

2009
Review

034596

THE ART CONNECTION, INC.
REPORT ON REVIEW OF FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

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TIMOTHY M. CRAVEN

Certified Public Accountant

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Review Report

To the Board of Directors of
The Art Connection, Inc.
Boston, Massachusetts

I have reviewed the accompanying statements of financial position of the Art Connection, Inc., as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of management of the Art Connection, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Timothy M. Craven CFA

March 14, 2010

THE ART CONNECTION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 420,212	\$ 207,549
Prepays	727	1,927
Total current assets	420,939	209,476
PROPERTY & EQUIPMENT, at cost:		
Equipment	14,201	14,021
Less: Accumulated depreciation	(12,725)	(11,680)
Net property and equipment	1,476	2,341
	<u>\$ 422,415</u>	<u>\$ 211,817</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 7,642	\$ 1,592
Total liabilities	7,642	1,592
NET ASSETS		
Unrestricted	414,773	210,225
Temporarily restricted		
Total net assets	414,773	210,225
	<u>\$ 422,415</u>	<u>\$ 211,817</u>

See accompanying notes to financial statements.

THE ART CONNECTION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2009 AND 2008

THE ART CONNECTION, INC.

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
Support		
Contributions	\$ 444,725	\$ 138,432
Gain/(loss) on sale of investments	(1,850)	10
Grants	13,960	5,000
Investment earnings	<u>4,584</u>	<u>4,806</u>
TOTAL UNRESTRICTED SUPPORT	461,419	148,248
Net assets released from restrictions		
Restrictions satisfied by payments	<u>0</u>	<u>0</u>
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS	<u>461,419</u>	<u>148,248</u>
 EXPENSES:		
Programs	129,505	128,813
General and administrative	73,157	75,144
Fundraising	<u>54,209</u>	<u>22,842</u>
TOTAL EXPENSES	<u>256,871</u>	<u>226,799</u>
DECREASE IN UNRESTRICTED NET ASSETS	204,548	(78,551)
 TEMPORARILY RESTRICTED NET ASSETS		
Contributions		
Net assets released from restrictions	<u>0</u>	<u>0</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	0	0
DECREASE IN NET ASSETS	204,548	(78,551)
NET ASSETS, BEGINNING OF YEAR	<u>210,225</u>	<u>288,776</u>
NET ASSETS, END OF YEAR	<u>\$ 414,773</u>	<u>\$ 210,225</u>

See accompanying notes to financial statements.

THE ART CONNECTION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 204,548	\$ (78,551)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	865	895
Non-cash contribution		
(Increase) Decrease in assets:		
Investments		
Prepays	1,200	(1,927)
Increase (Decrease) in liabilities:		
Accounts payable	<u>6,050</u>	<u>(5,563)</u>
NET CASH & CASH EQUIVALENTS USED BY OPERATIONS	212,663	(85,146)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets		<u>(1,976)</u>
NET CASH & CASH EQUIVALENTS USED BY INVESTING ACTIVITIES	<u>0</u>	<u>(1,976)</u>
DECREASE IN CASH & CASH EQUIVALENTS	212,663	(87,122)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>207,549</u>	<u>294,671</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 420,212</u>	<u>\$ 207,549</u>

See accompanying notes to financial statements.

THE ART CONNECTION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

1. Organization:

The Art Connection, Inc. (the "Organization") was founded in 1995 to promote and achieve the placement of art works in social service and other non-profit organizations, principally in eastern Massachusetts.

2. Significant accounting policies:

Method of accounting:

The accompanying financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of 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.

Tax status:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Revenue recognition:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets whose restrictions are completely met within the year of receipt are recognized as unrestricted support.

Cash and cash equivalents:

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. During the year, the Organization's cash in bank balances exceeded the federally insured limits. At June 30, 2009 and June 30, 2008, the Organization had no uninsured cash balances.

Contributed services:

The organization receives a substantial amount of services donated by Board and other volunteers. No amounts have been reflected in these financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

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THE ART CONNECTION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

2. Significant accounting policies - continued:

Investment securities:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

Functional allocation of expenses:

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Depreciation:

Furniture and fixtures are recorded at cost and depreciation is provided over estimated useful lives of five and seven years on a straight-line basis.

3. Temporarily restricted net assets:

At June 30 2009 and June 30, 2008, there were no temporarily restricted net assets.