

**THE FOUNDATION OF ARTS  
FOR NORTHEAST ARKANSAS, INC.  
JONESBORO, ARKANSAS**

**FINANCIAL STATEMENTS  
JULY 31, 2017 AND 2016**

## Table of Contents

Independent Auditors' Report.....	1 - 2
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Cash Flows .....	5
Notes to the Financial Statements.....	6 – 11
Schedules of Functional Expenses.....	12 - 13

SHERRY STRINGER, CPA  
BRENT STIDMAN, CPA  
JEREMY WATSON, CPA, CVA  
DEREK DODD, CPA, CITP

HAL WHITE, CPA/ABV, CVA  
CHERYL DEEN, CPA, CSEP  
CHARLOTT JONES, CPA  
KYLE WINDMEYER, CPA, CVA  
MELISSA WILLIAMS, CPA  
JOY EMERY, CPA  
ALAN ROGERS, CPA  
TODD THOMPSON, CPA

# Jones & Company, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

PHIL JONES  
1930 - 2004

MEMBER PRIVATE  
COMPANIES PRACTICE  
SECTION OF AMERICA  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

MEMBER  
ARKANSAS SOCIETY  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Foundation of Arts for Northeast Arkansas, Inc.  
Jonesboro, Arkansas

We have audited the accompanying financial statements of The Foundation of Arts for Northeast Arkansas, Inc. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

"AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA"

PHONE 870.935.2871 | FAX 870.935.6374

2223 BROWNS LANE | P.O. DRAWER 16307 | JONESBORO, ARKANSAS 72403

WWW.JONESCPA.COM

AN INDEPENDENT MEMBER OF  
**BDO**  
ALLIANCE USA

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation of Arts for Northeast Arkansas, Inc. as of July 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Jones & Company LTD". The signature is written in a cursive, flowing style.

Jones & Company, Ltd.  
Jonesboro, Arkansas  
March 9, 2018

**The Foundation of Arts for Northeast Arkansas  
Statements of Financial Position**

	<u>July 31, 2017</u>	<u>July 31, 2016</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 99,158	\$ 90,786
Accounts receivable	9,233	8,882
Promises to give	-	2,930
Grants receivable	-	1,250
Inventory	3,826	2,377
	<u>\$ 112,217</u>	<u>\$ 106,225</u>
 <b>Property and Equipment</b>		
Leasehold improvements	\$ 41,657	\$ 41,657
Furniture, fixtures and equipment	122,192	112,516
Less accumulated depreciation	91,647	74,223
	<u>\$ 72,202</u>	<u>\$ 79,950</u>
 <b>Total Assets</b>	 <u><u>\$ 184,419</u></u>	 <u><u>\$ 186,175</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 14,883	\$ 5,433
Accrued liabilities	16,098	13,447
Deferred revenue	3,691	1,944
Current portion of long term debt	4,737	3,147
Current obligations under capital lease	8,053	7,242
	<u>\$ 47,462</u>	<u>\$ 31,213</u>
 <b>Long-Term Liabilities</b>		
Noncurrent portion of long term debt	\$ 13,815	\$ 14,866
Noncurrent obligations under capital lease	6,986	15,039
	<u>\$ 20,801</u>	<u>\$ 29,905</u>
 <b>Total Liabilities</b>	 <u><u>\$ 68,263</u></u>	 <u><u>\$ 61,118</u></u>
 <b>Net Assets</b>		
Unrestricted	\$ 116,156	\$ 125,057
<b>Total Net Assets</b>	<u><u>\$ 116,156</u></u>	<u><u>\$ 125,057</u></u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 184,419</u></u>	 <u><u>\$ 186,175</u></u>

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

**The Foundation of Arts for Northeast Arkansas**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended**

	<u>July 31,</u> <u>2017</u>	<u>July 31,</u> <u>2016</u>
<b>Changes in Unrestricted Net Assets</b>		
<b>Revenue and Other Support</b>		
Donated materials, services, and facilities	\$ 178,191	\$ 166,620
Education	170,171	152,559
Production	133,718	135,302
Grants and allocations	71,073	85,657
Donations	78,519	79,962
Fundraising	28,973	39,554
Concessions, costumes and other sales	33,148	33,054
Outreach	13,698	10,458
Reimbursements for custodial expenses	26,458	6,000
Rent	6,480	5,335
<b>Total Revenue and Other Support</b>	<u>\$ 740,429</u>	<u>\$ 714,501</u>
<b>Total Net Assets Released from Restrictions</b>	<u>\$ -</u>	<u>\$ 1,500</u>
<b>Total Unrestricted Revenue and Other Support</b>	<u>\$ 740,429</u>	<u>\$ 716,001</u>
<b>Functional Expenses</b>		
Production costs	\$ 250,763	\$ 232,751
Educational costs	118,673	126,233
Outreach	7,275	6,305
General and administrative	355,282	282,585
Fundraising expenses	17,337	20,822
<b>Total Functional Expenses</b>	<u>\$ 749,330</u>	<u>\$ 668,696</u>
Reclass net assets	\$ -	\$ 5,300
<b>Increase in Unrestricted Net Assets</b>	\$ (8,901)	\$ 52,605
<b>Changes In Temporarily Restricted Net Assets</b>		
Net assets released from restrictions	\$ -	\$ (1,500)
Reclass net assets	-	(5,300)
<b>Decrease in Temporarily Restricted Net Assets</b>	<u>\$ -</u>	<u>\$ (6,800)</u>
Change in Net Assets	\$ (8,901)	\$ 45,805
Beginning Net Assets	125,057	79,252
<b>Ending Net Assets</b>	<u><u>\$ 116,156</u></u>	<u><u>\$ 125,057</u></u>

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

**The Foundation of Arts for Northeast Arkansas**  
**Statements of Cash Flows**  
**For the Year Ended**

	<b>July 31, 2017</b>	<b>July 31, 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (8,901)	\$ 45,805
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	17,425	12,780
(Increase) decrease in:		
Accounts receivable	(351)	(6,999)
Promises to give	2,930	(2,930)
Grants receivable	1,250	250
Inventory	(1,449)	928
Increase (decrease) in:		
Accounts payable	9,450	(1,937)
Accrued expenses	2,651	(14,897)
Deferred revenue	1,747	(184)
Net cash provided by operating activities	\$ 24,752	\$ 32,816
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for the purchase of property	\$ (9,677)	\$ (24,179)
Net cash used for investing activities	\$ (9,677)	\$ (24,179)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital campaign contributions (received) reclassified	\$ -	\$ 5,300
Principal payments on capital leases	(7,242)	(7,064)
Principal payments on note payable	539	(887)
Net cash used for financing activities	\$ (6,703)	\$ (2,651)
<b>NET INCREASE IN CASH</b>	\$ 8,372	\$ 5,986
Beginning cash	90,786	84,800
<b>Ending Cash</b>	\$ 99,158	\$ 90,786
<b><i>Supplemental Disclosures for Cash Flows</i></b>		
Cash paid for interest	\$ 1,012	\$ 652
Non-cash activities		
Advertising and marketing	\$ 60,136	\$ 47,044
Rent	96,000	96,000
Utilities & facilities maintenance	21,776	23,576
Note payable utilized to purchase property and equipment	\$ -	\$ 18,900
Purchase of property and equipment via note payable	-	(18,900)
	\$ -	\$ -

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

**The Foundation of Arts for Northeast Arkansas, Inc.**  
**Notes to the Financial Statements**

---

**1) NATURE OF BUSINESS**

The Foundation of Arts for Northeast Arkansas, Inc. (the “FOA”) is a nonprofit corporation that offers community enrichment through arts education, community theatre, and mission outreach. The FOA has been serving Jonesboro, Arkansas and surrounding communities since 1986.

**2) SIGNIFICANT ACCOUNTING POLICIES**

**Advertising and Marketing**

The FOA expenses advertising and marketing costs as incurred. Advertising expense, including donated advertising, for the years ended July 31, 2017 and 2016, was \$65,334 and \$51,829, respectively.

**Basis of Accounting**

The financial statements of the FOA are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenue is recognized when earned and when the amount and timing of the revenue can be reasonably estimated. Expenses are recognized as they occur.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-210, *Presentation of Statements of Not-For-Profit Entities*. Under FASB ASC 958-210, the FOA 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.

*Permanently restricted net assets* – net assets subject to donor-imposed stipulations that the net assets be maintained permanently by the FOA. Generally, the donors of these assets permit the FOA to use all or part of the income earned on related investments for general or specific purposes in support of the FOA.

*Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that may or will be met by actions of the FOA and/or passage of time. When the restrictions on contributions are met in the same period that the contribution is received, the contribution is reported in the statements of activities as temporarily restricted revenues and as net assets released from restrictions.

*Unrestricted net assets* – net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations.

**The Foundation of Arts for Northeast Arkansas, Inc.**  
**Notes to the Financial Statements**

---

**2) SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributions**

The FOA has adopted the provision of FASB ASC 958-605, *Revenue Recognition for Contributions*; whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restriction. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Contributions are recorded at their fair market value at the date of their receipt.

**Donated Non-Cash Assets, Donated Facilities, and Donated Services**

Donated noncash assets and donated facilities are recorded at their fair values in the period received. The FOA recognizes the fair value of contributed services it receives if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The FOA also receives a significant amount of donated services from unpaid volunteers who assist in various programs and fundraising which do not meet the criteria for financial statement recognition in accordance with FASB ASC 958-605 *Not-for-Profit Entities Revenue Recognition*. Refer to Note 6 for further disclosure.

**Date of Management Review**

The FOA has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 9, 2018, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**Deferred Revenue**

Deferred revenue represents the portion of total revenue from ticket sales or tuition fees received by the FOA that have not yet been earned. All deferred revenues as of July 31, 2017 and 2016 were from tuition fees.

**Income Taxes**

The FOA is exempt from federal income tax under the provisions of Internal Revenue Code Section 501(c)(3). Therefore, no provision for federal or state income taxes has been made.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the FOA and recognize a tax liability (or asset) if the FOA has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The FOA has analyzed all tax positions and does not feel any meet the requirements for reporting under the standard. The FOA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The FOA believes it is no longer subject to income tax examinations for years prior to 2014.

**The Foundation of Arts for Northeast Arkansas, Inc.**  
**Notes to the Financial Statements**

---

**2) SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

**Inventory**

Inventory consists of dance attire and is stated at the lower of cost or market. Cost is determined using the first in, first-out method.

**Liquidity**

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

**Property and Equipment**

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation and are depreciated using the straight-line method over estimated lives as follows:

Leasehold improvements	10 – 40 years
Furniture, fixtures and equipment	3 – 10 years

Depreciation expense was \$17,425 and \$12,780 for the years ended July 31, 2017 and 2016, respectively. Additions that extend the lives of the assets are capitalized while repairs and maintenance costs are expensed as incurred. When property and equipment are retired, the related cost and accumulated depreciation is removed from the statement of financial position and the resultant gain or loss is recorded.

**Reclassifications**

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation. These reclassifications had no effect on the FOA's change in net assets.

**Tuition and Grants Receivables**

The FOA considers all grants billed for, but not received as a receivable. Tuition and grants receivables are reported at the amount the FOA expects to collect on balances outstanding at year end. If necessary, the FOA provides for an allowance for doubtful accounts receivable. Accounts are written off against the allowance when deemed to be uncollectible. The receivables have been adjusted for all known uncollectible accounts, and no reserve was considered necessary.

**The Foundation of Arts for Northeast Arkansas, Inc.**  
**Notes to the Financial Statements**

---

**2) SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of 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, liabilities, and disclosure 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.

**3) CAPITAL LEASE**

The FOA leases a copier under a non-cancelable lease agreement expiring July 31, 2019. The lease contains a base amount with additional cost for usage over the allowed maximum amount. The following is an analysis of the leased property under the capital lease.

Furniture, fixtures and equipment	\$	36,234
Less accumulated depreciation		21,740
		14,494

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of July 31, 2017:

Fiscal year ending July 31,		
2018	\$	7,716
2019		7,716
Total minimum lease payments	\$	15,432
Less: Amount representing interest <sup>(a)</sup>		(393)
Present value of net minimum lease payments <sup>(b)</sup>	\$	15,039

(a) Amount necessary to reduce net minimum lease payments to present value calculated at the FOA's incremental borrowing rate at lease inception.

(b) Reflected in the statement of financial position as current and noncurrent obligations under capital lease of and \$8,053, respectively.

**4) OPERATING LEASES**

The FOA leases a portion of its facilities under two leases. The first lease expired June 30, 2017 and the second lease expires August 31, 2017. The first lease is for five years and has an option to renew with a ten percent increase in rent for an additional five-year period. The second is a triple net lease for five years and has an option to renew with a \$200 increase in monthly rent for an additional one-year period. The second lease was renewed in August 2017 and is included in the future minimum lease payments. Rent expense for the operating leases for the years ended July 31, 2017 and 2016 amounted to \$36,000.

**The Foundation of Arts for Northeast Arkansas, Inc.**  
**Notes to the Financial Statements**

---

**4) OPERATING LEASES (continued)**

The following is a schedule by year of future minimum rental payments required under the operating leases in effect as of July 31, 2017:

2018	\$25,800
2019	\$24,000
2020	\$24,000
2021	\$24,000
2022	\$24,000
	<u>\$ 121,800</u>

**5) TEMPORARILY RESTRICTED NET ASSETS**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the years ended July 31:

	<u>2017</u>	<u>2016</u>
Purpose for restriction accomplished:		
General and administrative expenses	\$ -	\$ 1,500
	<u>\$ -</u>	<u>\$ 1,500</u>

**6) DONATED SERVICES AND FACILITIES**

Donated services and facilities have been included in the financial statements at fair market value and are reflected as production, general and administrative, or fundraising expenses as applicable in the schedule of functional expenses. The following table summarizes the donated services and facilities for the years ended July 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Advertising and marketing	\$ 60,136	\$ 47,044
Facilities	96,000	96,000
Utilities	21,776	23,576
	<u>\$ 177,912</u>	<u>\$ 166,620</u>

**7) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited, based upon various subjective factors including, but not limited to, an estimate of employees' time dedicated to program services and physical location space utilized.

**The Foundation of Arts for Northeast Arkansas, Inc.**  
**Notes to the Financial Statements**

---

**8) CONCENTRATIONS**

For the years ended July 31, 2017 and 2016 the FOA received approximately 20% and 22% of its revenue and other support from one donor.

**9) NOTE PAYABLE**

Note payable as of July 31, 2017 consists of the following:

Note payable to a financing company, monthly payments of \$395, including interest of 0%, collateralized by a sign, maturity date May 2021	\$ 18,552
--	-----------

Less current portion	4,737
	<u>\$ 13,815</u>

Future maturities of debt are as follows:

2018	\$ 4,737
2019	4,737
2020	4,737
2021	4,341
	<u>\$ 18,552</u>

**10) RECLASSIFICATION**

At various times, donations and other restricted funds will be reclassified at the request of the donors. These reclassifications are reflected in the statements of activities.

**The Foundation of Arts for Northeast Arkansas  
Schedule of Functional Expenses  
For the Year Ended July 31, 2017**

	Production Costs	Educational Costs	Outreach	General & Administration	Fundraising	Total
Advertising and marketing	\$ 66	\$ -	\$ -	\$ 5,132	\$ -	\$ 5,198
Bad debt expense	-	-	-	1,895	-	1,895
Banking and merchant fees	5,172	6,583	-	-	-	11,755
Continuing education	-	-	-	7,457	-	7,457
Contract labor	31,062	18	-	3,909	-	34,989
Cost of sales	498	17,832	-	-	1,817	20,148
Depreciation	1,812	1,812	-	11,989	1,812	17,425
Dues, memberships and subscriptions	-	-	-	9,187	-	9,187
Education						
- Supplies	-	578	-	-	-	578
- Spring showcase costumes and other	-	8,749	-	-	-	8,749
- Other	-	4,080	-	-	-	4,080
Facilities upkeep, taxes and utilities	-	-	-	27,563	-	27,563
Fundraising	-	-	-	-	9,176	9,176
In-kind expenses						
- Advertising and marketing	48,109	12,027	-	-	-	60,136
- Rent	86,400	-	-	9,600	-	96,000
- Utilities & facilities maintenance	19,598	-	-	2,178	-	21,776
Insurance	-	-	-	16,351	-	16,351
Interest expense	253	253	-	253	253	1,012
Miscellaneous	585	-	-	25,634	-	26,219
Office supplies, equipment and copier	-	-	-	17,140	203	17,343
Outreach	-	-	2,278	-	-	2,278
Production	57,208	-	-	-	-	57,208
Professional fees	-	-	-	11,500	-	11,500
Rent	-	18,300	-	22,177	4,076	44,553
Salaries, employee benefits, and employer expense	-	48,441	4,997	183,317	-	236,755
	<u>\$ 250,763</u>	<u>\$ 118,673</u>	<u>\$ 7,275</u>	<u>\$ 355,282</u>	<u>\$ 17,337</u>	<u>\$ 749,330</u>

*See independent auditors' report.*

**The Foundation of Arts for Northeast Arkansas  
Schedule of Functional Expenses  
For the Year Ended July 31, 2016**

	Production Costs	Educational Costs	Outreach	General & Administration	Fundraising	Total
Advertising and marketing	\$ 1,390	\$ -	\$ 180	\$ 3,215	\$ -	\$ 4,785
Bad debt expense	-	1,442	-	-	-	1,442
Banking and merchant fees	5,370	6,054	-	-	-	11,424
Continuing education	-	-	-	6,134	-	6,134
Contract labor	35,054	4,745	-	7,350	-	47,149
Cost of sales	7,611	6,627	-	-	2,090	16,328
Depreciation	1,812	1,812	-	7,344	1,812	12,780
Dues, memberships and subscriptions	-	-	-	3,724	-	3,724
Education						
- Supplies	-	369	-	-	-	369
- Spring showcase costumes and other	-	5,970	-	-	-	5,970
- Other	-	1,211	-	-	-	1,211
Facilities upkeep, taxes and utilities	-	-	-	20,432	-	20,432
Fundraising	536	-	-	-	14,065	14,601
In-kind expenses						
- Advertising and marketing	37,635	9,409	-	-	-	47,044
- Rent	86,400	-	-	9,600	-	96,000
- Utilities & facilities maintenance	21,218	-	-	2,358	-	23,576
Insurance	-	-	-	15,907	-	15,907
Interest expense	163	163	-	163	163	652
Loss on disposal of fixed assets	-	-	-	-	-	-
Miscellaneous	29	-	-	5,149	-	5,178
Office supplies, equipment and copier	1,269	-	-	13,830	1,144	16,243
Outreach	-	-	3,820	-	-	3,820
Production	34,263	-	-	-	-	34,263
Professional fees	-	-	-	11,200	-	11,200
Rent	-	18,300	-	19,071	1,548	38,919
Salaries, employee benefits, and employer expense	-	70,132	2,305	157,108	-	229,545
	<u>\$ 232,751</u>	<u>\$ 126,233</u>	<u>\$ 6,305</u>	<u>\$ 282,585</u>	<u>\$ 20,822</u>	<u>\$ 668,696</u>

*See independent auditors' report.*