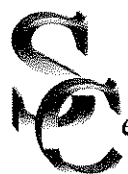


Arlington Center for the Arts, Inc.

Financial Statements
September 30, 2010



SANDBERG & CREEDEN, P.C.
Certified Public Accountants

*331 Page Street
Stoughton, MA 02072*

ARLINGTON CENTER FOR THE ARTS, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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331 Page Street • Stoughton, MA 02072

Telephone: (781) 344-0850

Fax: (781) 344-6960

www.sandbergandcreeden.com

To the Board of Trustees of
Arlington Center for the Arts, Inc.
Arlington, Massachusetts

Independent Auditors' Report

We have audited the accompanying statement of financial position of Arlington Center for the Arts, Inc. as of September 30, 2010, 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arlington Center for the Arts, Inc. as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


SANDBERG & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
March 15, 2011

ARLINGTON CENTER FOR THE ARTS, INC.

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010

ASSETS

Current Assets	
Cash and cash equivalents	\$ 216,083
Prepaid expenses	3,032
Accounts receivable	<u>2,364</u>
Total Current Assets	<u>221,479</u>
Property and Equipment	
Leasehold improvements	55,826
Office equipment	<u>25,293</u>
Subtotal	81,119
Less accumulated depreciation	<u>62,271</u>
Total property and equipment	<u>18,848</u>
Other Assets	
Security deposit	<u>2,899</u>
Total Assets	<u>\$ 243,226</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 2,637
Accrued expenses	9,140
Security deposits	<u>450</u>
Total current liabilities	<u>12,227</u>
Net Assets	
Unrestricted	<u>230,999</u>
Total net assets	<u>230,999</u>
Total Liabilities and Net Assets	<u>\$ 243,226</u>

See accompanying notes and Independent Auditors' Report.



ARLINGTON CENTER FOR THE ARTS, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Revenues, Gains and Other Support	
Tuition	\$ 405,263
Rental Income	88,309
Contributions	31,759
Membership dues	18,185
Exhibits, concessions	22,185
Interest income	<u>298</u>
Total revenues, gains and other support	<u>565,999</u>
Expenses	
Program services	316,527
General and Administrative	239,845
Fundraising	<u>3,375</u>
Total expenses	<u>559,747</u>
Change in Net Assets	6,252
Net Assets at Beginning of Year	<u>224,747</u>
Net Assets at End of Year	<u>\$ 230,999</u>

See accompanying notes and Independent Auditors' Report.



ARLINGTON CENTER FOR THE ARTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Program Services	General And Administrative Services	Fundraising	Total
Salaries	\$ 180,903	\$ 151,054	\$	\$ 331,957
Payroll taxes	18,075	15,093		33,168
Employee benefits	<u> </u>	<u>13,752</u>	<u> </u>	<u>13,752</u>
Subtotal	198,978	179,899		378,877
Advertising	2,940			2,940
Bank and credit card fees		14,996		14,996
Depreciation	3,779	356		4,135
Dues and subscriptions		1,829		1,829
Equipment rental and maintenance	17,702	585		18,287
Insurance	2,041	2,040		4,081
Postage	8,261	2,072	1,723	12,056
Printing	16,104	636	580	17,320
Professional fees		17,588		17,588
Rent	24,952	12,854		37,806
Supplies	10,159	4,382	1,072	15,613
Teacher fees	31,611			31,611
Telephone		<u>2,608</u>		<u>2,608</u>
Total	<u>\$ 316,527</u>	<u>\$ 239,845</u>	<u>\$ 3,375</u>	<u>\$ 559,747</u>

See accompanying notes and Independent Auditors' Report.



ARLINGTON CENTER FOR THE ARTS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Cash Flows From Operating Activities	
Change in net assets	\$ 6,252
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	4,135
Decrease (Increase) in:	
Accounts receivable	(1,653)
Prepaid expenses	(1,097)
Increase (decrease) in:	
Accounts payable	(7,733)
Accrued expenses	3,034
Total adjustments	(3,314)
Net Cash Provided by Operating Activities	<u>2,938</u>
Cash Flows From Investing Activities	
Purchase of fixed assets	<u>(5,600)</u>
Net Cash Used in Investing Activities	<u>(5,600)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,662)
Cash and Cash Equivalents - Beginning of Year	<u>218,745</u>
Cash and Cash Equivalents - End of Year	<u>\$ 216,083</u>

See accompanying notes and Independent Auditors' Report.



ARLINGTON CENTER FOR THE ARTS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note 1. Nature of Activities and Significant Accounting Policies

Arlington Center for the Arts, Inc. is a community arts center. Arlington Center for the Arts, Inc.'s support comes primarily from tuition for art classes for children and adults; rental income on studios sub-let to local artists; and donors' contributions.

Note 2. Summary of Significant Accounting Policies

a. Standards of Accounting and Reporting

The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations.

b. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report 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. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the organization is subject to donor-imposed restrictions that can be fulfilled by actions of the organization pursuant to those restrictions or that expire by the passage of time. There were no temporarily restricted net assets in 2010.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the organization. No permanently restricted assets were received or held during 2010 and accordingly, these financials do not reflect any activity related to this class of net assets for 2010.

c. Property and Equipment

These assets are recorded at cost, when purchased or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized.

d. Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.



ARLINGTON CENTER FOR THE ARTS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- e. Depreciation
Provisions for depreciation are made in the accounts using the straight-line method. Equipment is being depreciated over 5 years.
- f. Use of Estimates
The presentation 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- g. Cash and Cash Equivalents
For purposes of the statement of cash flows, Arlington Center for the Arts, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- h. Contributed Services

During the year ended September 30, 2010 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.
- i. Membership Dues

Membership dues and contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor.
- j. Contributions Revenue Recognition
Arlington Center for the Arts, Inc. receives most of its income through its educational programs and the rental of artist's studio space. All other contributions, grants and membership fees, etc. are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets released from restriction.



ARLINGTON CENTER FOR THE ARTS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

(Continued)

Note 3. Tax Status

Arlington Center for the Arts, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Note 4. Lease

The Organization leases space from the town of Arlington. The current monthly rent is \$3,151. The lease expires on June 30, 2014. Minimum lease payments over the next five years are:

September 30	
2011	40,957
2012	50,408
2013	50,408
2014	37,806

Note 5. Advertising

The Organization expenses advertising as incurred. Advertising expense included in operating expenses amounted to \$2,940 for the year ended September 30, 2010.

Note 6. Simple IRA Plan

The Organization adopted a Simple-IRA plan as of January 1, 2003. Employees are eligible to participate in the plan if they are reasonably expected to receive at least \$5,000 in compensation for the current calendar year and have received at least \$5,000 in compensation in the preceding year. Each year the Organization may make matching contributions up to 3% of a participating employees compensation, not to exceed \$8,000. The Organization may opt to make nonelective contributions in lieu of matching. Matching contributions for the year ended September 30, 2010 were \$5,448.

Note 7. Compensated Absences

The Organization has not accrued vacation pay, sick pay, and personal time since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Note 8. Concentrations of Credit Risk

In the normal course of business, the Organization extends unsecured credit to customers principally in the Greater Boston area.



ARLINGTON CENTER FOR THE ARTS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

(Continued)

Note 8. Concentrations of Credit Risk (Continued)

The Organization maintains cash balances at a financial institution, which from time to time may exceed federal insurance limits.

