



**United Arts of
Central Florida, Inc.**

Financial Statements
Years Ended June 30, 2007 and 2006

United Arts of Central Florida, Inc.

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CROSS, FERNANDEZ & RILEY, LLP

Accountants & Consultants

Independent Auditors' Report

Board of Directors

United Arts of Central Florida, Inc.

We have audited the accompanying statements of financial position of United Arts of Central Florida, Inc. as of June 30, 2007 and 2006, and the related statements of activities, cash flows and functional expenses 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 provide 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 United Arts of Central Florida, Inc. at June 30, 2007 and 2006, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Cross, Fernandez & Riley, LLP".

Certified Public Accountants

September 18, 2007

United Arts of Central Florida, Inc.

Statements of Financial Position

<i>June 30,</i>	2007	2006
Assets		
Cash and cash equivalents	\$ 2,518,110	\$ 1,926,749
Restricted cash (Note 2)	1,205,362	1,239,083
Pledges and grants receivable, net (Note 3)	1,740,518	1,523,304
Property and equipment, net of accumulated depreciation of \$99,202 and \$66,581	91,710	81,063
Other assets	14,914	14,167
	\$ 5,570,614	\$ 4,784,366
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 153,672	\$ 128,294
Deferred services revenue	47,870	45,790
Amounts held for Orange County (Note 2)	1,214,192	1,239,083
Designations payable, less allowance for uncollectible pledges of \$25,584 and \$24,233	2,114,979	1,543,170
	3,530,713	2,956,337
 Commitments (Note 5)		
Net assets:		
Unrestricted	691,779	355,471
Temporarily restricted (Note 4)	1,348,122	1,472,558
	2,039,901	1,828,029
	\$ 5,570,614	\$ 4,784,366

See accompanying notes to financial statements.

United Arts of Central Florida, Inc.

Statements of Activities

<i>Year Ended June 30,</i>	2007			2006		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and other revenue						
Support revenue:						
Corporations	\$ 418,381	\$ 767,722	\$ 1,186,103	\$ 228,240	\$ 636,269	\$ 864,509
Government	2,447,846	-	2,447,846	2,065,153	-	2,065,153
Foundations	132,000	564,692	696,692	121,121	487,050	608,171
Individuals	47,867	1,617,864	1,665,731	93,064	1,237,626	1,330,690
Workplace giving	117,734	273,695	391,429	50,592	241,465	292,057
Total support revenue	3,163,828	3,223,973	6,387,801	2,558,170	2,602,410	5,160,580
Less:						
Donor designations, net of provision for losses	(472,727)	(2,025,851)	(2,498,578)	(465,925)	(1,476,251)	(1,942,176)
Net support revenue	2,706,101	1,183,122	3,889,223	2,092,245	1,126,159	3,218,404
Other revenue:						
Contract and services revenue	769,355	-	769,355	577,332	-	577,332
Sponsorships and events	169,950	-	169,950	142,975	25,000	167,975
Grants and other gifts	46,215	-	46,215	60,055	-	60,055
Gifts-in-kind	200,337	-	200,337	209,881	-	209,881
Interest income	69,819	-	69,819	35,663	-	35,663
Net assets released from restriction (Note 4)	1,322,558	(1,322,558)	-	1,477,834	(1,477,834)	-
Total support and other revenue	5,284,335	(139,436)	5,144,899	4,595,985	(326,675)	4,269,310
Support grants and functional expenses:						
Support grants to arts organizations	3,361,259	-	3,361,259	3,106,101	-	3,106,101
Functional expenses:						
Program	1,006,021	-	1,006,021	870,122	-	870,122
Fund raising	377,716	-	377,716	369,697	-	369,697
Management and general	188,031	-	188,031	273,580	-	273,580
Total functional expenses	1,571,768	-	1,571,768	1,513,399	-	1,513,399
Total support grants and functional expenses	4,933,027	-	4,933,027	4,619,500	-	4,619,500
Change in net assets	351,308	(139,436)	211,872	(23,515)	(326,675)	(350,190)
Net assets, beginning of year	355,471	1,472,558	1,828,029	378,986	1,799,233	2,178,219
Net assets, end of year	\$ 691,779	\$1,348,122	\$2,039,901	\$ 355,471	\$1,472,558	\$1,828,029

See accompanying notes to financial statements.

United Arts of Central Florida, Inc.

Statements of Cash Flows

<i>Year Ended June 30,</i>	2007	2006
Cash flows from operating activities:		
Change in net assets	\$ 211,872	\$ (350,190)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,205	20,180
Cash provided by (used for):		
Restricted cash	33,721	(1,003,209)
Pledges and grants receivable, net	(217,214)	343,460
Other assets	(747)	(74)
Accounts payable and accrued expenses	25,378	(4,911)
Deferred services revenue	2,080	45,790
Amounts held for Orange County	(24,891)	1,003,209
Designations payable, net	571,809	103,940
Net cash provided by operating activities	643,213	158,195
Cash flows from investing activities:		
Purchase of property and equipment	(51,852)	(73,668)
Net increase in cash and cash equivalents	591,361	84,527
Cash and cash equivalents, beginning of year	1,926,749	1,842,222
Cash and cash equivalents, end of year	\$ 2,518,110	\$ 1,926,749

See accompanying notes to financial statements.

United Arts of Central Florida, Inc.

Statements of Functional Expenses

<i>Year Ended June 30,</i>	2007			<i>Total</i>
	<i>Program</i>	<i>Fund Raising</i>	<i>Management and General</i>	
Salaries, taxes and benefits	\$ 379,682	\$ 230,789	\$ 134,004	\$ 744,475
Promotional expenses	261,777	53,417	370	315,564
Consulting and contracted services	172,627	6,839	24,380	203,846
Rents and utilities	23,521	13,241	5,053	41,815
Office supplies and expenses	5,754	3,239	1,237	10,230
Printing and publication	85,328	17,637	6,729	109,694
Miscellaneous	3,701	11,103	442	15,246
Transportation, meals and awards	16,738	9,423	3,596	29,757
Depreciation	23,178	13,048	4,979	41,205
Dues and subscriptions	8,305	4,675	1,784	14,764
Postage	6,369	3,586	1,367	11,322
Corporate insurance	4,068	2,290	874	7,232
Telecommunication	5,651	3,181	1,214	10,046
Training and education	9,322	5,248	2,002	16,572
Total functional expenses	\$1,006,021	\$ 377,716	\$ 188,031	\$1,571,768

<i>Year Ended June 30,</i>	2006			<i>Total</i>
	<i>Program</i>	<i>Fund Raising</i>	<i>Management and General</i>	
Salaries, taxes and benefits	\$ 306,638	\$ 226,646	\$ 133,321	\$ 666,605
Promotional expenses	273,521	57,164	-	330,685
Consulting and contracted services	110,510	4,419	62,573	177,502
Rents and utilities	22,102	14,357	8,879	45,338
Office supplies and expenses	4,908	3,188	1,972	10,068
Printing and publication	77,068	14,962	9,253	101,283
Miscellaneous	22,861	14,850	36,487	74,198
Transportation, meals and awards	20,310	13,193	8,159	41,662
Depreciation	9,838	6,390	3,952	20,180
Dues and subscriptions	6,264	4,069	2,516	12,849
Postage	4,639	3,013	1,863	9,515
Corporate insurance	3,152	2,048	1,266	6,466
Telecommunication	5,536	3,596	2,224	11,356
Training and education	2,775	1,802	1,115	5,692
Total functional expenses	\$ 870,122	\$ 369,697	\$ 273,580	\$1,513,399

See accompanying notes to financial statements.

United Arts of Central Florida, Inc.

Notes to Financial Statements

1. Summary of Accounting Policies

Nature of Operations

United Arts of Central Florida, Inc. ("United Arts" or the "Organization") is a not-for-profit corporation organized and operated exclusively for cultural and educational purposes in order to further programs in the arts and sciences. Monies raised by United Arts are distributed to various arts and cultural organizations.

Cash and Cash Equivalents

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

Pledges and Grants Receivable

Pledges and grants receivable are unconditional promises to give and are recorded when the promises to give are made. Pledges and grants receivable which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Organization provides an allowance for uncollectible pledges at the time revenues are recorded based on historical write-offs.

Property and Equipment

Property and equipment consists of furniture, office equipment and software and are recorded at cost, if purchased, and at fair market value on the date received, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of three to seven years.

Contributions and Designations

Unconditional promises to give, including pledges and grants receivable, are recognized in the period received. Conditional promises to give are not recognized until they become