

**THE ART OF ELYSIUM**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2012 AND 2011**

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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

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

We have reviewed the accompanying statements of financial position of The Art of Elysium (the "Organization") (a California nonprofit corporation) as of December 31, 2012 and 2011, 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.

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.

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  
October 27, 2015

**THE ART OF ELYSIUM**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2012 AND 2011**

	ASSETS	
	2012	2011
Current Assets:		
Cash and cash equivalents	\$ 61,943	\$ 150,770
Pledges and grants receivable	257,100	513,030
Prepaid expenses and other current assets	117,467	36,861
	436,510	700,661
Equipment and improvements, net	95,731	118,535
Contributed Artwork	1,510,574	1,642,772
Deposits	33,169	23,136
Film production costs	246,694	-
	\$ 2,322,678	\$ 2,485,104

**LIABILITIES AND UNRESTRICTED NET ASSETS**

Current Liabilities:		
Accounts payable and accrued expenses	\$ 203,400	\$ 138,638
Due to Board Members	345,000	87,000
Deferred revenue	205,000	633,000
	753,400	858,638
Net Assets:		
Unrestricted	1,551,714	1,370,549
Temporarily restricted	17,564	255,917
	1,569,278	1,626,466
	\$ 2,322,678	\$ 2,485,104

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, 2012 AND 2011**

	2012	2011
Changes in Unrestricted Net Assets		
Revenue, Gains and Other Support		
Contributions	\$ 586,802	\$ 347,569
Grants	14,600	33,450
Net gain (loss) on sale of artwork	85,794	303,994
Proceeds from fundraising events, net of direct benefit costs of \$596,973 and \$538,651 for 2012 and 2011	560,152	619,274
In-kind contributions	4,000	299,710
Interest	33	58
Total revenues, gains and other support	1,251,381	1,604,055
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfied by payments	270,298	62,714
Total unrestricted revenues, gains and other support	1,521,679	1,666,769
 Expenses:		
Program services	891,428	870,827
Management and general	181,157	180,006
Fundraising	192,929	148,926
	1,265,514	1,199,759
 Increase in Unrestricted Net Assets	256,165	467,010
 Changes in Temporarily Restricted Net Assets		
Contributions	31,945	261,490
Net assets released from restrictions	(270,298)	(62,714)
Change in Temporarily Restricted Net Assets	(238,353)	198,776
 CHANGE IN NET ASSETS	17,812	665,786
 Net Assets, Beginning of Year, as restated (Note 8)	1,551,466	960,680
 Net Assets, End of Year	\$ 1,569,278	\$ 1,626,466

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, 2012 AND 2011**

	2012	2011
Cash Flows from Operating Activities:		
Changes in net assets	\$ 17,812	\$ 665,786
Adjustments to reconcile decrease in unrestricted net assets to net cash (used-in) operating activities:		
Depreciation and amortization	24,014	29,281
Contributed artwork	(4,000)	(299,710)
(Gain) loss on sale of artwork	(85,794)	(303,994)
Change in operating assets:		
Pledges and grants receivable	255,930	(467,099)
Prepaid expenses and other current assets	(80,606)	78,260
Deposits	(10,033)	(58)
Change in operating liabilities:		
Accounts payable and accrued expenses	(10,238)	21,430
Deferred revenue	(428,000)	(27,500)
Net cash (used-in) operating activities	(320,915)	(303,604)
 Cash Flows from Investing Activities:		
Purchase of furniture and equipment	(1,210)	(1,953)
Payments on film production costs	(246,694)	-
Proceeds from sale of artwork	204,992	363,804
Net cash (used-in) provided by investing activities	(42,912)	361,851
 Cash Flows from Financing Activities:		
Principal payments on due to Board Members	(17,000)	-
Proceeds from due to Board Member	275,000	-
Net cash provided by financing activities	258,000	-
 Net Increase (Decrease) in Cash and Cash Equivalents	(88,827)	58,247
 Cash and Cash Equivalents, Beginning of Year	150,770	92,523
 Cash and Cash Equivalents, End of Year	\$ 61,943	\$ 150,770

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, 2012 AND 2011

### (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, 2012 and 2011, the Organization had temporarily restricted net assets for various programs in the amounts of \$17,564 and \$255,917 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, 2012 AND 2011

#### (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 2012 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 2011 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, 2012 AND 2011

#### (3) MAJOR REVENUE SOURCES

For the years ended December 31, 2012 and 2011 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

	2012	2011
Computer equipment	\$ 37,800	\$ 37,800
Furniture and fixtures	93,449	93,449
Leasehold improvements	79,798	79,798
Machinery and equipment	4,902	3,692
	<u>215,949</u>	<u>214,739</u>
Accumulated depreciation/amortization	<u>(120,218)</u>	<u>(96,204)</u>
	<u>\$ 95,731</u>	<u>\$ 118,535</u>

Depreciation and amortization expense for the years ended December 31, 2012 and 2011, was \$24,014 and \$29,281, 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

Amounts due to Board Members at December 31, 2012 and 2011 were \$345,000 and \$87,000, respectively; all unsecured, noninterest bearing and due upon demand. It represents amounts advanced by Board Members to carry out day-to-day operations of the Organization.

#### (7) SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to December 31, 2012, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 27, 2015, 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.

**THE ART OF ELYSIUM**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**(8) PRIOR PERIOD ADJUSTMENT**

The Statement of Financial Position opening balances as of January 1, 2012 were restated as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, as previously stated January 1, 2012	\$ 1,370,549	\$ 255,917	\$ 1,626,466
Adjustment to accrue unpaid annual (2011) salary to Officer of the Organization	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Restated net assets, January 1, 2012	<u>\$ 1,295,549</u>	<u>\$ 255,917</u>	<u>\$ 1,551,466</u>

The above adjustment resulted in restatement of the following line items on the Statement of Financial Position as of December 31, 2011:

Accounts payable and accrued expenses, increased by	\$ 75,000
Unrestricted net assets, decreased by	\$ (75,000)