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Short Form Return of Organization Exempt From Income Tax

OMB No. 1545-1150

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)
▶ Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities,
and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions)
All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000
at the end of the year may use this form
▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2010 calendar year, or tax year beginning _____, 2010, and ending _____, 20

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization: **NARSAD ARTWORKS**

Number and street (or P O box, if mail is not delivered to street address) Room/suite
701 W. LAMBERT ROAD

City or town, state or country, and ZIP + 4
BREA, CA 92821-2904

D Employer identification number: **33-0410398**

E Telephone number: **714-529-5871**

F Group Exemption Number ▶

G Accounting Method: Cash Accrual Other (specify) ▶ _____

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I Website: ▶ _____

J Tax-exempt status (check only one) – 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$ **80,702**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I.)
 Check if the organization used Schedule O to respond to any question in this Part I

		1	2	3	4	5a	5b	5c	6a	6b	6c	6d	7a	7b	7c	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Revenue	1	Contributions, gifts, grants, and similar amounts received															14,050												
	2	Program service revenue including government fees and contracts																											
	3	Membership dues and assessments																											
	4	Investment income																											
	5a	Gross amount from sale of assets other than inventory																											
	5b	Less: cost or other basis and sales expenses																											
	5c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)																											
	6	Gaming and fundraising events																											
	6a	Gross income from gaming (attach Schedule D if greater than \$15,000)																											
	6b	Gross income from fundraising events (not including \$ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)																											
6c	Less: direct expenses from gaming and fundraising events																												
6d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)																												
Revenue	7a	Gross sales of inventory, less returns and allowances															66,650												
	7b	Less: cost of goods sold															32,579												
	7c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)															34,071												
	8	Other revenue (describe in Schedule O)															2												
	9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8															48,123												
Expenses	10	Grants and similar amounts paid (list in Schedule O)																											
	11	Benefits paid to or for members																											
	12	Salaries, other compensation, and employee benefits															7,262												
	13	Professional fees and other payments to independent contractors															6,500												
	14	Occupancy, rent, utilities, and maintenance															25,237												
	15	Printing, publications, postage, and shipping															7,454												
	16	Other expenses (describe in Schedule O)															23,839												
	17	Total expenses. Add lines 10 through 16															70,292												
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)															-22,169												
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)															37,754												
	20	Other changes in net assets or fund balances (explain in Schedule O)																											
	21	Net assets or fund balances at end of year. Combine lines 18 through 20															15,585												

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Part V Other Information (Note the statement requirements in the instructions for Part V.)

Check if the organization used Schedule O to respond to any question in this Part V

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O		✓
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)		✓
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, explain in Schedule O why the organization did not report the income on Form 990-T.		
a	Did the organization have unrelated business gross income of \$1,000 or more or was it a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements?		✓
b	If "Yes," has it filed a tax return on Form 990-T for this year (see instructions)?		
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N		✓
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a		
b	Did the organization file Form 1120-POL for this year?		✓
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	✓	
b	If "Yes," complete Schedule L, Part II and enter the total amount involved 38b 25,000		
39	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9 39a		
b	Gross receipts, included on line 9, for public use of club facilities 39b		
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ _____ ; section 4912 ▶ _____ ; section 4955 ▶ _____		
b	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		✓
c	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ _____		
d	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization ▶ _____		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T.		✓
41	List the states with which a copy of this return is filed. ▶ CALIFORNIA		
42a	The organization's books are in care of ▶ H.B. HOLLISTER Telephone no. ▶ 714-529-5871 Located at ▶ 701 W. LAMBERT ROAD, BREA, CA ZIP + 4 ▶ 92821-2904		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		✓
	If "Yes," enter the name of the foreign country: ▶ _____		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts .		
c	At any time during the calendar year, did the organization maintain an office outside of the U.S.?		✓
	If "Yes," enter the name of the foreign country: ▶ _____		
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 —Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43		
44a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ		✓
b	Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ		✓
c	Did the organization receive any payments for indoor tanning services during the year?		✓
d	If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

		Yes	No
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)?		✓
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)		✓
45a			✓
46	Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		✓
46			✓

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI

		Yes	No
47	Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		✓
48	Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		✓
48			✓
49a	Did the organization make any transfers to an exempt non-charitable related organization?		✓
49a			✓
b	If "Yes," was the related organization a section 527 organization?		✓
49b			✓
50	Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."		

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
N/A				

f Total number of other employees paid over \$100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
N/A		

d Total number of other independent contractors each receiving over \$100,000

52 Did the organization complete Schedule A? **Note:** All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Jarrold A. Petraborg Signature of officer | 8-11-2010 Date

JARROLD A. PETRABORG Type or print name and title | TREASURER Title

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name	Firm's EIN			
	Firm's address	Phone no			

May the IRS discuss this return with the preparer shown above? See instructions Yes No

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization
NARSAD ARTWORKS

Employer identification number
33-0410398

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III—Functionally integrated d Type III—Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Table with 7 columns: (a) 2006, (b) 2007, (c) 2008, (d) 2009, (e) 2010, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f); 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2006, (b) 2007, (c) 2008, (d) 2009, (e) 2010, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities, whether or not the business is regularly carried on; 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.); 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities, etc. (see instructions); 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 3 columns: Description, Amount, Percentage. Rows include: 14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f)); 15 Public support percentage from 2009 Schedule A, Part II, line 14; 16a 33 1/3% support test—2010; b 33 1/3% support test—2009; 17a 10%-facts-and-circumstances test—2010; b 10%-facts-and-circumstances test—2009; 18 Private foundation.

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	14,662	12,808	24,546	19,465	14,050	85,531
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	147,837	164,000	81,410	63,937	66,652	523,836
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	162,499	176,808	105,956	83,402	80,702	609,367
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						609,367

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6	162,499	176,808	105,596	83,402	80,702	609,367
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)	162,499	176,808	105,956	83,402	80,702	609,367
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	100 %
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	100 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%

- 19a 33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►
- b 33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

NARSAD ARTWORKS

Transactions With Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2010

Open To Public Inspection

Employer identification number

33-0410398

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No
(1)	N/A			
(2)				
(3)				
(4)				
(5)				
(6)				

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958. ▶ \$ _____

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

	(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
		To	From			Yes	No	Yes	No	Yes	No
(1)	H.B. & P.G. HOLLISTER	✓		45,000	70,000		✓	✓			✓
(2)											
(3)											
(4)											
(5)											
(6)											
(7)											
(8)											
(9)											
(10)											
Total ▶ \$ _____											

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

	(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance
(1)	N/A		
(2)			
(3)			
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2010

**Open to Public
Inspection**

Name of the organization

NARSAD ARTWORKS

Employer identification number

33-0410398

PART I, LINE 16: OTHER EXPENSES

ARTWORK PURCHASES, BANK CHARGES, DEPRECIATION, EQUIPMENT RENTALS, INSURANCE, INTEREST,

LICENSES & FEES, OFFICE SUPPLIES, PERSONAL PROPERTY TAXES, MISC., TELEPHONE, SHOW &

CONVENTION EXPENSE, ART SHOW EXPENSE, PAYROLL TAXES, PAYROLL PREPARATION.

PART II, LINE 24: OTHER ASSETS

ACCOUNTS RECEIVABLE, INVENTORY, FIXED ASSETS

LINE 26: TOTAL LIABILITIES

ACCOUNTS PAYABLE, LOANS PAYABLE, SALES TAX PAYABLE