

HAJOVSKY, JONES & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
14405 WALTERS RD., SUITE 825  
HOUSTON, TEXAS 77014  
(281) 440-0142  
FAX (281) 440-9409

MICHAEL J. HAJOVSKY, C.P.A.  
RICHARD A. JONES, C.P.A.

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

August 17, 2009

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cypress Creek Foundation for the Arts  
and Community Enrichment (A Non-Profit Corporation)  
Houston, Texas

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Cypress Creek Foundation for the Arts and Community Enrichment (a non-profit corporation) as of June 30, 2009 and the related statements of activity and functional expenses - modified cash basis for the year then ended. These financial statements are the responsibility of the foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 audit provides a reasonable basis for our opinion.

As described in Note A, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Cypress Creek Foundation for the Arts and Community Enrichment (a non-profit corporation) as of June 30, 2009 and its activity for the year then ended, on the basis of accounting described in Note A.

*Hajovsky, Jones & Co., P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

CYPRESS CREEK FOUNDATION FOR THE ARTS AND COMMUNITY ENRICHMENT

(A Non-Profit Corporation)

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS

MODIFIED CASH BASIS

June 30, 2009

ASSETS

Current assets:

Cash		\$163,908
Prepaid production costs		12,265
Total current assets		<u>176,173</u>

Property & equipment:

Office furniture and equipment	\$1,872	
Less accumulated depreciation	<u>1,872</u>	<u>0</u>

Total assets \$176,173

LIABILITIES AND NET ASSETS

Current liabilities:

Deferred revenue - ticket sales		\$55,588
Total current liabilities		<u>55,588</u>

Net assets:

Unrestricted		53,485
Temporarily restricted		67,100
Total net assets		<u>120,585</u>

Total liabilities and net assets \$176,173

The accompanying notes and accountants' report are an integral part of these financial statements.

**CYPRESS CREEK FOUNDATION FOR THE ARTS AND COMMUNITY ENRICHMENT**

(A Non-Profit Corporation)  
STATEMENT OF ACTIVITY  
MODIFIED CASH BASIS  
For the Year Ended June 30, 2009

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
Support and revenue:			
Contributions and grants	\$153,701	\$0	\$153,701
Ticket sales	269,300	0	269,300
Sponsorships	30,200	67,100	97,300
Program advertising	7,350	0	7,350
Interest	397	0	397
Other	14,258	0	14,258
Total support and revenue	475,206	67,100	542,306
Reclassification to unrestricted net assets	71,664	(71,664)	0
	546,870	(4,564)	542,306
Expenses:			
Program services:			
Production costs	374,083	0	374,083
Advertising	73,534	0	73,534
Scholarships	4,000	0	4,000
Total program services	451,617	0	451,617
Supporting services:			
Administrative	51,484	0	51,484
Fundraising	49,951	0	49,951
Total supporting services	101,435	0	101,435
Total expenses	553,052	0	553,052
Increase (decrease) in net assets	(6,182)	(4,564)	(10,746)
Net assets - July 1, 2008	59,667	71,664	131,331
Net assets - June 30, 2009	\$53,485	\$67,100	\$120,585

The accompanying notes and accountants' report are an integral part of these financial statements.

**CYPRESS CREEK FOUNDATION FOR THE ARTS AND COMMUNITY ENRICHMENT**

(A Non-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

MODIFIED CASH BASIS

For the Year Ended June 30, 2009

	<u>Production Costs</u>	<u>Advertising</u>	<u>Administrative</u>
Artists fees	\$167,500	\$0	\$0
Miscellaneous production costs	10,708	0	0
Technical assistance	46,915	0	0
Equipment rental	14,106	0	390
Rent	26,700	0	1,900
Travel, lodging and food	12,271	0	0
Programming costs	6,600	0	0
Brochures and programs	0	27,767	0
Office expenses and supplies	7,358	0	612
Direct mail and postage	0	15,255	358
Media advertising	0	28,238	0
Conferences and seminars	3,653	0	0
Salaries and related taxes	60,467	0	30,752
Credit card fees	8,699	0	0
Other expenses	7,368	2,274	3,720
Legal and professional fees	0	0	4,352
Utilities and telephone	1,738	0	4,754
Depreciation	0	0	208
Insurance	0	0	4,438
	<u>\$374,083</u>	<u>\$73,534</u>	<u>\$51,484</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

**CYPRESS CREEK FOUNDATION FOR THE ARTS**  
**AND COMMUNITY ENRICHMENT**

(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE A - Summary of Significant Accounting Policies:**

Organization and Purpose -

The Cypress Creek Foundation for the Arts and Community Enrichment (Foundation) is a non-profit organization incorporated in the State of Texas in 1997 for the purpose of providing concerts and cultural events for the Harris County area. Revenue is derived primarily from ticket sales, sponsorships and program advertising.

Basis of Accounting -

The Foundation's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Contributed Services -

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Financial Statement Presentation -

The Foundation 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.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets as payments are made for the restricted purpose. The Foundation has no permanently restricted net assets.

Income Taxes -

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and related state statutes and is not classified by the Internal Revenue Service as a private foundation.

Property and Equipment -

Office furniture and equipment is recorded herein at cost. All assets have been fully depreciated.

**CYPRESS CREEK FOUNDATION FOR THE ARTS**  
**AND COMMUNITY ENRICHMENT**

(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE A** – Summary of Significant Accounting Policies (continued):

Estimates –

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

**NOTE B** - Related Party Transactions:

The Foundation operates in facilities owned by Cypress Creek Christian Church and managed by Cypress Creek Christian Community Center (Center). Rental expense includes \$26,700 for performance hall rental and \$1,900 for offices, paid to the Center.

**NOTE C** - Functional Allocation of Expenses:

The costs of the various activities of the Foundation have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fundraising expenses include \$48,585 of direct expenses incurred by the Centrum Arts League, an official volunteer group of the Foundation. The Centrum Arts League generated \$139,139 of support (contributions) and paid out \$4,000 for music scholarships, all of which is included in these financial statements.