

**Accent Pontiac, Inc.**

**Financial Statements  
Years Ended August 31, 2020 and 2019**

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**Financial Statements  
Years Ended August 31, 2020 and 2019**

# Accent Pontiac, Inc.

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## **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 non-profit corporation), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities and changes in net assets, statements of functional expenses, and statements of cash flows, for the years 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Skillman Group, PLC*

Certified Public Accountants

December 22, 2020  
Troy, Michigan

# Accent Pontiac, Inc.

## Statement of Financial Position

<i>August 31,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	\$ 348,921	\$ 374,773
Grants receivable (Note 5)	108,500	65,000
Prepaid expenses	1,607	-
<b>Total Current Assets</b>	<b>459,028</b>	<b>439,773</b>
<b>Fixed Assets - net</b>	<b>19,971</b>	<b>23,879</b>
<b>Investments</b> (Note 2)	<b>568,149</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 1,047,148</b>	<b>\$ 463,652</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 7,898	\$ 101
Deferred revenue (Note 6)	-	2,000
<b>Total Current Liabilities</b>	<b>7,898</b>	<b>2,101</b>
<b>Net Assets</b>		
Without donor restrictions	891,765	331,551
With donor restrictions	147,485	130,000
<b>Total Net Assets</b>	<b>1,039,250</b>	<b>461,551</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,047,148</b>	<b>\$ 463,652</b>

*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>	<b>2020</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>%</b>
<b>Revenues</b>				
Contributions (Note 10)	\$ 706,094	\$ -	\$ 706,094	78.7
Grants	70,000	50,000	120,000	13.4
Fundraising	8,805	42,485	51,290	5.7
In-kind donations	13,742	-	13,742	1.6
Investment income	4,004	-	4,004	0.5
<b>Total Revenues</b>	<b>802,645</b>	<b>92,485</b>	<b>895,130</b>	<b>99.9</b>
<b>Net Assets Released from Restrictions</b>	<b>75,000</b>	<b>(75,000)</b>	<b>-</b>	<b>-</b>
<b>Total Revenue and Net Assets Released from Restrictions</b>	<b>877,645</b>	<b>17,485</b>	<b>895,130</b>	<b>99.9</b>
<b>Expenditures</b>				
Program services	215,509	-	215,509	24.1
Management and general	33,089	-	33,089	3.7
Fundraising	68,833	-	68,833	7.7
<b>Total Expenses</b>	<b>317,431</b>	<b>-</b>	<b>317,431</b>	<b>35.5</b>
<b>Change in Net Assets</b>	<b>560,214</b>	<b>17,485</b>	<b>577,699</b>	<b>64.4</b>
<b>Net Assets - beginning of year</b>	<b>331,551</b>	<b>130,000</b>	<b>461,551</b>	
<b>Net Assets - end of year</b>	<b>\$ 891,765</b>	<b>\$ 147,485</b>	<b>\$ 1,039,250</b>	

*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>	<b>2019</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>%</b>
<b>Revenues</b>				
Contributions (Note 10)	\$ 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
<b>Total Revenues</b>	<b>685,034</b>	<b>130,000</b>	<b>815,034</b>	<b>100.1</b>
<b>Expenditures</b>				
Program services	253,126	-	253,126	31.1
Management and general	24,171	-	24,171	3.0
Fundraising	87,676	-	87,676	10.8
<b>Total Expenses</b>	<b>364,973</b>	<b>-</b>	<b>364,973</b>	<b>44.9</b>
<b>Change in Net Assets</b>	<b>320,061</b>	<b>130,000</b>	<b>450,061</b>	<b>55.2</b>
<b>Net Assets - beginning of year</b>	<b>11,490</b>	<b>-</b>	<b>11,490</b>	
<b>Net Assets - end of year</b>	<b>\$ 331,551</b>	<b>\$ 130,000</b>	<b>\$ 461,551</b>	

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

# Accent Pontiac, Inc.

## Statement of Functional Expenses

Year Ended August 31,

2020

	Program Services	Management & General	Fundraising	Total Expenses	Percent of Revenue
Advertising	\$ 3,974	\$ -	\$ -	\$ 3,974	0.4
Food and beverage	6,421	-	-	6,421	0.7
Office expenses	-	2,569	-	2,569	0.3
Guest Artist	700	-	-	700	0.1
Facility Rental	-	7,200	-	7,200	0.8
Fundraising other expenses	-	-	1,093	1,093	0.1
Workshop Week	11,248	-	-	11,248	1.3
Insurance	-	4,871	-	4,871	0.5
Staffing and related	153,297	6,381	53,667	213,345	23.9
Employee benefits	13,641	1,542	13,256	28,439	3.2
Instrument expenses	7,698	-	-	7,698	0.9
Field Trips	298	-	-	298	-
Outside services	10,319	2,700	-	13,019	1.5
Professional fees	-	5,000	-	5,000	0.6
Mileage	959	-	-	959	0.1
Postage and Printing	530	-	817	1,347	0.2
Training and development	3,224	2,826	-	6,050	0.7
Supplies	1,827	-	-	1,827	0.2
Summer Program	1,373	-	-	1,373	0.2
<b>Total Expenses</b>	<b>\$ 215,509</b>	<b>\$ 33,089</b>	<b>\$ 68,833</b>	<b>\$ 317,431</b>	<b>35.7</b>

*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
<b>Total Expenses</b>	<b>\$ 253,126</b>	<b>\$ 24,171</b>	<b>\$ 87,676</b>	<b>\$ 364,973</b>	<b>44.9</b>

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

# Accent Pontiac, Inc.

## Statement of Cash Flows

<i>Year Ended August 31,</i>	<b>2020</b>	<b>2019</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 577,699	\$ 450,061
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,908	3,476
Investment income	(4,004)	-
Decrease (increase) in assets		
Grants receivable	(43,500)	(45,000)
Prepaid expenses	(1,607)	-
Increase (decrease)		
Accounts payable	7,797	101
Deferred revenue	(2,000)	(47,000)
<b>Net Cash Provided by Operating Activities</b>	<b>538,293</b>	<b>361,638</b>
<b>Cash Flow from Investment Activities</b>		
Purchase of fixed assets	-	(18,355)
Purchase of Investments	(564,145)	-
<b>Net Cash Used in Investing Activities</b>	<b>(564,145)</b>	<b>(18,355)</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(25,852)</b>	<b>343,283</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>374,773</b>	<b>31,490</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 348,921</b>	<b>\$ 374,773</b>

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

# Accent Pontiac, Inc.

## Summary of Significant Accounting Policies

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**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 years ended August 31, 2020 and 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, 2020 and 2019 there were uninsured cash balances of \$99,273 and \$149,729, respectively.

**Summary of Significant Accounting Policies**

<b>Grants Receivable</b>	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.
<b>Fixed Assets</b>	The organization records equipment at cost. Contributed assets are recorded as revenue and capitalized at fair value at the date of the gift. Depreciation of the assets is recorded using the straight line method over the estimated useful lives of the assets ranging from three to five years.
<b>Net Assets</b>	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.
<b>Revenue Recognition</b>	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.
<b>Deferred Revenue</b>	Deferred revenue represents income received in the current year specifically given for use in the following year.
<b>Contributed Services</b>	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 years ended August 31, 2020 and 2019 the Organization recorded contributed services of \$225 and \$10,000 respectively, 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 years ended August 31, 2020 and 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 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, 2020 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, 2019 and 2020 remain open.

### **Marketing**

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses were \$3,974 and \$6,977 for the years ending August 31, 2020 and 2019 respectively.

### **Risks and Uncertainties**

In December 2019, a strain of coronavirus, COVID-19, was first reported to have surfaced in Wuhan, China. Despite efforts to contain the virus in China, COVID-19 eventually spread to the United States of America. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In order to contain the spread of COVID-19, stay-at-home orders were issued which mandated the closing of all businesses that were not classified as "essential" within most of the United States. As a result, the global economy has been significantly impacted due to the unprecedented challenges posed by the pandemic and the stay-at-home orders. At this point, the extent to which both the pandemic continues and the stay-at-home orders remain in effect, and the extent of its impact on the global economy and the effects on our financial conditions or results of operations is uncertain.

## Notes to Financial Statements

### 1. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

#### Level 1 Fair Value Measurements

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Common Stock

Valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds

Valued using the Net Asset Value (NAV) of shares held by the Fund at year-end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is quoted in an active market.

#### Level 2 Fair Value Measurements

Inputs for the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

# Accent Pontiac, Inc.

## Notes to Financial Statements

**1. Fair Value Measurements**  
(continued)

**Level 2 Fair Value Measurements - (continued)**

Certificate of Deposits

Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

**Level 3 Fair Value Measurements**

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. NAIC's assessment of the significant particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Realized and unrealized gains and losses from these assets are reported on the Consolidated Statements of Activities as they occur.

**2. Investments**

During the fiscal year ending August 31, 2020 the Organization opened an investment account with funds transferred from Kirk in the Hills. The statement below segregates assets as of August 31, 2020 into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

Description	8/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 568,149	\$ 568,149	-	-

# Accent Pontiac, Inc.

## Notes to Financial Statements

**3. Restricted Cash** There was no donor restricted cash for the years ended August 31, 2020 and 2019.

**4. Availability of Financial Assets** The following reflects the organization's financial assets as of August 31, 2020, to meet general expenditures in one year.

	<b>2020</b>	<b>2019</b>
Cash	\$ <b>348,921</b>	\$ 374,774
Grants Receivable	<b>118,500</b>	65,000
Investments	<b>568,149</b>	-
Total Financial Assets	<b>1,035,570</b>	439,774
Contractual or donor imposed restrictions	<b>(147,485)</b>	(130,000)
Total financial assets available to meet expenditures in one year.	<b>\$ 888,085</b>	\$ 309,774

**5. Grants Receivable** Grants receivable of \$118,500 and \$65,000 for years ending August 31, 2020 and 2019 represent monies pledged through grants, that have not been received as of the year end.

**6. 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.

**7. Contributed Services** Contributed services of \$225 and \$10,000 were recorded during the years end August 31, 2020 and 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.

**8. Net Assets with Donor Restrictions** Donor restricted net assets of \$152,485 and \$130,000 as of August 31, 2020 and 2019 represent the following:

<b>Donors</b>	<b>2020</b>	<b>2019</b>
Presbytery of Detroit	\$ -	\$ 5,000
El Sistema USA	<b>5,000</b>	25,000
Cejka Foundation	<b>50,000</b>	100,000
Paul M. Angell Foundation	<b>50,000</b>	-
Various Fundraising Events	<b>42,485</b>	-
Total Net Assets with Donor Restrictions	<b>\$ 147,485</b>	\$ 130,000



# Accent Pontiac, Inc.

## Notes to Financial Statements

- 9. In-Kind Donations** In-kind donations totaling \$13,742 and \$20,968 at August 31, 2020 and 2019 represent the fair value of donated items, including instruments, professional fees, rent, and food and beverage items. A corresponding expense has been recorded for these items during the year in the schedule of functional expenses. Rent was not reflected in the statements for 2019 since the amount had been deemed immaterial.
- 10. Contributions** During the years ended August 31, 2020 and 2019, the Organization received large contributions from Kirk in the Hills of \$564,145 and \$214,719 respectively. As previously noted in the statements, Accent Pontiac was originally founded as a ministry of Kirk in the Hills. Once the organization was fully functioning on its own, Kirk in the Hills transferred the funds to be fully under the control of Accent Pontiac. For the year ended August 31, 2020 this represents the funds in the investment account that at year end totaled \$568,149 including \$4004 of investment income. Contributions of this level are not expected in future years.
- 11. 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.
- 12. Subsequent Events** The Organization evaluated events and transactions that occurred between August 31, 2020 and December 22, 2020 which is the date that the financial statements were available to be issued, for possible recognition or disclosure to the financial statements.