

---

**CRAFT ALLIANCE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---



**Kiefer | Bonfanti & Co. LLP**  
Certified Public Accountants & Business Advisor



**Kiefer | Bonfanti & Co. LLP**  
Certified Public Accountants & Business Advisors

701 Emerson Road  
Suite 201  
St. Louis, MO  
63141

314.432.6700  
f.314.432.3992

kieferbonfanti.com

---

## INDEPENDENT AUDITORS' REPORT

---

To the Board of Directors of  
**Craft Alliance**  
St. Louis, Missouri

We have audited the accompanying statements of financial position of **Craft Alliance (the Organization)** as of June 30, 2009 and 2008, 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 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 **Craft Alliance** as of June 30, 2009 and 2008, 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.

*Kiefer Bonfanti & Co. LLP*

September 21, 2009

CRAFT ALLIANCE

STATEMENTS OF FINANCIAL POSITION

	Assets	
	June 30,	
	2009	2008
<b>Current Assets</b>		
Cash and cash equivalents	\$ 82,821	\$ 101,154
Accounts receivable	6,598	5,705
Promises to give	190,504	162,178
Inventory	87,929	94,248
Prepaid expenses	23,020	30,778
<b>Total Current Assets</b>	<b>390,872</b>	<b>394,063</b>
<b>Property and Equipment, Net</b>	<b>710,278</b>	<b>703,637</b>
<b>Promises to Give - Long-term</b>	<b>71,152</b>	<b>66,355</b>
<b>Assets Restricted for Endowment</b>	<b>22,125</b>	<b>22,125</b>
<b>Total Assets</b>	<b>\$ 1,194,427</b>	<b>\$ 1,186,180</b>

Liabilities and Net Assets		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 272,378	\$ 212,382
Accounts payable	50,913	73,303
Deferred revenue	118,081	110,129
<b>Total Current Liabilities</b>	<b>441,372</b>	<b>395,814</b>
<b>Other Liabilities</b>		
Long-term debt	670,833	486,683
<b>Total Liabilities</b>	<b>1,112,205</b>	<b>882,497</b>
<b>Net Assets</b>		
Unrestricted	(239,285)	(214,628)
Temporarily restricted	299,382	496,186
Permanently restricted	22,125	22,125
<b>Total Net Assets</b>	<b>82,222</b>	<b>303,683</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,194,427</b>	<b>\$ 1,186,180</b>

**CRAFT ALLIANCE**

**STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Unrestricted Net Assets</b>				
<b>Revenue</b>				
Tuition	\$ 377,544	-	-	\$ 377,544
Contracts and special programs	66,468	-	-	66,468
Gallery shop	463,495	-	-	463,495
Exhibition gallery	40,401	-	-	40,401
Interest income	227	73	-	300
Miscellaneous income	1,668	-	-	1,668
<b>Total Revenue</b>	<b>949,803</b>	<b>73</b>	<b>-</b>	<b>949,876</b>
<b>Public Support</b>				
Individual	95,013	50,453	-	145,466
Corporate	26,305	61,249	-	87,554
Foundation	37,349	59,500	-	96,849
Grants	-	130,440	-	130,440
Fundraising events	215,367	-	-	215,367
<b>Total Public Support</b>	<b>374,034</b>	<b>301,642</b>	<b>-</b>	<b>675,676</b>
<b>Net Assets Released from Restrictions</b>	<b>498,519</b>	<b>(498,519)</b>	<b>-</b>	<b>-</b>
<b>Total Revenue and Support</b>	<b>1,822,356</b>	<b>(196,804)</b>	<b>-</b>	<b>1,625,552</b>
<b>Expenses</b>				
Program services				
Education Center	407,618	-	-	407,618
Gallery shop	435,306	-	-	435,306
Exhibition gallery	159,679	-	-	159,679
Outreach	133,168	-	-	133,168
Grand Center	278,200	-	-	278,200
<b>Total Program Services</b>	<b>1,413,971</b>	<b>-</b>	<b>-</b>	<b>1,413,971</b>
Support services				
Management and general	117,637	-	-	117,637
Development	167,400	-	-	167,400
Fundraising events	135,644	-	-	135,644
<b>Total Support Services</b>	<b>420,681</b>	<b>-</b>	<b>-</b>	<b>420,681</b>
<b>Uncollectible Promises to Give</b>	<b>12,361</b>	<b>-</b>	<b>-</b>	<b>12,361</b>
<b>Total Expenses</b>	<b>1,847,013</b>	<b>-</b>	<b>-</b>	<b>1,847,013</b>
<b>Total Decrease in Net Assets</b>	<b>(24,657)</b>	<b>(196,804)</b>	<b>-</b>	<b>(221,461)</b>
<b>Net Assets, Beginning of Year</b>	<b>(214,628)</b>	<b>496,186</b>	<b>22,125</b>	<b>303,683</b>
<b>Net Assets, End of Year</b>	<b>\$ (239,285)</b>	<b>\$ 299,382</b>	<b>\$ 22,125</b>	<b>\$ 82,222</b>

**CRAFT ALLIANCE**

**STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Unrestricted Net Assets</b>				
<b>Revenue</b>				
Tuition	\$ 379,929		-	\$ 379,929
Contracts and special programs	55,262	-	-	55,262
Gallery shop	471,123	-	-	471,123
Exhibition gallery	67,836	-	-	67,836
Interest income	458	-	-	458
Miscellaneous income	282	-	-	282
<b>Total Revenue</b>	<b>974,890</b>	<b>-</b>	<b>-</b>	<b>974,890</b>
<b>Public Support</b>				
Individual	213,830	110,997	-	324,827
Corporate	-	107,011	-	107,011
Foundation	-	67,650	-	67,650
Grants	-	126,597	-	126,597
Fundraising events	-	1,164	-	1,164
<b>Total Public Support</b>	<b>213,830</b>	<b>413,419</b>	<b>-</b>	<b>627,249</b>
<b>Net Assets Released from Restrictions</b>	<b>547,784</b>	<b>(547,784)</b>	<b>-</b>	<b>-</b>
<b>Total Revenue and Support</b>	<b>1,736,504</b>	<b>(134,365)</b>	<b>-</b>	<b>1,602,139</b>
<b>Expenses</b>				
Program services				
Education Center	456,911	-	-	456,911
Gallery shop	448,898	-	-	448,898
Exhibition gallery	188,851	-	-	188,851
Outreach	143,562	-	-	143,562
Grand Center	85,857	-	-	85,857
<b>Total Program Services</b>	<b>1,324,079</b>	<b>-</b>	<b>-</b>	<b>1,324,079</b>
Support services				
Management and general	122,769	-	-	122,769
Development	159,195	-	-	159,195
Fundraising events	2,284	-	-	2,284
<b>Total Support Services</b>	<b>284,248</b>	<b>-</b>	<b>-</b>	<b>284,248</b>
<b>Uncollectible Promises to Give</b>	<b>314,682</b>	<b>-</b>	<b>-</b>	<b>314,682</b>
<b>Total Expenses</b>	<b>1,923,009</b>	<b>-</b>	<b>-</b>	<b>1,923,009</b>
<b>Total Decrease in Net Assets</b>	<b>(186,505)</b>	<b>(134,365)</b>	<b>-</b>	<b>(320,870)</b>
<b>Net Assets, Beginning of Year</b>	<b>(28,123)</b>	<b>630,551</b>	<b>22,125</b>	<b>624,553</b>
<b>Net Assets, End of Year</b>	<b>\$ (214,628)</b>	<b>\$ 496,186</b>	<b>\$ 22,125</b>	<b>\$ 303,683</b>

**CRAFT ALLIANCE**

**STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	2009	2008
<b>Cash Flows from Operating Activities</b>		
Decrease in net assets	\$ (221,461)	\$ (320,870)
Adjustments:		
Depreciation and amortization	98,862	81,080
Uncollectible promises to give	12,361	314,682
Change in assets and liabilities		
(Increase) decrease in operating assets		
Accounts receivable	(893)	(52)
Promises to give	(45,484)	(3,563)
Inventory	6,319	(11,716)
Prepaid expenses	7,758	(3,684)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(22,390)	(3,408)
Deferred revenue	7,952	2,310
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(156,976)</b>	<b>54,779</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(105,503)	(190,079)
<b>Net Cash Used by Investing Activities</b>	<b>(105,503)</b>	<b>(190,079)</b>
<b>Cash Flows from Financing Activities</b>		
Payments on notes payable	(8,391)	(8,060)
Proceeds from notes payable	191,382	-
Net proceeds from lines of credit	61,155	94,102
<b>Net Cash Provided by Financing Activities</b>	<b>244,146</b>	<b>86,042</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(18,333)</b>	<b>(49,258)</b>
Cash and cash equivalents, beginning of year	101,154	150,412
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 82,821</b>	<b>\$ 101,154</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	\$ 26,708	\$ 31,555
<b>Supplemental Disclosure of Non Cash Investing and Financing Activities</b>		
Construction in process funded by long-term debt	\$ -	\$ 273,000

## CRAFT ALLIANCE

---

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

#### ***Business Description***

Established in 1964, Craft Alliance (the Organization) provides inspiration and education in fine contemporary craft to the entire community through exhibitions, sales and instruction. The Organization offers year-round classes and workshops for all ages and abilities in the visual arts in the St. Louis metropolitan area. The Organization offers various outreach experiences, both on and off site, to various under-served people of all age groups, and has its own young artists mentoring program (Crafting-A-Future). Additionally, the Organization has an Exhibition Gallery, which features six to eight exhibitions each year and provides a venue for leading regional and national artists to exhibit works featuring the latest development in fine Craft Art.

The Organization's primary sources of revenue include tuition, Gallery Shop and Exhibition sales, and public support.

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Method of Accounting***

The financial statements of the Organization are presented on the accrual basis of accounting.

##### ***Financial Statement Presentation***

The Organization reports its information regarding financial position and activities according to three classes of net assets depending upon the existence or nature of any donor-imposed restrictions. The following is a description of these classes of net assets:

##### ***Unrestricted Net Assets***

Those resources over which the Board of Directors has discretionary control. Designated amounts represent those resources that the Board has set aside for a particular purpose. Unrestricted net assets are available for operations including program services and management expenses.

##### ***Temporarily Restricted Net Assets***

Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time.

##### ***Permanently Restricted Net Assets***

Those resources subject to donor-imposed restrictions that will be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, on related investments for unrestricted or temporarily restricted purposes.

## CRAFT ALLIANCE

---

### Notes to Financial Statements (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***Restricted and Unrestricted Revenues and Public Support***

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use the donated assets. When a donor 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.

##### ***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### ***Advertising Expenses***

Advertising costs are charged to expenses as incurred. Advertising expenses were \$26,951 and \$23,687 for the years ended June 30, 2009 and 2008, respectively.

##### ***Cash and Cash Equivalents***

The Organization considers all temporary cash investments as cash equivalents. These temporary cash investments are securities held for cash management purposes having maturities of three months or less.

##### ***Accounts Receivable***

Management provides for probable uncollected amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. At June 30, 2009 and 2008, all accounts receivable balances are expected to be collectible, and therefore, a valuation allowance is not considered necessary.

##### ***Promises to Give***

Unconditional promises to give in future periods are recognized as support in the period the promises are received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met. Promises to give are reported at the amount management expects to collect on balances outstanding at year end. All promises to give are expected to be collectible; therefore, management does not consider an allowance for uncollectible promises to be necessary.

## CRAFT ALLIANCE

---

### Notes to Financial Statements (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***Inventory***

Merchandise inventory is carried at cost using the first-in, first-out (FIFO) method.

##### ***Subsequent Events***

Subsequent events have been evaluated through September 21, 2009, which is the date the financial statements were available to be issued.

##### ***Property and Equipment***

Property and equipment are stated at cost, or fair market value if donated, less accumulated depreciation computed on the straight-line method, over the following periods:

Building and building improvement	20 – 39 years
Equipment, furniture and fixtures	5 – 10 years

##### ***Deferred Revenue***

Tuition received in advance is deferred until earned.

##### ***Donated Services***

During the years ended June 30, 2009 and 2008, the value of contributed services meeting the requirements for recognition in the financial statements was insignificant and has not been recorded. The Organization pays for most services requiring specific expertise. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments.

##### ***Description of Program Services and Supporting Activities***

The following program services and supporting activities are included in the accompanying financial statements:

##### **Program Services**

Includes those expenditures that enable the Organization to provide the following programs:

##### **Education Center**

The Education Center provides a regular curriculum of visual arts classes and workshops for children and adults. Classes offered throughout the year include clay, fiber, metals, paper, drawings, painting, and glass.

##### **Exhibition Gallery**

The Exhibition Gallery features the work of leading regional and national artists working in contemporary craft art in a series of six to eight exhibitions each year.

## CRAFT ALLIANCE

---

### Notes to Financial Statements (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Program Services (Continued)**

###### **Gallery Shop**

The Gallery Shop supports the artistic community by selling the work of regionally and nationally recognized artists.

###### **Outreach**

The Organization's community outreach programs touch many school-age individuals, primarily in urban schools. Beyond this group, the Organization provides service for individuals facing various challenges. Internally, the Organization has created a mentoring program for young artists (Crafting-A-Future), targeting children from urban schools to participate in free courses at the Organization over a four-year period.

###### **Grand Center**

Grand Center has three major components; a new exhibition gallery, expanded outreach programming, and education programming with artist residencies. Through these programs, the Organization reaches new urban audiences, expands its outreach programming, forms new partnerships in the Grand Center area, and provides the St. Louis community with greater access to contemporary studio craft art.

###### **Management and General**

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

###### **Fundraising**

Provides the structure necessary to encourage and secure memberships and private financial support from corporations, foundations, organizations, and individuals.

###### **Expenses Allocation**

The costs of the Organization's programs and supporting services have been reported on a functional basis. This requires allocation of certain costs among the various programs and supporting services based on estimates made by management.

###### **Income Tax Status**

The Organization is exempt from income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

## CRAFT ALLIANCE

### Notes to Financial Statements (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Income Tax Status*

In July 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would not be recognized in the financial statements for the current year.

The income tax positions taken by the Organization for any years open under the various statutes of limitations are (1) that the Organization continues to be exempt from income taxes and (2) that the Organization does not have unrelated business income that would be subject to income taxes. Management believes these tax positions meet the more-likely-than-not threshold and, accordingly, the tax benefits of these income tax positions (no income tax expense or liability) have been recognized for the years ended on or before June 30, 2009.

#### 2. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Organization maintains several bank accounts at a St. Louis metropolitan area bank. The balances in these accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There was no uninsured cash balance at June 30, 2009.

#### 3. PROMISES TO GIVE

Unconditional promises to give are included in the financial statement and are recorded after discounting at the rate of 5.00% to the present value of the future cash flows.

Unconditional promises to give at June 30, 2009 and 2008 consist of the following:

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
Promises due in less than one year	\$ 190,504	\$ 162,178
Promises due in one to six years	85,000	75,000
	<u>275,504</u>	<u>237,178</u>
Less discount	(13,848)	(8,645)
<b>Total Promises to Give at Present Value</b>	<b>\$ 261,656</b>	<b>\$ 228,533</b>

## CRAFT ALLIANCE

### Notes to Financial Statements (Continued)

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2009	2008
Land	\$ 35,462	\$ 35,462
Delmar building and improvements	748,997	748,997
Delmar equipment, furniture, and fixtures	308,995	308,995
Grand center lease improvements	380,677	-
Grand center equipment	185,672	-
Construction and equipment in process	-	460,846
Property and equipment at cost	1,659,803	1,554,300
Less accumulated depreciation	(949,525)	(850,663)
<b>Property and Equipment, Net</b>	<b>\$ 710,278</b>	<b>\$ 703,637</b>

Depreciation expense was \$98,862 and \$81,080 for the years ended June 30, 2009 and 2008, respectively.

#### 5. LEASES

During 2007, the Organization entered into an operating lease with the Kranzberg Arts Foundation for additional studio and gallery space. The Organization began occupying approximately 6,000 square feet of the building beginning on August 1, 2008. Rent payments are according to the following formula:

Commencement date through end of Operating Year 3:	\$2.00 per usable square foot of the Premises
Operating Year 4 through end of initial term:	5.00% of Operator's Gross Receipts, but in no event shall the Use Fee exceed \$6.00 per usable square foot of the Premises
Each Extension Term:	5.00% of Operator's Gross Receipts, but in no event shall the Use Fee exceed \$8.00 per usable square foot of the Premises

The initial term of the lease is for 7 years with 5 additional renewals of two years each.

## CRAFT ALLIANCE

### Notes to Financial Statements (Continued)

#### 5. LEASES (CONTINUED)

The maximum estimated lease payments for the next five years and thereafter are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2010	\$ 12,324
2011	12,324
2012	34,918
2013	36,972
2014	36,972
Thereafter	40,053
	<u>\$ 173,563</u>

Rental expense for the year ended June 30, 2009 was \$11,297.

The Organization also leases certain office equipment under operating leases. Minimum lease payments on the equipment for the next five years and thereafter are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2010	\$ 13,278
2011	9,964
2012	7,236
2013	7,236
2014	4,970
Thereafter	2,382
	<u>\$ 45,066</u>

**CRAFT ALLIANCE**

Notes to Financial Statements (Continued)

**6. DEBT**

	<b>June 30,</b>	
	<b>2009</b>	<b>2008</b>
Note payable to bank dated July 2008 (refinanced from a previous note payable with similar terms), with fixed interest rate at 6.75%. 35 monthly payments of principal and interest of \$1,894. Balloon payment of \$229,831 due on July 23, 2011. Secured by real estate and all other corporate assets	<b>\$ 239,744</b>	\$ 241,065
Loan payable to Grand Center dated November 2007. Fixed quarterly payments of \$12,500 to begin on October 31, 2010. Secured by donor pledges and pledged equipment.	<b>450,000</b>	273,000
Loan payable to Grand Center dated August 2008. Fixed monthly payments of \$291 to begin on September, 2008.	<b>7,312</b>	-
Operating line-of-credit for \$300,000 dated July 2008 (refinanced from a previous operating line-of-credit for \$100,000 and a previous inventory line-of-credit for \$120,000, with similar terms), with interest at 0.50% plus the bank's index rate (3.75% at June 30, 2009). Required monthly payments equal to the interest accrued on the outstanding balance. Balance and all unpaid accrued interest due on July 23, 2009. Secured by a third deed of trust on real estate.	<b>246,155</b>	185,000
<b>Total Debt</b>	<b>943,211</b>	699,065
<b>Less Current Portion</b>	<b>(272,378)</b>	(212,382)
<b>Total Debt, Net of Current Portion</b>	<b>\$ 670,833</b>	\$ 486,683

The following is a schedule of principal amounts due in future years:

<b>Year Ending June 30,</b>	<b>Amount</b>
2010	\$ 272,378
2011	63,723
2012	257,110
2013	50,000
2014	50,000
Thereafter	250,000
	<b>\$ 943,211</b>

## CRAFT ALLIANCE

### Notes to Financial Statements (Continued)

#### 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes:

	June 30,	
	2009	2008
Arts and Education Council - time restriction	\$ 45,000	\$ 60,000
Missouri Arts Council - time restriction	2,872	-
Contributions - for Grand Center remodel	153,500	335,865
Operations - time restriction	26,000	8,000
Operations - time and purpose restriction	-	26,500
Regional Arts Commission - time restriction	55,860	48,837
Scholarships - time and purpose restriction	-	6,984
Grand Center Programs - purpose	16,150	10,000
<b>Total</b>	<b>\$ 299,382</b>	<b>\$ 496,186</b>

Net assets were released from donor-imposed restrictions as follows:

	Years Ended June 30,	
	2009	2008
Arts and Education Council - time and purpose restriction	\$ 49,680	\$ 37,500
Missouri Arts Council - time restriction	25,101	18,926
Contributions - for Grand Center remodel	330,937	-
Operations - time restriction	7,000	5,000
Operations - time and purpose restriction	-	47,364
Regional Arts Commission - time restriction	48,817	63,163
Scholarships - time and purpose restriction	24,984	36,149
Artsmarts Program - purpose restriction	-	25,000
Uncollectible promises to give	12,000	314,682
<b>Total</b>	<b>\$ 498,519</b>	<b>\$ 547,784</b>



**Kiefer | Bonfanti & Co. LLP**  
Certified Public Accountants & Business Advisors

701 Emerson Road  
Suite 201  
St. Louis, MO  
63141

314.432.6700  
f.314.432.3992

kieferbonfanti.com

---

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

---

To the Board of Directors of  
**Craft Alliance**  
St. Louis, Missouri

Our report on our audits of the basic financial statements of Craft Alliance for the years ended June 30, 2009 and 2008 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 accompanying schedule of functional expenses for the years ended June 30, 2009 and 2008 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.

*Kiefer Bonfanti & Co. LLP*

September 21, 2009

CRAFT ALLIANCE

SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2009

	Program Services					Grand Center	Total Program Services	Management and General		Fundraising		Total
	Education Center	Gallery Shop	Exhibition Gallery	Outreach				Development	Events			
Salaries and wages	\$ 239,596	\$ 92,364	\$ 57,010	\$ 70,906	\$ 114,243	\$ 574,119	\$ 39,981	\$ 129,821	\$ -	\$ 743,921		
Payroll taxes and benefits	24,869	8,179	5,082	4,897	8,507	51,534	20,518	7,267	-	79,319		
Cost of goods sold	-	263,516	21,225	-	2,123	286,864	-	-	-	286,864		
Depreciation	23,833	7,627	7,627	2,542	49,606	91,235	7,627	-	-	98,862		
Professional services	477	-	-	10,727	34,945	46,149	11,500	1,500	-	59,149		
Printing	9,828	1,266	12,255	-	3,977	27,326	-	4,068	-	31,394		
Utilities	23,189	7,522	6,184	859	11,573	49,327	5,988	2,137	-	57,452		
Class expenses	-	-	-	-	-	-	-	-	-	-		
and supplies	29,439	-	-	-	7,695	37,134	-	-	-	37,134		
Postage and shipping	5,273	15,124	13,945	273	1,813	36,428	290	5,200	-	41,918		
Interest	-	6,150	-	-	768	6,918	19,790	-	-	26,708		
Advertising and hospitality	4,494	11,986	1,773	108	7,216	25,577	109	6,127	-	31,813		
Curator	19,383	-	14,100	-	550	34,033	-	-	-	34,033		
Processing fees	8,753	7,919	781	169	1,186	18,808	227	1,052	-	20,087		
Scholarships	-	-	-	17,255	-	17,255	-	-	-	17,255		
Programs, shows and special projects	-	-	7,675	22,215	1,722	31,612	-	-	-	31,612		
Repairs and maintenance	7,750	1,887	2,281	213	3,816	15,947	1,496	322	-	17,765		
Equipment rental	2,959	1,160	1,568	926	5,011	11,624	87	6,416	-	18,127		
Insurance	4,997	3,810	3,421	1,045	4,118	17,391	3,814	414	-	21,619		
Travel	1,617	1,857	3,429	689	201	7,793	169	958	-	8,920		
Office supplies	1,004	614	557	344	2,070	4,589	1,411	1,235	-	7,235		
Miscellaneous	157	4,325	766	-	(65)	5,183	4,630	883	-	10,696		
Party rental expenses	-	-	-	-	1,303	1,303	-	-	-	1,303		
Rent expense	-	-	-	-	11,297	11,297	-	-	-	11,297		
Parking expense	-	-	-	-	4,525	4,525	-	-	-	4,525		
Gala expense	-	-	-	-	-	-	-	-	135,644	135,644		
<b>Total</b>	<b>\$ 407,618</b>	<b>\$ 435,306</b>	<b>\$ 159,679</b>	<b>\$ 133,168</b>	<b>\$ 278,200</b>	<b>\$ 1,413,971</b>	<b>\$ 117,637</b>	<b>\$ 167,400</b>	<b>\$ 135,644</b>	<b>\$ 1,834,652</b>		

CRAFT ALLIANCE

SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2008

	Program Services						Total	Management and			Fundraising		Total
	Education Center	Gallery Shop	Exhibition Gallery	Outreach	Grand Center	Program Services		General	Development	Events			
Salaries and wages	\$ 247,599	\$ 92,420	\$ 56,809	\$ 68,324	\$ 56,708	\$ 521,860	\$ 40,383	\$ 109,474	\$ -	\$ -	\$ 671,717		
Payroll taxes and benefits	30,456	11,360	6,971	8,414	6,989	64,190	4,979	13,452	-	-	82,621		
Cost of goods sold	-	264,342	33,453	-	-	297,795	-	-	-	-	297,795		
Depreciation	37,952	14,569	13,069	1,671	-	67,261	13,819	-	-	-	81,080		
Professional services	3,008	-	-	23,702	17,001	43,711	16,365	7,293	-	-	67,369		
Printing	16,448	1,498	27,418	556	72	45,992	81	5,594	-	-	51,667		
Utilities	21,877	8,537	5,796	1,118	1,552	38,880	8,308	2,792	-	-	49,980		
Class expenses	-	-	-	-	-	-	-	-	-	-	-		
and supplies	37,828	-	-	-	87	37,915	-	-	-	-	37,915		
Postage and shipping	4,620	12,238	14,352	258	371	31,839	501	3,805	-	-	36,145		
Interest	-	8,097	-	-	-	8,097	25,323	-	-	-	33,420		
Advertising and hospitality	4,648	12,264	4,015	127	370	21,424	127	6,982	-	-	28,533		
Curator	19,040	-	5,750	-	-	24,790	-	-	-	-	24,790		
Processing fees	10,173	9,791	1,314	93	56	21,427	428	677	-	-	22,532		
Scholarships	-	-	-	21,901	-	21,901	-	-	-	-	21,901		
Programs, shows and special projects	-	-	6,977	13,366	864	21,207	-	-	-	-	21,207		
Repairs and maintenance	10,102	2,460	2,688	397	-	15,647	3,298	335	-	-	19,280		
Equipment rental	4,534	888	4,054	1,404	1,105	11,985	1,227	5,129	-	-	18,341		
Insurance	5,196	3,560	2,996	1,116	54	12,922	3,673	446	-	-	17,041		
Travel	2,251	2,497	1,706	637	82	7,173	2,298	1,737	-	-	11,208		
Office supplies	1,034	651	983	473	392	3,533	1,250	1,354	-	-	6,137		
Miscellaneous	145	3,726	500	5	154	4,530	709	125	2,284	-	7,648		
	\$ 456,911	\$ 448,898	\$ 188,851	\$ 143,562	\$ 85,857	\$ 1,324,079	\$ 122,769	\$ 159,195	\$ 2,284	\$ 1,608,327			