



***FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT***

***YEARS ENDED  
DECEMBER 31, 2010 AND 2009***

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Artists Striving to End Poverty, Inc.  
New York, New York

We have audited the accompanying statements of financial position of Artists Striving to End Poverty, Inc. as of December 31, 2010 and 2009, 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 audits 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 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 Artists Striving to End Poverty, Inc. as of December 31, 2010 and 2009, 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.

*Dorfman Abrams Music, LLC*

Saddle Brook, New Jersey

July 18, 2011



ARTISTS STRIVING TO END POVERTY, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 207,084	\$ 193,362
Pledges receivable, net	47,425	62,575
Other assets	8,165	7,618
Property and equipment, net	<u>2,699</u>	<u>1,183</u>
	<u>\$ 265,373</u>	<u>\$ 264,738</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 8,615	\$ 15,595
Deferred revenue	<u>50,000</u>	<u></u>
	<u>58,615</u>	<u>15,595</u>
Net assets:		
Unrestricted	160,821	190,566
Temporarily restricted	<u>45,937</u>	<u>58,577</u>
	<u>206,758</u>	<u>249,143</u>
	<u>\$ 265,373</u>	<u>\$ 264,738</u>

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

ARTISTS STRIVING TO END POVERTY, INC.

STATEMENTS OF ACTIVITIES

	Year ended December 31, 2010		Year ended December 31, 2009			
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Support and revenue:						
Contributions and grants	\$ 164,551	\$ 29,722	\$ 194,273	\$ 191,228	\$ 28,200	\$ 219,428
Other	632		632	292		292
Net assets released from restrictions	165,183	29,722	194,905	191,520	28,200	219,720
	42,362	(42,362)		53,791	(53,791)	
Total support and revenue	207,545	(12,640)	194,905	245,311	(25,591)	219,720
Expenses:						
Program services	209,854		209,854	219,506		219,506
Supporting services:						
Management and general	27,436		27,436	29,507		29,507
Total expenses	237,290		237,290	249,013		249,013
Change in net assets	(29,745)	(12,640)	(42,385)	(3,702)	(25,591)	(29,293)
Net assets, beginning	190,566	58,577	249,143	194,268	84,168	278,436
Net assets, ending	\$ 160,821	\$ 45,937	\$ 206,758	\$ 190,566	\$ 58,577	\$ 249,143

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

## ARTISTS STRIVING TO END POVERTY, INC.

## STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (42,385)	\$ (29,293)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Contribution of fixed assets	(3,185)	
Depreciation	1,669	1,182
Discount on pledges receivable	(1,423)	(1,424)
Contribution of other assets	(547)	(1,759)
Changes in operating assets and liabilities:		
Increase (decrease) in:		
Pledges receivable	16,573	29,782
Deferred revenue	50,000	
Accounts payable	<u>(6,979)</u>	<u>(21,635)</u>
Net cash provided (used) by operating activities	<u>13,723</u>	<u>(23,147)</u>
Net increase (decrease) in cash	13,723	(23,147)
Cash and cash equivalents, beginning	<u>193,361</u>	<u>216,509</u>
Cash and cash equivalents, ending	<u>\$ 207,084</u>	<u>\$ 193,362</u>

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

ARTISTS STRIVING TO END POVERTY, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended December 31, 2010		Year ended December 31, 2009	
	Program services	Supporting services Management and general	Program services	Supporting services Management and general
Payroll	\$ 91,983	\$ 10,220	\$ 83,960	\$ 9,329
Payroll taxes and benefits	35,143	3,903	30,333	3,370
Total personnel costs	127,126	14,123	114,293	12,699
Office supplies and expense	6,299	669	4,426	646
Printing and postage	679		542	
Travel	25,336		28,083	
Boarding expenses	13,267		28,339	
Meetings and conferences	402		2,500	
Professional fees		10,325		14,500
Events expense	485		11,089	
Occupancy	5,854	650	4,173	464
Food	8,247		8,854	
Insurance	1,145		1,250	
Volunteer and student expenses	6,247		5,681	
Contracted services	10,013		631	
Business registration fees	1,355		2,080	
Depreciation expense		1,669		1,182
Other operating expenses	3,399		7,565	16
	\$ 209,854	\$ 27,436	\$ 219,506	\$ 29,507
Percentage of total	88%	12%	88%	12%
			\$ 249,013	\$ 249,013
				100%

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

ARTISTS STRIVING TO END POVERTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. Summary of significant accounting policies

This summary of significant accounting policies of Artists Striving to End Poverty, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as promulgated in FASB Accounting Standards Codification (the Codification), and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

Artists Striving to End Poverty, Inc. was established in 2006 as a not-for-profit agency in the State of New York. The Organization's mission is to use the arts as a tool to empower young people with creativity, knowledge, and a strong sense of self-esteem.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recognized when incurred.

Net assets are classified based on the existence or absence of donor 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 may or 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.

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. The Organization had no permanently restricted net assets at December 31, 2010 or 2009.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided principally on the straight-line method at rates based on the following estimated useful lives:

Furniture and equipment 3 - 7 years

Expenditures for maintenance and repairs are charged to expense as incurred; replacements and betterments that extend the useful lives are capitalized.

ARTISTS STRIVING TO END POVERTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. Summary of significant accounting policies (continued)

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.

Functional expenses allocation

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

Income taxes

The Organization is a tax-exempt entity as defined by Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal or state income taxes have been made.

Uncertain tax positions

The Organization adopted the uncertainty in income taxes guidance as described in the Codification on January 1, 2009. The adoption of that guidance resulted in no change to financial statements of prior periods. As of December 31, 2010, management believes that based on evaluation of the Organization's tax positions that any additional liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in tax law, and new authoritative rulings to assist in evaluating the Organization's tax positions. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as a part of the income tax provision. Income tax returns are filed in the U.S. federal jurisdiction, and state jurisdictions. U.S. federal and state income tax returns prior to fiscal year 2007 are closed.

Donated materials and services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value and when donated services enhance non-financial assets or require a specialized skill which the Organization would otherwise need to purchase.

Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and 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 period. Accordingly, actual results could differ from those estimates.

ARTISTS STRIVING TO END POVERTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. Summary of significant accounting policies (continued)

Allowance for doubtful receivables

The Organization determines whether an allowance for uncollectible receivables should be provided. Such estimates are based on management's assessments of the aged basis of the Organization's receivables, current economic conditions and historical experience. As of December 31, 2010 and 2009, the Organization determined that an allowance was not necessary.

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

2. Risks and uncertainties

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and pledges receivable. The Organization maintains its cash in various high-quality financial institutions, the balances of which, at times, may exceed federally insured limits. Exposure to risk related to pledges receivable is reduced due to the fact that amounts are due from prominent philanthropists.

3. Contributed services and material

The Organization received the following in-kind contributions:

	<u>2010</u>	<u>2009</u>
Rent	\$ 6,504	\$ 4,637
Program supplies	2,000	
Production costs		3,000
Fundraising supplies		1,210
Travel	1,358	
Board and room	142	
Salary	<u>8,500</u>	<u>8,500</u>
	<u>\$ 18,504</u>	<u>\$ 17,347</u>

The above amounts were included as unrestricted contributions.

ARTISTS STRIVING TO END POVERTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

4. Pledges receivable

During the year 2007, the Organization received a pledge in the amount of \$150,000 and collected cumulatively \$120,000 as of December 31, 2010. The terms of the pledge called for payments of \$30,000 over five years. The long-term balance of \$30,000 at December 31, 2009 has been recorded at the present values of \$28,577, discounted at the mid-term AFR rate of 4.86%. The pledge is collectible over the following periods:

	<u>2010</u>	<u>2009</u>
Current:		
Less than 1 year	\$ 30,000	\$ 30,000
Long-term:		
1 - 3 years		30,000
Less discount to net present value		<u>(1,423)</u>
		<u>28,577</u>
Other pledges due in less than one year	16,635	3,998
Other pledges over 1 year	790	
	<u>\$ 47,425</u>	<u>\$ 62,575</u>

5. Property and equipment

Property and equipment consists of the following:

	<u>2010</u>	<u>2009</u>
Computer equipment	\$ 10,410	\$ 7,225
Less accumulated depreciation	<u>7,711</u>	<u>6,042</u>
	<u>\$ 2,699</u>	<u>\$ 1,183</u>

ARTISTS STRIVING TO END POVERTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

6. Temporarily restricted net assets

Temporarily restricted net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Restricted by time and purpose	<u>\$ 45,937</u>	<u>\$ 58,577</u>

Temporarily restricted net assets were released from restrictions as follows:

	<u>2010</u>	<u>2009</u>
South Africa project	\$	\$ 2,500
New York programs		22,500
India project		1,200
Homestead, FL	1,000	
Expiration of purpose restriction	<u>41,362</u>	<u>27,591</u>
	<u>\$ 42,362</u>	<u>\$ 53,791</u>

7. Subsequent events

Subsequent events have been evaluated through July 18, 2011, which is the date the financial statements were available to be issued.