ArtFusion 19464

FINANCIAL STATEMENTS

Year Ended August 31, 2016

Barbara Akins
certified public accountant
relationships. service. integrity

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ArtFusion19464

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
ArtFusion 19464

We have reviewed the accompanying financial statements of ArtFusion 19464, (a nonprofit organization), which comprise the statement of assets, liabilities and net assets - cash basis as of August 31, 2016, and the related statement of revenues, expenses and other changes in net assets - cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 the cash basis of accounting.

Basis of Accounting

We draw attention to Note #2 of the financial statements, which describes the basis of accounting. The financial statements were prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Barbara A Akins CPA

Bechtelsville, Pennsylvania
June 23, 2017

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ArtFusion 19464
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
August 31, 2016

ASSETS	
Current Assets	
Checking and Savings	$ 10,002
Total Assets	$ 10,002
LIABILITIES	
Current Liabilities	
Payroll & Sales Tax Payable	$ 1,674
Total Liabilities	1,674
NET ASSETS	
Unrestricted	8,328
Total Net Assets	8,328
Total Liabilities And Net Assets	$ 10,002

See Accompanying Notes and Independent Accountant's Review Report.

ArtFusion19464
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BASIS
Year Ended August 31, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
PUBLIC SUPPORT & OTHER REVENUES			
Public Support			
Contributions	$ 27,244	$ 0	$ 27,244
Donated Services	25,050	0	25,050
Grants	41,595	0	41,595
Special Events (Net of Direct Expense of $849)	5,970	0	5,970
Total Public Support	99,859	0	99,859
Other Revenues			
Class Tuition & Programs	35,532	0	35,532
Memberships	5,445	0	5,445
Sales - Gallery Art (Less: Artist Commissions $6,885)	43	0	43
Sales - Art Supplies	2,381	0	2,381
Studio Rental	212	0	212
Sales Tax Collected	557	0	557
Gift Certificates Sold	600	0	600
Miscellaneous	335	0	335
Total Other Revenues	45,105	0	45,105
Net Assets Released from Restrictions	2,190	(2,190)	0
Total Public Support & Other Revenues	147,154	(2,190)	144,964
EXPENSES			
Salaries & Wages	45,071	0	45,071
Payroll Taxes	4,486	0	4,486
Independent Contracted Services	17,376	0	17,376
Professional Fees	27,683	0	27,683
Occupancy	29,242	0	29,242
Insurance	2,545	0	2,545
Telephone & Internet	2,122	0	2,122
Supplies	5,620	0	5,620
Marketing	549	0	549
Postage	190	0	190
Membership Dues	488	0	488
Miscellaneous	1,899	0	1,899
Bank & PayPal Fees	1,177	0	1,177
Sales Tax Paid	602	0	602
Credit Card Payments	1,451	0	1,451
Grant to Other Organization	2,907	0	2,907
Total Expenses	143,408	0	143,408
Change In Net Assets	3,746	(2,190)	1,556
NET ASSETS, Beginning of Year- September 1, 2015	4,582	2,190	6,772
NET ASSETS, End of Year - August 31, 2016	$ 8,328	$ 0	$ 8,328

See Accompanying Notes and Independent Accountant's Review Report.

ArtFusion 19464
NOTES TO FINANCIAL STATEMENTS
August 31, 2016

Note #1 - Organization

ArtFusion 19464 is a nonprofit organization incorporated under the laws of Pennsylvania. The entity's primary exempt purpose is to enrich the lives of the residents in the greater Pottstown area through the visual arts, regardless of ethnicity and economic situations. The goal of the entity is to spark creativity, build self-confidence and develop community bonds through education, mentoring and community service. The entity's primary sources of revenue include contributions and grants.

Note #2 - Summary of Significant Accounting Policies

Method of Accounting
The financial statements of the entity have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Support and revenues are recognized when received. Expenses are recognized when paid.

Financial Statement Presentation
The entity reports information regarding its financial position and activities according to three classes of net assets as 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 entity are subject to donor-imposed restrictions that can be fulfilled by actions of the entity pursuant to those restrictions or that expire by the passage of time. At August 31, 2016, there were no temporarily restricted net assets.

Permanently Restricted
Net assets subject to donor-imposed restrictions that they be maintained permanently by the entity. Generally, the donors of these assets permit the entity to use all or part of the income on these assets.

Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions are reported as unrestricted operating revenue when the restriction is satisfied.

Income Tax Status
The entity is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the entity qualifies for the charitable contributions deduction under Section 170(b)(1)(a).

Uncertain Tax Position
The entity has evaluated its tax position and determined that it does not have any uncertain tax position that meets the criteria under Accounting Standards Codification Topic 740, *Income Taxes.* The tax returns of the entity for 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Fair Value of Financial Instruments
The entity discloses the fair value of certain financial instruments including cash. These financial instruments are all stated at either cost or net realizable value, which approximates fair value.

Note #2 - Summary of Significant Accounting Policies (Continued)

Contributions

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of donor restrictions. Contributions are required to be reported as permanently restricted support or as temporarily restricted and then reclassified to unrestricted net assets upon expiration of time restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

The entity's Board of Directors, Trustees and volunteers donate significant amounts of time to the operations of the entity. Contributed services that (a) create or improve long-lived assets or (b) require specialized skills provided by individuals possessing those skills that would typically need to be purchased if not provided by donation meet the requirement for recognition in the financial statements. The value of services meeting the requirements for recognition in the financial statements was $25,050 and is included in Professional Fees on the Statement of Revenues, Expenses and Other Changes in Net Assets – Cash Basis.

Date of Management's Review

Management has evaluated subsequent events through June 23, 2017, the date on which the financial statements were available to be issued.

Note #3 - Cash

The cash account balance at August 31, 2016 is a non-interest bearing checking account and is unrestricted.

Note #4 - Grants

Greater Pottstown Foundation - *Arts Enrichment Programs, Included Teen Mixed Media & Museum Field Trip*	$ 20,108
Pottstown School District - *Summer Arts Enrichment & After School Arts Enrichment*	9,090
SEI Cares Fund Grant – *Healing Arts & Veterans Programs*	4,884
Olivet Boys & Girls Club – *Arts Enrichment Programs*	3,261
Creative Health Services, Inc. - *Arts Enrichment Programs*	2,480
PHC Reading Lounge – *Teen Reading Lounge Program Supplies*	1,000
Various Others – (4) Small Miscellaneous Programs	772
Total	$ 41,595

As of August 31, 2016, all grant monies received were spent according to grant restrictions.

Note #5 - Net Assets Released From Restrictions

Net asset released from temporary restrictions were for the following:

Healing Arts	$ 1,390
Stretch, Read and Create	800
Total	$ 2,190

Note #6 - Rent

The entity rented 254 High Street, Pottstown for $1,500 per month. This is included in Occupancy on the Statement of Revenue, Expenses and Other Changes in Net Assets-Cash Basis. There is no signed lease.

Note #7 - Commitment

Credit Card Payable
The entity has a credit card with a $16,400 credit line of which $4,876 was outstanding at August 31, 2016. and 2015. The Annual Percentage Rate charged is 17.24%.

Note #9 - Risk Management

The entity is exposed to various risks of loss related to torts; theft of or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Significant losses are covered by commercial insurance for all areas of which the entity retains risks of loss.

Note #10 - Subsequent Events

New Location
In June 2017 the entity moved its programs to 341 Beech Street, Pottstown. Presently, there is no signed lease. The entity is not being charged rent for June, July & August 2017. In September 2017, the entity will pay $1,500 a month.

Contract
The entity entered into a contract for 2016/2017 for the Beech Street Factory Improvements – Phase 1 for $25,100.

Capital Fund
In the fall 2016, the entity established a Capital Fund for the improvements at 341 Beech Street, Pottstown. The fund was opened with a $25,100 Neighborhood Block Grant.

Grants
The entity continues to receive grants. Some of the more significant grants received in 2016-2017 were:

Pottstown Health & Wellness Foundation – *Support Beech Street Factory*	$25,000
Greater Pottstown Foundation – *Arts Enrichment Programs*	$20,602
SEI Cares Fund Grant – *Senior Mobile Pottery Class & Visual Learning Through Art Programs*	$ 6,300