

VENICE ART CENTER, INC.
VENICE, FLORIDA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2011

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Peacock & French, CPAs, P.A.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Venice Art Center, Inc.
390 South Nokomis Avenue
Venice, Florida 34285

We have audited the accompanying statement of assets, liabilities, and net assets-cash basis of Venice Arts Center, Inc. (a non-profit organization) as of December 31, 2011, and the related statement of revenue and expenses-cash basis 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.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Venice Arts Center, Inc., (a non-profit organization) as of December 31, 2011, and its revenue and expenses for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of administrative and general expenses on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants
April 24, 2012

VENICE ART CENTER, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:	
Cash	\$ 105 040
Utility deposits	225
Prepaid insurance	6 459
Other current assets	551
Inventory	<u>581</u>
Total current assets	<u>112 856</u>
ENDOWMENT INVESTMENTS:	
Investment – Gulf Coast Community Foundation of Venice	<u>98 546</u>
Total endowment investments	<u>98 546</u>
FIXED ASSETS:	
Building and addition	1 284 026
Landscaping	34 086
Signs	12 538
Furniture and equipment	89 124
Sculpture	<u>17 860</u>
	1 437 634
Less: accumulated depreciation	(650 660)
Total fixed assets	<u>786 974</u>
TOTAL ASSETS	<u>998 376</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	3 881
Payroll taxes payable	2 383
Sales tax payable	390
Deferred sales	<u>3 255</u>
Total liabilities	<u>9 909</u>
NET ASSETS:	
Unrestricted	871 744
Temporarily restricted	18 177
Permanently restricted	<u>98 546</u>
Total net assets	<u>988 467</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 998 376</u>

The accompanying notes are an integral part of these financial statements.

VENICE ART CENTER, INC.
STATEMENT OF REVENUE AND EXPENSES- CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Unrestricted Net Assets

REVENUES AND GAINS:

Donations	\$	22 386
Membership		50 685
Gallery sales		57 181
Class fees		179 324
Special events		18 227
Exhibitions		30 842
Rental		8 247
Interest and investment income		402
Other income and allowances - net		<u>1 766</u>
 TOTAL REVENUES AND GAINS		 <u>369 060</u>

NET ASSETS RELEASED FROM TIME RESTRICTION 10 000

EXPENSES:

Gallery sales commissions		29 378
Special events		15 676
Programs and instructors		116 527
Depreciation		32 659
Contribution to Gulf Coast Community Foundation		9 222
Administrative and general expenses		<u>221 786</u>

TOTAL EXPENSES 425 248

DECREASE IN UNRESTRICTED NET ASSETS (46 188)

Temporarily Restricted Net Assets

DONATIONS		17 577
NET ASSETS RELEASED FROM RESTRICTION		(<u>10 000</u>)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS		<u>7 577</u>

Permanently Restricted Net Assets

CONTRIBUTION		8 527
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS		<u>8 527</u>

NET ASSETS - BEGINNING OF YEAR 1 018 551

NET ASSETS - END OF YEAR \$ 988 467

The accompanying notes are an integral part of these financial statements.

VENICE ART CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Venice Art Center, Inc. is a nonprofit corporation. The Organization provides arts, education, development and presentation of the fine arts to adults, senior citizens and children in the Venice community.

The Venice Art Center, Inc. is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Organization's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Financial Statement Presentation

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, Financial 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.

The financial statements reflect the following Funds:

- General funds which include unrestricted resources available for operations of the Art Center.
- Endowment funds which include restricted resources subject to gifts requiring principal be retained and only income available to be used.

Contributions

The Organization records contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Fixed Assets

Fixed assets including building, furniture and equipment are recorded at cost. Depreciation is computed on a straight line basis over lives ranging from 5 to 40 years.

VENICE ART CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 those estimates.

NOTE 2 - DONATED SERVICES:

The value of donated volunteer services is not reflected in the accompanying financial statements since there are not objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time in fund raising and other efforts.

NOTE 3 - LEASE COMMITMENTS:

The Venice Art Center Inc.'s building is located on land which is owned by the City of Venice. A twenty year lease was entered in to on December 30, 2011. The lease is for One Dollar (\$1) per year.

NOTE 4 - CHARITABLE FUND AGREEMENT:

The Venice Art Center, Inc. established a charitable fund agreement with The Gulf Coast Community Foundation, Inc. dated December 10, 1997. Generally, gifts and contributions received from Venice Art Center are retained by The GCCF and net income is to be distributed to Venice Art Center, Inc. annually. The fund balance as of December 31, 2011 is \$98,546.

The Venice Art Center, Inc. has a beneficial interest in a separate endowment fund with The Gulf Coast Community Foundation, Inc. Neither the Venice Art Center, Inc. nor the donors have any control over this fund. The fund balance as of December 31, 2011 is \$20,793. There were no distributions from this endowment fund during the year-ended 2011. The endowment fund balance is not reflected in these financial statements.

NOTE 5 – SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to December 31, 2011 through April 24, 2012 (the date of financial statement issuance) for potential recognition and disclosure.

SUPPLEMENTARY INFORMATION

VENICE ART CENTER, INC.
ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

Salaries	\$ 105 856
Office supplies and expenses	6 589
Maintenance	15 712
Payroll tax expense* includes SUTA for prior years	9 747
Utilities	25 460
Insurance	20 302
Printing	2 581
Postage	2 328
Advertising	2 546
Accounting and bookkeeping	2 475
Credit card processing	5 941
Public relations	582
Fund raising	7 302
Equipment lease	7 480
Miscellaneous	3 235
Professional fees	<u>3 650</u>
Total Administrative and General Expenses	<u>\$ 221 786</u>

See independent auditors' report.