted Net Assets - Includes grants and contributions received that are temporarily restricted with respect to use by the donor or grantor or time restricted if not yet collected. When the conditions of the restrictions are met or expire or the pledges receivable are collected, the net assets of this class are reclassified to unrestricted net assets. Restricted contributions received are reported as unrestricted revenue if the restriction is met in the same reporting period. At December 31, 2011 and 2010, the Organization had temporarily restricted net assets for various programs in the amounts of \$255,917 and \$57,141 respectively.

Permanently Restricted Net Assets - Includes assets that have been restricted by the donor in perpetuity and cannot be expended by the Organization. The Organization has no permanently restricted net assets.

##### ***(b) Use of Estimates***

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

**THE ART OF ELYSIUM**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Concentrations**

Occasionally, the Organization's bank balances exceed the FDIC-insured limit of \$250,000. The Organization has not experienced and does not anticipate any losses relating to cash held in these accounts.

**(d) Tax Status**

The Organization is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding state provisions.

The Organization's federal income tax returns for tax years 2011 and beyond remain subject to examination by the Internal Revenue Service. The returns for California and New York remain subject to examination by state taxing authorities for the tax years 2010 and beyond.

**(e) Cash**

The Organization considers all financial instruments purchased with original maturity of three months or less to be cash equivalents. There were no cash equivalents on hand.

**(f) Property and Equipment**

Property and equipment are recorded net of accumulated depreciation and amortization. Donated items are recorded at estimated fair value when received. The Organization uses straight line and accelerated methods of depreciation over the estimated useful lives of the respective assets. Leasehold improvements are amortized straight line over the term of the lease or the life of improvements, whichever is less. The estimated useful lives are as follows:

Computer Equipment	3 years
Office Equipment	5 years
Leasehold Improvements	10 years

Customary and necessary repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

**(g) Legal Assertions**

Various claims, generally incidental to the conduct of normal business, are pending or threatened against the Organization from time to time. While ultimate liability, if any, is presumably indeterminable, in the opinion of management, the ultimate resolution will not have a materially adverse effect on the financial condition of the Organization.



# THE ART OF ELYSIUM

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

#### (3) MAJOR REVENUE SOURCES

For the years ended December 31, 2011 and 2010 the majority of the Organization's revenues were derived from contributions and grants from corporations, foundations and private individuals; and from in-kind contributed artwork.

#### (4) EQUIPMENT AND IMPROVEMENTS

	2011	2010
Computer equipment	\$ 37,800	\$ 35,847
Furniture and fixtures	93,449	93,449
Leasehold improvements	79,798	79,798
Machinery and equipment	3,692	3,692
	<u>214,739</u>	<u>212,786</u>
Accumulated depreciation/amortization	<u>(96,204)</u>	<u>(66,923)</u>
	<u>\$ 118,535</u>	<u>\$ 145,863</u>

Depreciation and amortization expense for the years ended December 31, 2011 and 2010, was \$29,281 and \$32,204, respectively.

#### (5) IN-KIND CONTRIBUTED ARTWORK

The Organization at times receives contributions of artwork, which are measured at "fair value", capitalized and reported in the period received. Such fair value is its estimated selling price. Input for measuring fair value is obtained from the respective creative artist, published catalogs, vendors, independent appraisals, and other sources. Upon the sale of the artwork, the difference between the selling price and its carrying costs plus any other costs of the sale, is reported as net gains or losses on sale of artwork.

#### (6) RELATED PARTY TRANSACTIONS

The amount due to Board Member of \$87,000 at December 31, 2011 and 2010, is unsecured, noninterest bearing and due upon demand. It represents amounts advanced by a Board Member to carry out day-to-day operations of the Organization.

#### (7) SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to December 31, 2011, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 24, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.