

Accent Pontiac, Inc.

**Financial Statement
Year Ended August 31, 2019**





Independent Auditor's Report

To the Board of Directors of
Accent Pontiac, Inc.

We have audited the accompanying financial statements of Accent Pontiac, Inc. (a nonprofit corporation), which comprise the statement of financial position as of August 31, 2019, and the related statement of activities and changes in net assets, statement of functional expenses, and statement of cash flows, for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Accent Pontiac, Inc., as of August 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Skillman Group, PLC

Certified Public Accountants

March 11, 2020

Accent Pontiac, Inc.

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Accent Pontiac, Inc.

Statement of Financial Position

August 31,

2019

Assets

Current Assets

Cash and cash equivalents (Note 1)	\$	374,773
Grants receivable (Note 3)		65,000

Total Current Assets **439,773**

Fixed Assets - net **23,879**

Total Assets **\$ 463,652**

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	101
Deferred revenue (Note 4)		2,000

Total Current Liabilities **2,101**

Net Assets

Without donor restrictions	331,551
With donor restrictions	130,000

Total Net Assets **461,551**

Total Liabilities and Net Assets **\$ 463,652**

See Summary of Significant Accounting Policies and Notes to Financial Statements.



Accent Pontiac, Inc.

Statement of Activities and Changes in Net Assets

<i>Year Ended August 31,</i>	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	%
Revenues				
Contributions	\$ 456,482	\$ -	\$ 456,482	56.0
Grants	113,500	130,000	243,500	29.9
Fundraising	94,084	-	94,084	11.5
In-kind donations	20,968	-	20,968	2.7
Total Revenues	685,034	130,000	815,034	100.1
Expenditures				
Program services	253,126	-	253,126	31.1
Management and general	24,171	-	24,171	3.0
Fundraising	87,676	-	87,676	10.8
Total Expenses	364,973	-	364,973	44.9
Change in Net Assets	320,061	130,000	450,061	55.2
Net Assets - beginning of year	11,490	-	11,490	
Net Assets - end of year	\$ 331,551	\$ 130,000	\$ 461,551	

See Summary of Significant Accounting Policies and Notes to Financial Statements.



Accent Pontiac, Inc.

Statement of Functional Expenses

Year Ended August 31,

2019

	Program Services	Management & General	Fundraising	Total Expenses	Percent of Revenue
Advertising	\$ 6,977	\$ -	\$ -	\$ 6,977	0.9
Food and beverage	3,757	-	10,097	13,854	1.7
Office expenses	-	1,732	-	1,732	0.2
Guest Artist	2,755	-	-	2,755	0.3
Facility Rental	-	-	1,550	1,550	0.2
Fundraising other expenses	-	-	8,097	8,097	1.0
Workshop Week	14,540	-	-	14,540	1.8
Insurance	-	2,344	-	2,344	0.3
Staffing and related	167,528	6,499	58,489	232,516	28.5
Employee benefits	15,369	596	5,362	21,327	2.6
Instrument expenses	8,081	-	-	8,081	1.0
Field Trips	2,307	-	-	2,307	0.3
Outside services	11,616	10,000	2,475	24,091	3.0
Mileage	3,080	-	-	3,080	0.4
Postage and Printing	-	-	1,606	1,606	0.2
Training and development	2,415	3,000	-	5,415	0.7
Supplies	7,988	-	-	7,988	1.0
Summer Program	6,713	-	-	6,713	0.8
Total Expenses	\$ 253,126	\$ 24,171	\$ 87,676	\$ 364,973	44.9

See Summary of Significant Accounting Policies and Notes to Financial Statements.



Accent Pontiac, Inc.

Statement of Cash Flows

<i>Year Ended August 31,</i>	2019
Cash Flows From Operating Activities	
Change in net assets	\$ 450,061
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,476
Decrease (increase) in assets	
Grants receivable	(45,000)
Increase (decrease)	
Accounts payable	101
Deferred revenue	(47,000)
Net Cash Provided by Operating Activities	361,638
Cash Flow from Investment Activities	
Purchase of fixed assets	(18,355)
Cash and Cash Equivalents, beginning of year	31,490
Cash and Cash Equivalents, end of year	\$ 374,773

See Summary of Significant Accounting Policies and Notes to Financial Statements.



Summary of Significant Accounting Policies

Nature of Organization

Accent Pontiac (the "Organization") is a Michigan non-profit corporation. The Organization is committed to strengthening Pontiac's youth and community through equitable access to intensive and consistent music making. Accent Pontiac transforms lives through music by serving over 250 students in Pontiac, Michigan with instrumental music at no cost to participants. Accent Pontiac was founded as a ministry of Kirk in the Hills, who provided initial funding for the program.

Financial Statement Presentation

The Organization has adopted AUS 2016-14. Under this adoption, the organization reports information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and (2) revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains cash balances with a local financial institution which is insured up to \$250,000 per group, by the U.S. Federal Deposit Insurance Company ("FDIC"). At various times throughout the year ended August 31, 2019 the Organization's balance has exceeded the federally - insured limit. The Organization has not experienced any losses in its cash account, and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of August 31, 2019 there was an uninsured cash balance of \$124,773.



Summary of Significant Accounting Policies

**Grants
Receivable**

The Organization's grants receivable represent amounts promised by donors for certain specific expenses and event costs of the organization. No allowance has been deemed necessary since all were subsequently received.

Net Assets

Net assets of the Organization are classified as those with donor restrictions and those without donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Net assets with donor restrictions are contributions with time or purpose donor imposed restrictions.

**Revenue
Recognition**

All contributions are available for unrestricted use unless specifically restricted by the donor. All amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as restricted. Net assets are released for use when the donor stipulated time restriction ends or the purpose restriction is accomplished by the Organization. Contributions with donor imposed time or purpose restrictions that are met in the same period as the contribution received are reported as unrestricted support.

**Deferred
Revenue**

Deferred revenue represents income received in the current year specifically given for use in the following year.

**Contributed
Services**

Contributed services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the services would typically need to be purchased if not contributed. For the year ended August 31, 2019 the Organization recorded contributed services of \$10,000 which meet the requirements of generally accepted accounting principles in the United States of America to be included in the accompanying financial statements.



Summary of Significant Accounting Policies

Volunteer Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in running its programs. While these services are most important and noteworthy, no value has been recorded for the year ended August 31, 2019.

Income Taxes

The Organization is exempt from taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes have been recorded in the accompanying financial statements. Annually, the Organization files a form 990 - Return of Organization Exempt from Income Tax.

The Organization's continued status as an exempt organization is considered to be a "tax position" in that the Organization must adhere to various requirements to remain tax exempt. Management has analyzed the Organization's material tax positions as of August 31, 2019 and has determined that no material uncertain tax positions exist that require recognition or disclosure in the accompanying financial statements. Tax returns are open for examination by the Internal Revenue Service for three years after filing. Thus the tax returns for years ending August 31, 2018 and 2019 remain open.

Marketing

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses were \$6,977 for the year ending August 31, 2019.



Accent Pontiac, Inc.

Notes to Financial Statements

- 1. Restricted Cash** There was no donor restricted cash for the year ended August 31, 2019.
- 2. Availability of Financial Assets** The following reflects the organization's financial assets as of August 31, 2019, to meet general expenditures in one year.
- | | | |
|--|----|----------------|
| Cash | \$ | 374,774 |
| Grants Receivable | | 65,000 |
| <hr/> | | |
| Total financial assets available to meet general expenditures in one year. | \$ | <u>439,774</u> |
- 3. Grants Receivable** Grants receivable of \$65,000 at year ending August 31, 2019 represent monies pledged through grants, that have not been received as of the year end.
- 4. Deferred Revenue** Deferred revenue of \$2,000 at August 31, 2019 represents donations and sponsorship monies received during the year, specifically given for use in the following year.
- 5. Contributed Services** Contributed services of \$10,000 were recorded during the year end August 31, 2019 as part of the in-kind donations. This represents the fair value cost of a program template for policies and procedures put together specifically for use by Accent Pontiac.
- 6. Net Assets with Donor Restrictions** Donor restricted net assets of \$130,000 as of August 31, 2019 represent the following:
- | | | |
|--|----|----------------|
| Presbytery of Detroit | \$ | 5,000 |
| El Sistema USA | | 25,000 |
| Cejka Foundation | | 100,000 |
| <hr/> | | |
| Total Net Assets with Donor Restrictions | \$ | <u>130,000</u> |



Notes to Financial Statements

7. In-Kind Donations

In-kind donations totaling \$20,968 at August 31, 2019 represent the fair value of donated items, including instruments, and a policy and procedure program put together for the organization. A corresponding expense has been recorded for these items during the year in the schedule of functional expenses. Additionally, Kirk in the Hills has provided office space to the Organization which has not been reflected in the statements since the amount has been deemed immaterial.

8. Functional Expenses

The financial statements report certain categories of expenses that are attributable to both program and supporting functions. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include staffing and related employee expenses. These expenses are allocated on the basis of estimates of time and effort utilized in those functions.

9. Subsequent Events

The Organization evaluated events and transactions that occurred between August 31, 2019 and March 11, 2020 which is the date that the financial statements were available to be issued, for possible recognition or disclosure to the financial statements.

