

Financial Statements
Year Ended
June 30, 2010

Petersburg Area Art League

Goodman
& COMPANY

Certified Public Accountants
Specialized Services
Business Solutions

Petersburg Area Art League

Contents

	Page
<i>Accountants' Report</i>	1
<i>Financial Statements</i>	
<i>Statement of Financial Position</i>	2
<i>Statement of Activities</i>	3
<i>Schedule of Functional Expenses</i>	4
<i>Statement of Cash Flows</i>	5
<i>Notes to Financial Statements</i>	6 - 9



Certified Public Accountants
Specialized Services
Business Solutions

Accountants' Report

Board of Directors
Petersburg Area Art League

We have reviewed the accompanying statement of financial position of *Petersburg Area Art League* (a not-for-profit corporation) as of June 30, 2010, and the related statements of activities and cash flows for the year 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 the management of *Petersburg Area Art League*.

A review consists principally of inquiries of League 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, we do not express such an opinion.

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 generally accepted accounting principles.

Goodman & Company, LLP

Chester, Virginia
August 9, 2010

Petersburg Area Art League

Statement of Financial Position

June 30, 2010

Assets

Current assets

Cash and cash equivalents \$ 20,244

Property and equipment - net

824,584

\$ 844,828

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses \$ 1,459

Net assets

Unrestricted 827,869

Temporarily restricted 15,500

Total net assets 843,369

\$ 844,828

See accompanying notes and accountants' report.

Petersburg Area Art League

Statement of Activities

Year Ended June 30, 2010

Unrestricted net assets

Support and revenue:

Grant income	\$ 677
Contributions	9,985
Art classes and sales of paintings	10,485
Membership dues	14,408
Fundraising	19,721
Interest and dividends	119
Total support and revenue	<u>55,395</u>

Expenses:

Program services	57,328
Administrative and general	14,967
Fundraising	9,576
Total expenses	<u>81,871</u>

Change in unrestricted net assets (26,476)

Temporarily restricted net assets

Contributions	<u>15,500</u>
---------------	---------------

Change in net assets (10,976)

Net assets - beginning of year 854,345

Net assets - end of year \$ 843,369

See accompanying notes and accountants' report.

Petersburg Area Art League

Schedule of Functional Expenses

Year Ended June 30, 2010

	Program Services	Administrative and General	Fundraising	Total
Salaries and benefits	\$ 13,268	\$ 1,658	\$ 1,658	\$ 16,584
Operating				
Depreciation	20,407	-	-	20,407
Utilities	11,212	2,803	-	14,015
Fundraising	-	-	6,569	6,569
Consultants	-	5,550	-	5,550
Office expense	2,697	1,349	1,349	5,395
Insurance	2,236	2,236	-	4,472
Repairs and maintenance	2,944	-	-	2,944
Artist commission	1,766	-	-	1,766
Reception	1,410	-	-	1,410
Bank fees	485	484	-	969
Taxes and licenses	463	463	-	926
Security system	420	419	-	839
Awards and membership	20	5	-	25
Total operating	44,060	13,309	7,918	65,287
Total	\$ 57,328	\$ 14,967	\$ 9,576	\$ 81,871

See accompanying notes and accountants' report.

Petersburg Area Art League

Statement of Cash Flows

Year Ended June 30, 2010

Cash flows from operating activities	
Change in net assets	\$ (10,976)
Adjustments to reconcile to net cash from operating activities:	
Depreciation expense	20,407
Change in:	
Grants receivable	36,553
Accounts payable and accrued expenses	<u>(39,225)</u>
Net cash from operating activities	<u>6,759</u>
Cash flows from investing activities	
Payments for construction in process	<u>(677)</u>
Net change in cash and cash equivalents	6,082
Cash and cash equivalents - beginning of year	<u>14,162</u>
Cash and cash equivalents - end of year	<u>\$ 20,244</u>

See accompanying notes and accountants' report.

Petersburg Area Art League

Notes to Financial Statements

June 30, 2010

1. Organization and Nature of Activities

Petersburg Area Art League (Organization) is a not-for-profit Virginia corporation. The Organization seeks to promote and nurture the visual arts in the Petersburg area. The Organization was started in 1932 and is located in Petersburg, Virginia.

2. Summary of Significant Accounting Policies

The financial statements of *Petersburg Area Art League* have been prepared on the accrual basis in accordance with generally accepted accounting principles; revenue and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements report amounts separately by classes of net assets as follows:

Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in operations and those resources invested in property or equipment.

Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of property and equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted amounts are those restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Organization currently has no permanently restricted net assets.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be checking and savings accounts maintained at financial institutions.

Property and Equipment

Donated improvements and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Improvements purchased are recorded at cost. Major additions and betterments are capitalized. The cost of maintenance and repairs is expensed currently. Depreciation is provided using the straight-line method over estimated useful lives as follows:

Building and renovations	15 - 39 years
--------------------------	---------------

Income Taxes

The Organization is a qualifying nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code, and the tax statutes of the Commonwealth of Virginia; and therefore, is exempt from federal and state income taxes.

Donated Services

No amounts have been reflected in the financial statements for donated services since the criteria for recognition has not been met under generally accepted accounting principles.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Functional Expenses

The Organization allocates its expenses, on a functional basis, among its various programs and supporting services. Expenses that relate to a specific program or supporting services are allocated directly. Other expenses that are common to several functions are allocated statistically.

Credit Risk

At June 30, 2010, the Organization's cash deposits in financial institutions did not exceed the amount insured by agencies of the federal government.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. The Organization had no advertising expense during 2010.

Sales Tax Policy

Certain of the Organization's sales are subject to sales tax imposed by various jurisdictions. The Organization collects that sales tax from customers and remits it to the applicable jurisdiction. The Organization's accounting policy is to exclude the tax collected and remitted from sales.

Collections

Collections of art, which are acquired through purchase and contribution since the Organization's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the item is acquired. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries, if any, are reflected as increases in net assets.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 9, 2010, the date the financial statements were available to be issued.

3. Property and Equipment

Property and equipment at June 30, 2010 consisted of the following:

Buildings	\$ 95,766
Land	14,400
Renovations	<u>830,591</u>
	940,757
Less - accumulated depreciation	<u>(116,173)</u>
	<u>\$ 824,584</u>

4. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2010:

Art Park	<u>\$ 15,500</u>
----------	------------------

5. Grants Awarded

During 2008, a conditional grant was awarded by Cameron Foundation to the Virginia State University Foundation (VSUF) on behalf of the Organization, for capital improvements, staff salary, and general operating costs related to the promotion of art in Petersburg. The grant is a dual initiative for the Organization and VSUF in the amount of \$ 750,000 to be paid outright with up to \$750,000 more to be paid as a matching grant to the extent that VSUF and the Organization are able to obtain funds from outside sources at a 1 to 2 ratio. At June 30, 2010, \$830,591 of this grant money had been spent by the Organization for capital improvements and recorded as income in 2008, 2009, and 2010.

6. Collections

The Organization's collections are made up of various works of art. Each item is cataloged for educational and curatorial purposes and activities verifying their existence and assessing their condition are performed continuously. No items were deaccessioned in the year ended June 30, 2010. The Organization also exhibits traveling collections owned by other organizations.

* * * * *