

**The Artist Outreach, Inc.**  
**Financial Statements**  
**December 31, 2017**

***Lynette W. MacDonald***  
***Certified Public Accountant***

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To the Board of Directors  
The Artist Outreach, Inc.  
Dallas, TX

Management is responsible for the accompanying financial statements of The Artist Outreach, Inc.(a nonprofit organization),which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows, for the year then ended, and related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

#### **Supplementary Information**

The supplementary information contains the statement of functional expenses and is presented for purpose of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.



Lynette MacDonald CPA  
Galveston TX  
July 13, 2018

**THE ARTIST OUTREACH, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

**ASSETS**

**CURRENT ASSETS**

Cash	\$98,497
Accounts receivable	\$7,264
<b>TOTAL CURRENT ASSETS/ TOTAL ASSETS</b>	<u>105,761</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$1,604
<b>TOTAL CURRENT LIABILITIES/ TOTAL LIABILITIES</b>	<u>1,604</u>

**NET ASSETS**

Net assets Temporarily Restricted	23,550
Net assets Unrestricted	80,607
<b>TOTAL NET ASSETS</b>	<u>104,157</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$105,761</u>
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See Accountant's Compilation Report

**THE ARTIST OUTREACH, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**CHANGES IN UNRESTRICTED NET ASSETS**

**REVENUE AND SUPPORT**

Program and workshop fees	\$141,575
Donations	3,576
Donated services	1,350
<b>TOTAL UNRESTRICTED REVENUE</b>	<b>146,501</b>

Net assets released from restrictions satisfied by payments	104,352
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<b>TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT</b>	<b>250,853</b>
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**EXPENSES**

Program service expense	162,601
Management and general expense	28,276
Fundraising expense	12,177
<b>TOTAL EXPENSES</b>	<b>203,054</b>

<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>47,799</b>
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**CHANGES IN TEMPORARILY RESTRICTED NET ASSETS**

**REVENUE AND SUPPORT**

Grants	85,000
Donations	11,994
Fundraising	22,908
Net assets released from restriction	(104,352)
<b>INCREASE IN TEMPORARILY RESTRICTED ASSETS</b>	<b>15,550</b>

<b>INCREASE IN NET ASSETS</b>	<b>63,349</b>
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<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>40,808</b>
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<b>NET ASSETS AT END OF YEAR</b>	<b>\$104,157</b>
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**THE ARTIST OUTREACH, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Decrease in net assets	\$63,349
Adjustments to reconcile net assets to cash provided by operating activities:	
(Increase) decrease in :	
Accounts receivable	(6,139)
Increase (decrease) in:	
Accounts payable	(2,133)
<b>Net Cash Provided by Operating Activities/Net Increase in Cash</b>	<u>55,077</u>
<b>Cash at Beginning of Year</b>	<u>43,420</u>
<b>Cash at End of Year</b>	<u><u>\$98,497</u></u>

**SUPPLEMENTAL DISCLOSURES**

Cash paid during year for:

Income taxes	<u>\$0</u>
Interest	<u><u>\$0</u></u>

**See Accountant's Compilation Report**

**THE ARTIST OUTREACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31 2017**

**NOTE A – NATURE OF ACTIVITIES**

The Artist Outreach, Inc.(TAO) is a Dallas based regional nonprofit organization that was established in 2012. It was organized to work to change the educational, emotional, and financial futures through creative arts with programs that are provided to schools and advocacy centers. The vision of the Organization is to encourage self-expression which leads to self-discovery. Self-discovery then leads to new approaches and opportunities for innovation. Innovation gives students the ability to compete in the global workforce. The

Artist Outreach, Inc. provides three programing tracks for students:

The STREAMliners program provides services to schools as a supplemental education through cross-curricular arts integration, reinforcing the teachers' lessons with a strong emphasis on imaginative and playful techniques.

Inspired Living is designed for advocacy centers and other like non-profit organizations. The program provides after hours activities that build the individual's creative thought process through art therapy. It is used as a way to manufacture creativity, while building self-esteem.

Healing in Motion is designed for the adults who are residents or are a part of advocacy centers and other like non-profit organizations. The program is used to show the individuals how creativity can be a part of their everyday tasks, such as culinary and nutrition, grooming, and yoga and other forms of regular body movement.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Artist Outreach, Inc. prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor or management imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and /or the passage of time. When a 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.

**THE ARTIST OUTREACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31 2017**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Basis of Accounting -continued**

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

**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.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, liquid investments with a maturity of three months or less are treated as cash equivalents. These consist of two checking accounts. The carrying value of the cash equivalents approximates fair value because of the short maturities of those financial instruments.

**Accounts Receivable**

Accounts receivable consist of a Paypal account that is used for collecting revenue and other program service revenue due. There is no allowance as these are considered collectible.

**Revenue Recognition**

Donations 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 support is 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.

**THE ARTIST OUTREACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31 2017**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Contributed Services**

The Organization receives some donated services for accounting services. \$1,350.00 is reflected in the financial statements for these services. The Organization had approximately 300 volunteer hours from individuals not on the board.

**Income Taxes**

The Artist Outreach, Inc. is a not-for-profit organization exempt from federal income taxes under the Internal Revenue Code Section 501C (3). Accordingly, no provision for federal income taxes has been made. The Organization had been classified as an Organization that is not a private foundation.

**NOTE C – OPERATING LEASES**

The Organization rents office space on a yearly basis and is paid monthly. The lease was extended for term September 1, 2017 through August 31, 2018. A total of rent expense for the period was \$6,093.

**NOTE D– RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of funds for the Streamliners and Inspired living programs in the amount of \$23,549.

**NOTE E - RELATED PARTY TRANSACTIONS**

The Executive Director and one of the board members each received \$1,000 for the production of a video to be used by the Organization. The executive director donated \$928 of this amount back to the Organization during 2017.

The Executive Director created and owns a license for the Games Method Portal and software under the name of The Games Method LLC. The Organization paid to use the portal and software at a rate of \$50 per stand-alone class not to exceed \$200 per school per week. The license agreement began in 2017. The Organization began using the software and portal in 2015. Of these fees a total of \$25,140 was paid in 2017. The licensing agreement is being renegotiated in 2018.

**NOTE F– COMMITMENTS AND CONTINGENCIES**

Cash available at December 31, 2017 was \$98,497. Of this amount \$23,549 is temporarily restricted for programs.



**THE ARTIST OUTREACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31 2017**

**NOTE G - SUBSEQUENT EVENTS**

Subsequent to year end the Organization has received 13 grants totaling \$134,000. These grants are to be used for programs in 2018.

**NOTE H – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through July 13, 2017 the date the financial statements were available to be issued.

## **Supplementary Information**

**THE ARTIST OUTREACH, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising Expense</b>	<b>Total Expenses</b>
Salaries	\$57,775	\$12,000	\$0	\$69,775
Payroll taxes	4,519	925	0	5,444
Contract labor	62,159	0	0	62,159
Conference and workshop	24,640	0	0	24,640
Travel/meals	6,855	1,356	0	8,211
Insurance	2,599	907	0	3,506
Marketing	0	0	0	0
Telephone & website	1,893	1,144	0	3,037
Supplies	2,161	3,076	0	5,237
Professional fees	0	2,775	0	2,775
Grant writing	0	0	3,418	3,418
Rent	0	6,093	0	6,093
Fundraising expense	0	0	8,759	8,759
<b>Total Expenses</b>	<b>\$162,601</b>	<b>\$28,276</b>	<b>\$12,177</b>	<b>\$203,054</b>

**See Accountant's Compilation Report**