

THE BRONX MUSEUM OF THE ARTS

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2010 AND 2009

THE BRONX MUSEUM OF THE ARTS

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-11
Additional Information	
Independent Auditors' Report on Additional Information	13
Schedule of Functional Expenses	14



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Bronx Museum of the Arts

We have audited the accompanying statements of financial position of The Bronx Museum of the Arts (a not-for-profit corporation) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bronx Museum of the Arts, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
December 9, 2010

THE BRONX MUSEUM OF THE ARTS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Assets						
Cash and cash equivalents (Notes 1b and 3)	\$ -	\$ 499,046	\$ 499,046	\$ -	\$ 360,031	\$ 360,031
Unconditional promises to give (Notes 1c and 4)	23,794	385,500	409,294	10,000	409,998	419,998
Accounts receivable	8,000	-	8,000	9,123	-	9,123
Prepaid expenses and other current assets	50,608	-	50,608	78,097	-	78,097
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 5)	2,034,065	-	2,034,065	2,111,082	-	2,111,082
Interfund receivable (payable)	(7,204)	7,204	-	(271,949)	271,949	-
Total Assets	\$ 2,109,263	\$ 891,750	\$3,001,013	\$ 1,936,353	\$1,041,978	\$2,978,331
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	\$ 5,897	\$ -	\$ 5,897	\$ 155,145	\$ -	\$ 155,145
Salaries and accrued vacation payable	41,705	-	41,705	55,596	-	55,596
Loans and accrued interest payable (Note 6)	1,340,509	-	1,340,509	1,318,151	-	1,318,151
Line of credit payable (Note 7)	-	-	-	1,650	-	1,650
Total Liabilities	1,388,111	-	1,388,111	1,530,542	-	1,530,542
Commitments and Contingencies (Notes 6, 8 and 11)						
Net Assets						
Unrestricted						
Property and equipment	830,940	-	830,940	970,457	-	970,457
Undesignated	(109,788)	-	(109,788)	(564,646)	-	(564,646)
Temporarily restricted (Note 2)	-	891,750	891,750	-	1,041,978	1,041,978
Total Net Assets	721,152	891,750	1,612,902	405,811	1,041,978	1,447,789
Total Liabilities and Net Assets	\$ 2,109,263	\$ 891,750	\$3,001,013	\$ 1,936,353	\$1,041,978	\$2,978,331

See notes to financial statements.

THE BRONX MUSEUM OF THE ARTS
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support						
Public Support						
Contributions	\$ 1,464,326	\$ 581,899	\$2,046,225	\$ 1,285,028	\$ 749,351	\$2,034,379
Benefit income net of direct benefit expenses of \$64,813 (2010) and \$32,710 (2009)	220,609	-	220,609	79,129	-	79,129
Donated services (Note 10)	254,112	-	254,112	258,025	-	258,025
Net assets released from restrictions						
Satisfaction of time and program restrictions	732,127	(732,127)	-	938,325	(938,325)	-
Total Public Support	2,671,174	(150,228)	2,520,946	2,560,507	(188,974)	2,371,533
Earned Revenue						
Admissions	8,616	-	8,616	16,673	-	16,673
Museum store sales	12,017	-	12,017	22,791	-	22,791
Facility rentals	45,650	-	45,650	60,182	-	60,182
Education tuition and fees	17,560	-	17,560	16,026	-	16,026
Exhibition loan fees	-	-	-	600	-	600
Interest and dividends	1,694	-	1,694	2,991	-	2,991
Other revenue	5,688	-	5,688	6,646	-	6,646
Total Earned Revenue	91,225	-	91,225	125,909	-	125,909
Total Revenues, Gains and Other Support	2,762,399	(150,228)	2,612,171	2,686,416	(188,974)	2,497,442
Expenses						
Program Services						
Exhibitions and curatorial	950,798	-	950,798	1,318,103	-	1,318,103
Education	528,612	-	528,612	402,794	-	402,794
Total Program Services	1,479,410	-	1,479,410	1,720,897	-	1,720,897
Supporting Services						
Management and general	408,702	-	408,702	598,080	-	598,080
Fundraising	314,861	-	314,861	460,124	-	460,124
Capital	95,000	-	95,000	100,539	-	100,539
Total Supporting Services	818,563	-	818,563	1,158,743	-	1,158,743
Total Expenses	2,297,973	-	2,297,973	2,879,640	-	2,879,640
Increase (Decrease) in Net Assets Before Items Shown Below	464,426	(150,228)	314,198	(193,224)	(188,974)	(382,198)
Depreciation and amortization	(86,585)	-	(86,585)	(83,153)	-	(83,153)
Interest expense - mortgage loan	(62,500)	-	(62,500)	(62,500)	-	(62,500)
Other items (Note 8d)	-	-	-	(77,633)	-	(77,633)
Increase (decrease) in net assets	315,341	(150,228)	165,113	(416,510)	(188,974)	(605,484)
Net assets, beginning of year	405,811	1,041,978	1,447,789	822,321	1,230,952	2,053,273
Net Assets, End of Year	\$ 721,152	\$ 891,750	\$1,612,902	\$ 405,811	\$ 1,041,978	\$1,447,789

See notes to financial statements.

THE BRONX MUSEUM OF THE ARTS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 165,113	\$(605,484)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	86,585	83,153
Bad debt expense	-	13,632
(Increase) decrease in:		
Unconditional promises to give	10,704	403,098
Accounts receivable	1,123	(3,798)
Prepaid expenses and other current assets	27,489	(45,015)
Increase (decrease) in:		
Accounts payable and accrued expenses	(149,248)	102,136
Refundable grant	-	(150,000)
Salaries and accrued vacation payable	(13,891)	15,300
Accrued loan interest	62,500	62,500
Net Cash Provided (Used) By Operating Activities	<u>190,375</u>	<u>(124,478)</u>
 Cash Flows From Investing Activities		
Payments for purchase of equipment and renovations	<u>(9,568)</u>	<u>(32,196)</u>
 Cash Flows From Financing Activities		
Credit line borrowings	-	1,650
Credit line repayment	(1,650)	-
Principal repayments on loan payable	(40,142)	(37,474)
Net Cash Used By Financing Activities	<u>(41,792)</u>	<u>(35,824)</u>
 Net increase (decrease) in cash and cash equivalents	139,015	(192,498)
Cash and cash equivalents, beginning of year	<u>360,031</u>	<u>552,529</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 499,046</u>	<u>\$ 360,031</u>
 Supplemental Disclosure		
Interest paid	<u>\$ 15,963</u>	<u>\$ 17,738</u>

See notes to financial statements.

THE BRONX MUSEUM OF THE ARTS**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The Bronx Museum of the Arts (the "Museum") is a contemporary art museum that connects diverse audiences to the urban experience through its permanent collection, special exhibitions and education programs. Reflecting the borough's dynamic communities, the Museum is the crossroad where artists, local residents, national and international visitors meet in the Bronx. During fiscal year 2010, the Museum had several exhibitions: *Intersections: The Grand Concourse at 100 (Past, Present, and Future)*; *Living & Dreaming: AIM 29*; *Lobby Project: Vito Acconci*; *Road to Freedom: Photographs of the Civil Rights Movement, 1956-1968*; *After 1968: Contemporary Artists and the Civil Rights Legacy*; and *Urban Archives: Happy Together*. These exhibitions were accompanied by lectures, symposia, gallery tours, artist talks, performances, film and video screenings. Ongoing interpretive programs include the Group Visits Program; two School Partnership Programs with Bronx HS for the Visual Arts and PS 73; Family Affair, a program for children ages 5-12 and their parents; and after-school programs such as the Teen Council, and the CASA program with PS 73.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Museum considers all highly liquid debt instruments purchased with a maturity of three months or less, including money market accounts, to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. 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.

The Museum uses the allowance method to determine uncollectible promises to give. The allowance is based on prior year's experience and management's analysis of specific promises made.

d - Property and Equipment

Property and equipment acquired are recorded at cost. It is the Museum's policy to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Building, equipment and furniture are being depreciated over the useful life of the related asset using a straight-line method, with a half of a year's depreciation recognized in the year of acquisition and disposal.

THE BRONX MUSEUM OF THE ARTS**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Property and Equipment (continued)**

The Museum occupies buildings owned by the City of New York. The fair market value of the building is not determinable; therefore the donated use of the buildings has not been reflected within the financial statements. All improvements made by the Museum have been capitalized and are being depreciated over the useful lives of the assets.

e - Arts Collection

The Museum maintains a permanent collection of 20th and 21st century works by artists of African, Asian and Latin American ancestry. Additionally, the Museum collects works by artists for whom the Bronx has been critical to their artistic practice and development. A description of the contents of the permanent collection is maintained by the registrar. The collection is insured for \$3 million, plus \$1 million for items in transit or on loan at other locations. The value of the collection, which was acquired through purchases and contributions since the Museum's inception, is not reflected as an asset on the statement of financial position. Purchases of collection items are expensed in the year of acquisition. Contributions of collection items are not recognized in the statement of activities. Proceeds from deaccessions or insurance recoveries are reflected on the statement of activities based on the absence or existence and nature of donor-imposed restrictions. The Museum purchased a new work of art in 2010 for \$15,000. There were no acquisitions or deaccessions during 2009.

The collection is held for public service rather than financial gain, protected and preserved, and subject to an organizational policy that requires the proceeds from sales of such items to be used to acquire other items for collections.

f - Revenue Recognition

Earned revenue includes exhibition fees, education tuition and rental income. Fees are recognized upon fulfillment of the obligations under the agreements, when the exhibition is open to the general public, when the education program takes place and over the term of the rental, respectively.

g - Advertising Costs

Advertising costs are charged to operations at the time the advertising occurs. Advertising expense for 2010 and 2009 was \$20,591 and \$38,952, respectively.

h - Financial Statement Presentation

The Museum reports 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.

i - Tax Status

The Bronx Museum of the Arts is a not-for-profit organization exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Museum operates as a New York State not-for-profit corporation under a charter issued by The University of the State of New York and the State Education Department.

THE BRONX MUSEUM OF THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j - 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.

k - Subsequent Events

The Museum has evaluated subsequent events through December 9, 2010, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Assets

Temporarily restricted net assets are restricted to future programs and periods.

Note 3 - Concentration of Credit Risk

The Museum maintains its cash and cash equivalents at two financial institutions in New York. The cash balances, at times, may exceed federally insured limits.

Note 4 - Unconditional Promises To Give

Unconditional promises to give are due as follows.

	<u>Unrestricted</u>	<u>Future Periods and Programs</u>	<u>2010</u>	<u>2009</u>
Due in less than one year	\$23,794	\$385,500	\$409,294	\$374,647
Due in more than one year	-	-	-	50,000
	23,794	385,500	409,294	424,647
Discount to present value	-	-	-	(4,649)
Totals, 2010	<u>\$23,794</u>	<u>\$385,500</u>	<u>\$409,294</u>	
Totals, 2009	<u>\$10,000</u>	<u>\$409,998</u>		<u>\$419,998</u>

Uncollectible promises are expected to be insignificant. Uncollectible promises to give due in excess of one year at June 30, 2009 are discounted to net present value using a discount rate of 5%.

THE BRONX MUSEUM OF THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2010</u>	<u>2009</u>
Capitalized renovations	17 years	\$1,052,392	\$1,052,392
Leasehold improvements	20 years	254,790	250,000
Furniture and equipment	5 years	369,067	364,289
Atrium construction	15 years	<u>65,375</u>	<u>65,375</u>
		1,741,624	1,732,056
Less: Accumulated depreciation		<u>(1,308,597)</u>	<u>(1,222,012)</u>
		433,027	510,044
Land		<u>1,601,038</u>	<u>1,601,038</u>
		<u>\$2,034,065</u>	<u>\$2,111,082</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$86,585 and \$83,153, respectively.

Note 6 - Loans Payable

a - In March 2007, the Museum entered into a mortgage loan and security agreement with the Bronx Overall Economic Development Corporation ("BOEDC"). BOEDC provided a \$1,000,000 loan for the purchase of real property at 1057 Carroll Place, adjacent to the Museum. The loan is collateralized by a lien on the property. The Museum also entered into a development agreement and declaration of restrictive covenant with BOEDC. The property was acquired to establish additional exhibition space, offices, classroom and meeting facilities and for ancillary uses. The maturity date of the loan is March 1, 2011. The Museum expects the maturity date of this loan to be extended based on its revised timeline with respect to the development of its properties (Notes 8a).

During the term of the loan, interest accrues at 6.25%, however, there are no scheduled interest or principal payments. If at any time, prior to the maturity date, the Museum develops the property in a manner consistent with the requirements of the development agreement, then the loan principal and accrued interest shall be considered a grant to the Museum. However, if during the term of the loan there is an event of default, the loan and accrued interest are due on demand.

The agreement with BOEDC contains significant restrictions and covenants on the terms and type of development of the property. As of June 30, 2010, the project is in the early planning phase and the Museum had not entered into any development agreements.

THE BRONX MUSEUM OF THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 6 - Loans payable (continued)

a - (continued)

Interest expense for the years ended June 30, 2010 and 2009 was \$62,500. The balance of the loan and accrued interest at June 30, 2010 and 2009 was \$1,203,125 and \$1,140,625, respectively.

b - In June 2008, the Museum entered into a \$215,000 loan with a financial institution of which a board member is a director. The loan requires monthly payments of principal and interest at the rate of 6.5% per annum through June 30, 2013. The balance of the loan as of June 30 was \$137,384 (2010) and \$177,526 (2009).

Loan principal payments are due as follows:

<u>Year Ending June 30,</u>	
2011	\$ 42,950
2012	45,827
2013	<u>48,607</u>
	<u>\$137,384</u>

Note 7 - Line of Credit

The Organization obtained a \$50,000 line of credit, borrowings under which bear interest at a rate of 9.15% per annum. The Organization did not draw on the line of credit in fiscal year 2010. The balance of the line of credit as of June 30, 2009 was \$1,650.

Note 8 - Commitments and Contingencies

a - The Museum is currently in Phase II of a capital project to renovate and expand its facilities. Phase I began in 2003 with the construction of a new 16,000 square foot north wing, which had its grand opening on October 3, 2006.

The Museum has secured a total of approximately \$1.8 million in capital commitments from The City of New York (the "City") to fund the construction of an outdoor educational and activity Youth Garden on its adjacent properties on Carroll Place, pursuant to the Museum's Phase II development and expansion program. These funds were allocated to the Museum in the City's fiscal 2010 and 2011 Adopted Budget and capital allocation process. Design concept plans have been agreed and the Museum is currently completing the pre build and approval stages of this project. The City will require the mortgage granted to BOEDC under the terms of the BOEDC loan (referred to in Note 6 above) to be subordinated to a declaration in favor of the City regarding the use of the properties concerned.

THE BRONX MUSEUM OF THE ARTS**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 8 - Commitments and Contingencies (continued)**

a - (continued)

The Museum has also advanced preparation with respect to the Phase II redevelopment of the Museum's adjacent properties. The Museum has reopened discussions with prospective developers of these sites, and expects to consider in early 2011 proposals for the construction of a mixed-use development with a museum component and a residential or school component. Consistent with these plans and the timeframe for development, the Museum also expects to obtain an extension of the deadline for entering into a development agreement under the terms of the BOEDC loan.

b - The Museum is a member of the Cultural Institutions Group ("CIG"). The 34 members of this group occupy property owned by New York City, and receive significant capital and operating support from New York City through the Department of Cultural Affairs to help meet basic security, maintenance, and administration and energy costs (Note 9). In return for this support, these institutions operate as publicly-owned facilities whose mandate is to provide cultural services accessible to all New Yorkers. The Museum occupies the space at no charge and is obligated to maintain the building.

c - Certain non-management employees of the Organization have elected to work under a collective bargaining agreement with the Organization. Salaries and benefits paid under the agreement were \$330,787 and \$46,971 for 2010 and \$576,680 and \$68,518 for 2009.

d - During fiscal year ended June 30, 2009, the Museum discovered that an individual had misappropriated funds. Direct losses totaling \$77,633 have been identified to date. This individual had been retained by the Museum on a temporary basis through a staffing company. This amount excludes other costs and indirect losses incurred by the Museum as a result of the misappropriation. The Museum expects to recover a substantial portion of its total losses from the staffing company and under a related insurance claim. The amount recovered is expected to be greater than the fees invoiced by the staffing company, which have been disputed and not paid by the Museum, and which have not been accrued in the accompanying financial statements.

e - The Museum was named as a defendant in two actions filed in the New York State Court at June 30, 2009. Both plaintiffs claim injuries sustained on the Museum's premises. In 2010, one of the actions has been settled with the plaintiff through the Museum's insurance provider. Management believes that the outcome of the remaining action will have no material effect of the financial position of the Museum.

f - Government supported programs are subject to audit by the granting agency.

THE BRONX MUSEUM OF THE ARTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Note 9 - Department of Cultural Affairs (DCA)

The Museum received DCA operating support of \$ 624,135 and \$625,178 for the years ended June 30, 2010 and 2009, respectively. In addition, DCA paid directly \$218,378 and \$255,335 in energy costs and \$40,376 and \$36,566 in pension contributions on behalf of the Museum for the years ended June 30, 2010 and 2009, respectively.

Note 10 - Donated Services

Donated services are recorded at fair value and consist of the following:

	<u>2010</u>	<u>2009</u>
Energy costs (Note 9)	\$218,378	\$255,335
Benefit event expenses	26,734	2,690
Other	<u>9,000</u>	<u>-</u>
	<u>\$254,112</u>	<u>\$258,025</u>

Note 11 - Employee Benefit Plans

All eligible employees of the Museum may participate in three employee benefit plans sponsored by the Cultural Institution Retirement System (CIRS). CIRS is a City of New York sponsored plan and includes several not-for-profit organizations. The three plans consist of a non-contributory pension plan, a non-contributory group life insurance plan and a deferred savings plan. Pension (excluding amounts in Note 9 paid directly by the DCA) and group life insurance expense for the years ended June 30, 2010 and 2009 were \$12,472 and \$802 and \$24,331 and \$1,537 respectively. The actuarial present value of the accumulated plan benefits and net assets available for the benefits to employees under these multi-employer plans are not available.

Note 12 - Functional Allocation of Expenses

The cost of providing the program and the supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

ADDITIONAL INFORMATION



**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Trustees of
The Bronx Museum of the Arts

Our report on our audits of the basic financial statements of The Bronx Museum of the Arts for 2010 and 2009 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2010 with comparative totals for 2009 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.

Lutz + Carr, LLP

New York, New York
December 9, 2010

THE BRONX MUSEUM OF THE ARTS

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Program Services			Supporting Services			2010	2009	
	Exhibitions And Curatorial	Education Programs	Total	Management And General	Fundraising	Capital	Total Expenses	Total Expenses	
Salaries	\$ 295,867	\$ 206,221	\$ 502,088	\$ 163,085	\$ 158,891	\$ 7,047	\$ 329,023	\$ 831,111	\$1,137,068
Employee benefits and payroll taxes	78,823	54,738	133,561	43,790	39,411	2,190	85,391	218,952	224,926
Total Salaries, Employee Benefits, and Payroll Taxes	374,690	260,959	635,649	206,875	198,302	9,237	414,414	1,050,063	1,361,994
Professional services	-	-	-	34,182	-	-	34,182	34,182	46,050
Consultants and contracted services	51,941	24,124	76,065	42,237	3,050	83,021	128,308	204,373	218,763
Instructors and exhibition guides	1,931	94,555	96,486	-	-	-	-	96,486	90,492
Curatorial and exhibition costs	136,576	7,455	144,031	-	-	-	-	144,031	140,320
Artistic fees	87,372	11,800	99,172	-	-	-	-	99,172	65,429
Technical fees	400	250	650	-	-	-	-	650	30,538
Shipping, crating, and freight	4,264	-	4,264	700	-	-	700	4,964	34,554
Travel, meetings, and conferences	20,930	24,925	45,855	13,070	11,661	561	25,292	71,147	71,415
Hospitality and entertainment	6,044	6,740	12,784	3,867	1,815	818	6,500	19,284	26,267
Printing and publications	28,392	1,874	30,266	8,538	1,057	-	9,595	39,861	64,545
Office supplies	4,655	3,834	8,489	2,601	2,464	137	5,202	13,691	47,454
Insurance	22,062	18,169	40,231	12,329	11,679	649	24,657	64,888	57,563
Advertising and promotion	10,735	7,458	18,193	-	2,398	-	2,398	20,591	38,952
Graphic design and production	13,575	2,427	16,002	-	2,389	-	2,389	18,391	4,083
Telephone and internet	3,001	3,567	6,568	1,874	1,672	81	3,627	10,195	20,539
Postage and messenger	3,221	2,652	5,873	1,800	1,705	95	3,600	9,473	16,607
Maintenance and repair	20,137	5,664	25,801	2,832	2,832	-	5,664	31,465	86,999
Equipment rental	6,034	4,969	11,003	3,372	3,194	177	6,743	17,746	17,854
Utilities	139,762	39,308	179,070	19,654	19,654	-	39,308	218,378	255,335
Water and sewer charges	5,794	1,629	7,423	815	815	-	1,630	9,053	9,918
Bank charges, interest and fees	-	-	-	15,963	-	62,500	78,463	78,463	80,238
Dues and subscriptions	1,720	1,417	3,137	961	910	51	1,922	5,059	8,637
Bad debt expense	-	-	-	-	-	-	-	-	13,632
Computer maintenance	5,874	4,836	10,710	3,282	3,110	173	6,565	17,275	38,366
Cost of goods sold	1,688	-	1,688	-	-	-	-	1,688	7,344
Other staffing	-	-	-	32,250	-	-	32,250	32,250	72,558
Indirect benefit expense	-	-	-	-	46,154	-	46,154	46,154	6,538
Misappropriation	-	-	-	-	-	-	-	-	77,633
Miscellaneous	-	-	-	1,500	-	-	1,500	1,500	9,156
Depreciation and amortization expense	55,414	15,585	70,999	7,793	7,793	-	15,586	86,585	83,153
Total Expenses	1,006,212	544,197	1,550,409	416,495	322,654	157,500	896,649	2,447,058	3,102,926
Less Items Shown Separately in the Statement of Activities:									
Depreciation and amortization	(55,414)	(15,585)	(70,999)	(7,793)	(7,793)	-	(15,586)	(86,585)	(83,153)
Interest expense - mortgage loan	-	-	-	-	-	(62,500)	(62,500)	(62,500)	(62,500)
Misappropriation (Note 8d)	-	-	-	-	-	-	-	-	(77,633)
Total Expenses Included in the Expense Section of the Statement of Activities, 2010	\$ 950,798	\$ 528,612	\$1,479,410	\$ 408,702	\$ 314,861	\$ 95,000	\$ 818,563	\$2,297,973	
Total Expenses Included in the Expense Section of the Statement of Activities, 2009	\$ 1,318,103	\$ 402,794	\$1,720,897	\$ 598,080	\$ 460,124	\$ 100,539	\$1,158,743		\$2,879,640

See independent auditors' report on additional information.