

THE ART OF ELYSIUM
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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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

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, 2010 and 2009, 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 5, 2013

THE ART OF ELYSIUM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	ASSETS	
	2010	2009
Current Assets:		
Cash and cash equivalents	\$ 92,523	\$ 353,545
Pledges and grants receivable	45,931	183,356
Prepaid expenses and other current assets	115,121	111,935
	253,575	648,836
Equipment and improvements, net	145,863	143,152
Contributed Artwork	1,402,872	1,577,472
Deposits	23,078	18,000
	\$ 1,825,388	\$ 2,387,460
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 117,208	\$ 67,625
Due to Board Member	87,000	-
Deferred revenue	660,500	818,025
	864,708	885,650
Net Assets:		
Unrestricted	903,539	1,181,258
Temporarily restricted	57,141	320,552
	960,680	1,501,810
	\$ 1,825,388	\$ 2,387,460

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, 2010 AND 2009

	2010	2009
Changes in Unrestricted Net Assets		
Revenue, Gains and Other Support		
Contributions	\$ 358,491	\$ 480,664
Grants	10,161	35,050
Net gain (loss) on sale of artwork	95,707	(31,020)
Proceeds from fundraising events, net of direct benefit costs of \$724,758 and \$595,080 for 2010 and 2009	547,442	77,339
In-kind contributions	3,960	379,683
Program income	3,115	-
Interest	78	-
Total revenues, gains and other support	1,018,954	941,716
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfied by payments	351,034	106,240
Total unrestricted revenues, gains and other support	1,369,988	1,047,956
 Expenses:		
Program services	1,395,637	3,428,824
Management and general	236,589	181,645
Fundraising	278,895	825,230
	1,911,121	4,435,699
 Decrease in Unrestricted Net Assets	(892,167)	(3,493,983)
 Changes in Temporarily Restricted Net Assets		
Contributions	702,071	390,759
Net assets released from restriction	(351,034)	(106,240)
Change in Temporarily Restricted Net Assets	351,037	284,519
 CHANGE IN NET ASSETS	(541,130)	(3,209,464)
 Unrestricted Net Assets, Beginning of Year	1,501,810	4,711,274
 Unrestricted Net Assets, End of Year	\$ 960,680	\$ 1,501,810

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, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities:		
Changes in net assets	\$ (541,130)	\$ (3,209,464)
Adjustments to reconcile decrease in unrestricted net assets to net cash (used in) operating activities:		
Depreciation and amortization	32,204	26,511
Fair value adjustment	-	2,900,000
Contributed artwork	(3,960)	(317,163)
(Gain) loss on sale of artwork	(95,707)	31,020
Change in operating assets:		
Pledges and grants receivable	137,425	(135,156)
Prepaid expenses and other current assets	(3,186)	(111,935)
Deposits	(5,078)	(8,000)
Change in operating liabilities:		
Accounts payable and accrued expenses	49,583	(46,255)
Deferred revenue	(157,525)	818,025
Net cash (used in) operating activities	(587,374)	(52,417)
 Cash Flows from Investing Activities:		
Purchase of furniture and equipment	(34,915)	(68,864)
Proceeds from sale of artwork	274,267	112,975
Net cash provided by investing activities	239,352	44,111
 Cash Flows from Financing Activities:		
Proceeds from advance by Board Member	87,000	-
Net cash provided by financing activities	87,000	-
 Net Decrease in Cash and Cash Equivalents	(261,022)	(8,306)
 Cash and Cash Equivalents, Beginning of Year	353,545	361,851
Cash and Cash Equivalents, End of Year	\$ 92,523	\$ 353,545

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, 2010 AND 2009

(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, 2010 and 2009, the Organization had temporarily restricted net assets for various programs in the amounts of \$57,141 and \$320,552 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, 2010 AND 2009

(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 2009 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 2008 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, 2010 AND 2009

(3) MAJOR REVENUE SOURCES

For the years ended December 31, 2010 and 2009 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

	2010	2009
Computer equipment	\$ 35,847	\$ 32,659
Furniture and fixtures	93,449	82,970
Leasehold improvements	79,798	62,243
Machinery and equipment	3,692	-
	<u>212,786</u>	<u>177,872</u>
Accumulated depreciation/amortization	<u>(66,923)</u>	<u>(34,720)</u>
	<u>\$ 145,863</u>	<u>\$ 143,152</u>

Depreciation and amortization expense for the years ended December 31, 2010 and 2009, was \$32,204 and \$26,511, 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, 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, 2010, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 5, 2013, 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.