

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

REVIEWED FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2013 AND 2012

**LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS**

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Independent Accountant's Review Report

To The Board of Directors
Lexington Friends of the Arts, Inc.
Lexington, Massachusetts

I have reviewed the accompanying statements of financial position of Lexington Friends of the Arts, Inc. d/b/a Munroe Center for the Arts as of August 31, 2013 and 2012, and the related statements of activities, cash flows and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Joseph T. Twardy, Jr., CPA LLC

December 18, 2013

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

STATEMENTS OF FINANCIAL POSITION
YEARS ENDED AUGUST 31, 2013 AND 2012

	2013				2012			
	Temporarily		Permanently		Temporarily		Permanently	
	Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
Assets:								
Cash:								
Cash on hand	\$ 29,441	\$ -	\$ -	\$ 29,441	\$ 70,006	\$ 4,000	\$ -	\$ 74,006
Board designated funds:								
Building Accessibility Fund	-	-	-	-	2,958	-	-	2,958
Building Restoration Fund (BRF)	79,991	-	-	79,991	46,594	-	-	46,594
Emergency Building Fund	10,012	-	-	10,012	10,002	-	-	10,002
MCA Programming Reserve	25,003	-	-	25,003	-	-	-	-
Total board designated funds	<u>115,006</u>	<u>-</u>	<u>-</u>	<u>115,006</u>	<u>59,554</u>	<u>-</u>	<u>-</u>	<u>59,554</u>
Total cash	144,447	-	-	144,447	129,560	4,000	-	133,560
Accounts receivable	1,611	-	-	1,611	3,663	-	-	3,663
Loan receivable	2,397	-	-	2,397	-	-	-	-
Prepaid expenses	1,036	-	-	1,036	-	-	-	-
Security deposits	9,041	-	-	9,041	7,615	-	-	7,615
Undeposited funds	338	-	-	338	-	-	-	-
Total current assets	<u>158,870</u>	<u>-</u>	<u>-</u>	<u>158,870</u>	<u>140,838</u>	<u>4,000</u>	<u>-</u>	<u>144,838</u>
Equipment, fixtures, improvements	148,369	-	-	148,369	113,014	-	-	113,014
Less: Accumulated depreciation	(88,822)	-	-	(88,822)	(84,333)	-	-	(84,333)
Total fixed assets	<u>59,547</u>	<u>-</u>	<u>-</u>	<u>59,547</u>	<u>28,681</u>	<u>-</u>	<u>-</u>	<u>28,681</u>
Total assets	<u>\$ 218,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,417</u>	<u>\$ 169,519</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 173,519</u>
Liabilities:								
Accounts payable	\$ 3,413	\$ -	\$ -	\$ 3,413	\$ -	\$ -	\$ -	\$ -
Accrued expenses	1,259	-	-	1,259	6,303	-	-	6,303
Deferred revenue:								
Building restoration fees	1,385	-	-	1,385	1,600	-	-	1,600
Rent	366	-	-	366	-	-	-	-
Tuition	15,036	-	-	15,036	18,233	-	-	18,233
Total deferred revenue	<u>16,787</u>	<u>-</u>	<u>-</u>	<u>16,787</u>	<u>19,833</u>	<u>-</u>	<u>-</u>	<u>19,833</u>
Security deposits	9,041	-	-	9,041	7,615	-	-	7,615
Total liabilities	<u>30,500</u>	<u>-</u>	<u>-</u>	<u>30,500</u>	<u>33,751</u>	<u>-</u>	<u>-</u>	<u>33,751</u>
Net assets:								
Unrestricted	187,917	-	-	187,917	135,768	-	-	135,768
Temporarily restricted	-	-	-	-	-	4,000	-	4,000
Permanently restricted	-	-	-	-	-	-	-	-
Total net assets	<u>187,917</u>	<u>-</u>	<u>-</u>	<u>187,917</u>	<u>135,768</u>	<u>4,000</u>	<u>-</u>	<u>139,768</u>
Total liabilities and net assets	<u>\$ 218,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,417</u>	<u>\$ 169,519</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 173,519</u>

See Accompanying Accountant's Review Report and Notes to Financial Statements.

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Program services:								
Artist studio rentals	\$ 193,778	\$ -	\$ -	\$ 193,778	\$ 184,625	\$ -	\$ -	\$ 184,625
Art education programs	250,966	-	-	250,966	176,513	-	-	176,513
Munroe Saturday Nights	<u>2,618</u>	<u>-</u>	<u>-</u>	<u>2,618</u>	<u>3,517</u>	<u>-</u>	<u>-</u>	<u>3,517</u>
Total program services	447,362	-	-	447,362	364,655	-	-	364,655
Additions to Board Designated Funds:								
Building restoration fee	29,495	-	-	29,495	27,282	-	-	27,282
Contributions	12,303	-	-	12,303	11,472	-	-	11,472
Grants	-	-	-	-	1,000	-	-	1,000
Intra-account transfers	-	-	-	-	185	-	-	185
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>-</u>	<u>450</u>
Total revenues	<u>\$ 489,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,160</u>	<u>\$ 405,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,044</u>
Expenses								
Program services	\$ 383,935	\$ 4,001	\$ -	\$ 387,936	\$ 328,577	\$ -	\$ -	\$ 328,577
Support services	<u>53,219</u>	<u>-</u>	<u>-</u>	<u>53,219</u>	<u>34,112</u>	<u>-</u>	<u>-</u>	<u>34,112</u>
Total expenses	<u>\$ 437,154</u>	<u>\$ 4,001</u>	<u>\$ -</u>	<u>\$ 441,155</u>	<u>\$ 362,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,689</u>
Change in net assets before investment income	52,006	(4,001)	-	48,005	42,355	-	-	42,355
Interest income	<u>143</u>	<u>1</u>	<u>-</u>	<u>144</u>	<u>262</u>	<u>0</u>	<u>-</u>	<u>262</u>
Change in net assets	52,149	(4,000)	-	48,149	42,617	0	-	42,617
Net assets, beginning of year	<u>135,768</u>	<u>4,000</u>	<u>-</u>	<u>139,768</u>	<u>93,151</u>	<u>4,000</u>	<u>-</u>	<u>97,151</u>
Net assets, end of year	<u>\$ 187,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,917</u>	<u>\$ 135,768</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 139,768</u>

See Accompanying Accountant's Review Report and Notes to Financial Statements.

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Cash flows from operating activities:</u>		
Cash received from service recipients	\$ 447,362	\$ 364,655
<i>Less: non-cash art studio rental income:</i>	(36,681)	(31,012)
Cash received for Building Restoration Fund	29,495	27,282
Cash received from contributors	12,303	12,472
Interest income	144	262
Intra-account Transfers	-	185
Other	-	450
Cash paid to employees, instructors and suppliers	(406,381)	(310,856)
Interest expense	-	(5)
Net cash provided by (used for) operating activities	<u>46,242</u>	<u>63,433</u>
<u>Cash flows from investing activities:</u>		
Leasehold improvements	<u>(35,356)</u>	<u>(2,200)</u>
Net cash provided by (used for) investing activities	<u>(35,356)</u>	<u>(2,200)</u>
<u>Cash flows from financing activities:</u>		
Net cash provided by financing activities	-	-
<u>Net increase (decrease) in cash</u>	10,886	61,233
Cash, beginning of year	<u>133,560</u>	<u>72,327</u>
<u>Cash, end of year</u>	<u>\$ 144,447</u>	<u>\$ 133,560</u>

Reconciliation of changes in net assets to net cash
used for operating activities:

Change in net assets	\$ 48,149	\$ 42,617
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	4,489	5,437
Decrease in accounts receivable	2,051	241
(Increase) in other current assets	(5,196)	(7,615)
Increase in accounts payable	3,413	-
Increase in accrued expenses	(5,044)	6,303
Increase in deferred revenue	(3,046)	16,094
Increase in security deposits	1,426	356
<u>Cash provided by operating activities</u>	<u>\$ 46,242</u>	<u>\$ 63,433</u>

Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest expense	-	5
Income taxes	-	-

See Accompanying Accountant's Review Report and Notes to Financial Statements.

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
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STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013				2012			
	Temporarily		Permanently		Temporarily		Permanently	
	Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
Program services:								
Artist studio rentals:								
Rent	\$ 24,000	\$ -	\$ -	\$ 24,000	\$ 24,000	\$ -	\$ -	\$ 24,000
Utilities	50,055	-	-	50,055	41,698	-	-	41,698
Maintenance & repairs	87,326	-	-	87,326	46,693	-	-	46,693
Depreciation	3,285	-	-	3,285	5,437	-	-	5,437
Total artist studio rentals	<u>164,666</u>	<u>-</u>	<u>-</u>	<u>164,666</u>	<u>117,828</u>	<u>-</u>	<u>-</u>	<u>117,828</u>
Art education programs	<u>105,556</u>	<u>-</u>	<u>-</u>	<u>105,556</u>	<u>93,130</u>	<u>-</u>	<u>-</u>	<u>93,130</u>
Art education administration:								
Management and general	52,999	-	-	52,999	65,397	-	-	65,397
Rent	36,681	-	-	36,681	31,012	-	-	31,012
Promotion	7,000	-	-	7,000	6,599	-	-	6,599
Depreciation	1,204	-	-	1,204	-	-	-	-
Other	9,231	-	-	9,231	1,737	-	-	1,737
Total art education admin.	<u>107,115</u>	<u>-</u>	<u>-</u>	<u>107,115</u>	<u>104,745</u>	<u>-</u>	<u>-</u>	<u>104,745</u>
Fundraising	<u>1,563</u>	<u>-</u>	<u>-</u>	<u>1,563</u>	<u>3,353</u>	<u>-</u>	<u>-</u>	<u>3,353</u>
Programs & outreach:								
Contributions	1,300	-	-	1,300	-	-	-	-
Lexington Open Studios	213	-	-	213	1,257	-	-	1,257
Munroe Gallery	22	-	-	22	14	-	-	14
Munroe Saturday Nights	2,806	4,001	-	6,807	7,632	-	-	7,632
Open House	448	-	-	448	339	-	-	339
Miscellaneous and Other	246	-	-	246	279	-	-	279
Total, programs & outreach	<u>5,035</u>	<u>4,001</u>	<u>-</u>	<u>9,036</u>	<u>9,521</u>	<u>-</u>	<u>-</u>	<u>9,521</u>
Total program services	<u>383,935</u>	<u>4,001</u>	<u>-</u>	<u>387,936</u>	<u>328,577</u>	<u>-</u>	<u>-</u>	<u>328,577</u>
Support services:								
Management and general	28,162	-	-	28,162	11,818	-	-	11,818
Consultants & professional fees	6,361	-	-	6,361	6,866	-	-	6,866
Credit card processing fees	316	-	-	316	2,226	-	-	2,226
Liability insurance	4,120	-	-	4,120	3,827	-	-	3,827
Office Supplies	1,930	-	-	1,930	1,529	-	-	1,529
Payroll Service Charges	3,625	-	-	3,625	2,916	-	-	2,916
Telephone	3,587	-	-	3,587	3,529	-	-	3,529
Other	5,118	-	-	5,118	1,401	-	-	1,401
Total support services	<u>53,219</u>	<u>-</u>	<u>-</u>	<u>53,219</u>	<u>34,112</u>	<u>-</u>	<u>-</u>	<u>34,112</u>
Total expenses	<u>\$ 437,154</u>	<u>\$ 4,001</u>	<u>\$ -</u>	<u>\$ 441,155</u>	<u>\$ 362,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,689</u>

See Accompanying Accountant's Review Report and Notes to Financial Statements.

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Lexington Friends of the Arts, Inc., d/b/a Munroe Center for the Arts (the "Munroe Center" or the "Organization"), was organized on April 8, 1994 and incorporated as a charitable organization under the provisions of Chapter 180 of the General Laws of the Commonwealth of Massachusetts. The Munroe Center is a nonprofit organization as described in §501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

2. Nature of Activities

The mission of the Munroe Center is to further the cultural and artistic education of the residents of Lexington, Massachusetts by running a community arts center, teaching visual and performing arts education classes, providing low-cost studio space for community artists, operating a gallery, and organizing community arts-related events.

3. Standard of Accounting and Reporting

The Organization prepares its financial statements utilizing the accrual method of accounting.

The financial statements are prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117 (ASC 958-205), "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, an organization's net assets (excess of its assets over its liabilities) and its revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. SFAS No. 117 also requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in the Statement of Financial Position, and that the amounts of change in each of those classes of net assets be displayed in the Statement of Activities.

4. Contributions and Donor Restrictions

The Munroe Center reports contributions in accordance with SFAS No. 116 (ASC 958-605), "Accounting for Contributions Received and Contributions Made." Use-restricted contributions are reported as restricted support, if received with donor stipulations that limit, specify or otherwise restrict the use of such contributions. Either temporarily or permanently restricted net assets are increased, as appropriate.

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd.)*

4. Contributions and Donor Restrictions *(cont'd.)*

When donor restrictions expire, either by use of funds for the specified purpose or by expiration of time restrictions, temporarily restricted net assets are reclassified as unrestricted and reported in the statement of activities as net assets released from restrictions.

5. Estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets at the date of the financial statements and reported amounts of revenue and expenditures for the reporting period. Actual results may differ from these estimates.

6. Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash equivalents to include highly liquid investments with an original maturity of three months or less.

The Munroe Center maintains cash accounts at various financial institutions and from time to time balances can exceed the federally insured limits. All cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC), up to a limit of \$250,000 per account. Balances at August 31, 2013 and 2012 did not exceed the FDIC limit.

7. Property and Equipment

Furniture, fixtures, equipment and leasehold improvements are stated at cost. Amounts of \$500 or more are capitalized. Depreciation is computed based on the useful life for each asset type using the straight-line method and the half-year convention.

8. Allocation of Expenses

The Organization allocates general expenses to the program services from management and general expenses, utilizing best estimates and judgments as to how programs and supporting services benefited from such expenses.

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

9. Subsequent Events

Management has evaluated all subsequent events through December 18, 2013, the date the financial statements were available to be issued, in accordance with SFAS No. 165 (ASC-855), "Subsequent Events".

10. Uncertain Tax Positions

The Munroe Center files informational income tax returns with the United States Treasury and the Commonwealth of Massachusetts. In accordance with FASB Interpretation No. (FIN) 48 (ASC-740), "Accounting for Uncertainty in Income Taxes", with few exceptions, the organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to the fiscal year ended August 31, 2011.

B. BOARD DESIGNATED FUNDS

The Organization established a series of reserve savings accounts set aside to fund specific long-range purposes, as determined by the Munroe Center's Board of Directors.

During FY2012, the Board established three such funds: the Building Accessibility Fund, Building Restoration Fund, and Emergency Building Fund. During FY2013, the Board established two such funds: the Capital Improvements Fund, and Munroe Center for the Arts (MCA) Programming Reserve Fund.

The balances in these funds at August 31, 2013 and 2012 were as follows:

<u>Fund</u>	<u>2013</u>	<u>2012</u>
Building Accessibility Fund	\$ 0	\$ 2,958
Building Restoration Fund	79,991	46,594
Capital Improvements Fund	0	0
Emergency Building Fund	10,012	10,002
MCA Programming Reserve Fund	<u>25,003</u>	<u>0</u>
Total	\$115,006	\$59,554

LEXINGTON FRIENDS OF THE ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

C. SECURITY DEPOSITS

The Munroe Center assessed each art studio tenant a refundable security deposit to offset the costs to repair wear or damage caused by the tenant during the term of their studio rental. The Security Deposits balance was adjusted to reflect the security deposits actually received, plus any accrued interest. This adjustment resulted in intra-fund transfer income of \$0 and 185 in FY2013 and FY2012, respectively, as the result of a one-time reclassification of tenant security deposits in accordance with accounting principles generally accepted in the United States of America, and in compliance with Massachusetts General Laws, c. 186, §15B, paragraph 2(a).

D. TEMPORARILY RESTRICTED NET ASSETS

During FY2010, the Organization received a contribution of \$4,000 from one donor with the restriction that these funds were to be used to purchase equipment for a new program, "Munroe Saturday Nights". The Munroe Center launched Munroe Saturday Nights during FY2012.

The donor released these funds from restriction during FY2013 for the purchase of equipment for Munroe Saturday Nights.

The Organization did not record any additional Temporarily Restricted Net Assets during FY2013 or FY2012.

E. PERMANENTLY RESTRICTED NET ASSETS

The Munroe Center did not record any Permanently Restricted Net Assets during FY2013 or FY2012.

F. PARTICIPANT FEE INCOME

The Organization assessed each program participant an administrative fee of \$25 per year. Such administrative fees were set aside into the Building Restoration Fund (the "Fund"), an account established to improve, maintain, or repair the Premises, as determined by the Munroe Center's Board of Directors. The Fund received contributions of \$29,425 and \$27,282 in FY2013 and FY2012, respectively.

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

G. LICENSE TO USE PROPERTY

The Town of Lexington granted the Munroe Center the right to use the town property located at 1403 Massachusetts Avenue, Lexington, MA 02420, which includes the building known as the Munroe School (collectively, the "Premises"), under a written License Agreement (the "License").

The License commenced on October 1, 2008, and was formally signed by both parties on June 11, 2009. The terms of the License required the Munroe Center to pay the Town a license fee of \$24,000 per year, payable in monthly installments of \$2,000 for the duration of the License.

The Munroe Center was also required, at its sole cost and expense, to maintain, repair and clean the Premises and keep the Premises in good order, repair and condition, as provided under Section 5, "Maintenance, Repair and Cleaning".

This obligation included the procurement of all heat, water, gas and other utilities necessary for the operation of the Premises, and maintenance and repair of the Munroe School plumbing, interior walls, floors and ceilings subject to wear and tear in the ordinary course of use. However, terms of the License also provided that the Munroe Center was not obligated to make structural repairs or replacements or major capital repairs to the Premises.

The License expired on February 1, 2010. Thereafter, the Town of Lexington agreed to a series of consecutive 90-day extensions of the License, through November 1, 2013, as provided under Section 2, "Term and Termination" of the License.

H. FACILITIES MANAGEMENT

The Munroe Center entered into an agreement with D.C. Contracting (the "Facilities Maintenance Coordinator") of Lexington, MA, on November 19, 2010 to provide facilities management services for the Premises. Facilities Management expense was \$15,100 and \$10,700 in FY2013 and FY2012, respectively.

I. OPERATING EXPENSES

1. License

License expense was \$24,000 and \$24,000 in FY2013 and FY2012, respectively.

LEXINGTON FRIENDS OF THE ARTS, INC.
d/b/a
MUNROE CENTER FOR THE ARTS

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

2. **Utilities**

Utilities expense was \$50,055 and \$41,698 in FY2013 and FY2012, respectively. These amounts included heating oil expense of \$36,325 and \$30,360 in FY2013 and FY2012, respectively.

3. **Custodial Services**

Custodial services expense was \$31,456 and \$23,260 in FY2013 and FY2012, respectively.

4. **Contracted Services**

Contracted services expense was \$12,527 and \$5,565 in FY2013 and FY2012, respectively.

5. **Repairs**

Repairs expense was \$23,136 and \$4,402 in FY2013 and FY2012, respectively.

6. **Depreciation**

Depreciation expense was \$4,489 and \$5,437 in FY2013 and FY2012, respectively.

J. **NON-CASH TRANSACTIONS**

The Munroe Center's Art Studio Rental program entered into an agreement with ArtSpan, the Munroe Center's arts program for children, to assess a charge to cover ArtSpan's use of the Munroe Center's facilities and equipment during the year. This charge was recorded monthly through an accounting journal entry to rent income for the Art Studio Rental program, and to rent expense for ArtSpan. No cash payments or receipts were recorded.

The Art Studio Rental income and the corresponding ArtSpan rent expense were \$36,681 and \$31,012 in FY2013 and FY2012, respectively. These amounts included a heating oil surcharge of \$4,569 and \$2,156 in FY2013 and FY2012, respectively.