

THE ART OF ELYSIUM
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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INDEPENDENT ACCOUNTANTS' REVIEW 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, 2009 and 2008, and the related statements of activities and changes in unrestricted net assets 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

Manny
Gleicher
CPA (Retired)

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
June 6, 2012

THE ART OF ELYSIUM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	ASSETS	
	2009	2008
Current Assets:		
Cash and cash equivalents	\$ 353,545	\$ 361,851
Pledges and grants receivable	183,356	48,200
Prepaid expenses	111,935	-
	648,836	410,051
Equipment and improvements, net	143,152	100,799
Contributed Artwork	1,577,472	4,304,305
Deposits	18,000	10,000
	\$ 2,387,460	\$ 4,825,155

LIABILITIES AND UNRESTRICTED NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 67,625	\$ 113,881
Deferred revenue	818,025	-
	885,650	113,881
Net Assets:		
Unrestricted	1,181,258	4,675,241
Temporarily restricted	320,552	36,033
	1,501,810	4,711,274
	\$ 2,387,460	\$ 4,825,155

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, 2009 AND 2008

	2009	2008
Changes in Unrestricted Net Assets		
Revenue, Gains and Support		
Contributions	\$ 480,664	\$ 903,479
Grants	35,050	114,908
Net gain (loss) on sale of artwork	(31,020)	(36,810)
Proceeds from fundraising events, net of direct benefit costs of \$595,080 and \$993,322 for 2009 and 2008.	77,339	58,758
In-kind contributions	379,683	258,299
Interest	-	27
Total revenues, gains and other support	941,716	1,298,661
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfied by payments	106,240	-
Total unrestricted revenues, gains and other support	1,047,956	1,298,661
 Expenses:		
Program services	3,428,824	686,283
Management and general	181,645	259,751
Fundraising	825,230	269,509
	4,435,699	1,215,543
 Decrease in Unrestricted Net Assets	(3,493,983)	83,118
 Changes in Temporarily Restricted Net Assets		
Contributions	390,759	36,033
Net assets released from restriction	(106,240)	-
Change in Temporarily Restricted Net Assets	284,519	36,033
 CHANGE IN NET ASSETS	(3,209,464)	119,151
 Unrestricted Net Assets, Beginning of Year	4,711,274	4,592,123
 Unrestricted Net Assets, End of Year	\$ 1,501,810	\$ 4,711,274

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, 2009 AND 2008

	2009	2008
Cash Flows from Operating Activities:		
Changes in net assets	\$ (3,209,464)	\$ 119,151
Adjustments to reconcile decrease in unrestricted net assets to net cash (used in) operating activities:		
Depreciation and amortization	26,511	5,322
Fair value adjustment	2,900,000	-
Contributed artwork	(317,163)	(203,085)
(Gain) loss on sale of artwork	31,020	36,810
Donated equipment	-	(28,410)
Change in operating assets:		
Pledges and grants receivable	(135,156)	(48,200)
Prepays	(111,935)	-
Deposits	(8,000)	(10,000)
Change in operating liabilities:		
Accounts payable and accrued expenses	(46,255)	44,474
Deferred revenue	818,025	-
Net cash (used in) operating activities	(52,417)	(83,938)
Cash Flows from Investing Activities:		
Purchase of furniture and equipment	(68,864)	(72,658)
Proceeds from sale of artwork	112,975	111,975
Net cash provided by investing activities	44,111	39,317
Net Decrease in Cash and Cash Equivalents	(8,306)	(44,621)
Cash and Cash Equivalents, Beginning of Year	361,851	406,472
Cash and Cash Equivalents, End of Year	\$ 353,545	\$ 361,851

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

During the year ended December 31, 2008, the Organization received donated computer equipment, which was capitalized at its fair value of \$28,410.

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(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, 2009 and 2008, the Organization had temporarily restricted net assets for the "Kids Clicking Kids" and the "Jacques" programs.

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, 2009 AND 2008

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

(c) Concentrations

Occasionally, the Organization's bank balances exceed the FDIC-insured limit of \$100,000. 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 District's federal income tax returns for tax years 2008 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 2007 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 is recorded net of accumulated depreciation and amortization. Donated items are recorded at estimated fair value when received. The Company 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

Normal 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.

THE ART OF ELYSIUM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(3) MAJOR REVENUE SOURCES

For the years ended December 31, 2009 and 2008 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 EQUIPMENT

	2009	2008
Computer equipment	<u>\$ 32,659</u>	<u>\$ 32,659</u>
Furniture and fixtures	82,970	52,702
Leasehold improvements	<u>62,243</u>	<u>23,647</u>
	177,872	109,008
Accumulated depreciation/amortization	<u>(34,720)</u>	<u>(8,209)</u>
	<u>\$ 143,152</u>	<u>\$ 100,799</u>

Depreciation and amortization expense for the years ended December 31, 2009 and 2008, was \$26,511 and \$5,322, 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 sales 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.