

Akropolis Quintet, Inc.
Financial Statements
June 30, 2018

Akropolis Quintet, Inc.
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Independent Accountants' Review Report

To the Board of Directors
Akropolis Quintet, Inc.
Northville, Michigan

We have reviewed the financial statements of Akropolis Quintet, Inc., which comprise the statement of assets, liabilities, and net assets-modified cash basis as of June 30, 2018, and the related statement of support, expenses, and change in net assets-modified cash basis, and cash flows-modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's 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, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.



Cole, Newton & Duran

Livonia, Michigan
May 10, 2019

Akropolis Quintet, Inc.
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis
June 30, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 59,918	
Inventory	<u>3,201</u>	
Total current assets		<u>\$ 63,119</u>

TOTAL ASSETS \$ 63,119

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Credit card payable	\$ 531	
Payroll liabilities	<u>4,583</u>	
Total current liabilities		\$ 5,114

NET ASSETS

Unrestricted		<u>58,005</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 63,119

Akropolis Quintet, Inc.
Statement of Support, Expenses, and Change in Net Assets – Modified Cash Basis
For the Year Ended June 30, 2018

SUPPORT AND REVENUE

Contributions	\$ 23,920	
Grants received	49,797	
Merchandise sales	7,458	
Performance revenue	140,101	
Other income	3,440	
Total support and revenue	184,716	\$ 224,716

FUNCTIONAL EXPENSES

Program Services

Payroll costs	\$ 112,030	
Commissioning and performance fees	7,000	
Conference fees	2,820	
Event expenses	548	
Performance materials and equipment	12,229	
Promotional materials	1,701	
Travel and meals	51,020	
Website	1,073	
Total program services expenses	188,421	

Administrative Expenses

Office expenses	2,910	
Professional fees	6,200	
Other expenses	2,157	
Total administrative expenses	11,267	

Fundraising Expenses

Solicitation expenses	1,297	
	1,297	

Total functional expenses	200,985
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INCREASE (DECREASE) IN NET ASSETS	23,731
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NET ASSETS AT BEGINNING OF YEAR	34,274
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NET ASSETS AT END OF YEAR	\$ 58,005
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Akropolis Quintet, Inc.
Statement of Cash Flows – Modified Cash Basis
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets		\$ 23,731
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Increase) decrease in assets:		
Inventory	\$ (3,201)	
Increase (decrease) in liabilities:		
Credit card payable	(909)	
Payroll liabilities	<u>1,106</u>	
Net Cash Provided By (Used In) Operating Activities		<u>(3,004)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		20,727
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>39,191</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>\$ 59,918</u></u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ -</u>	
Cash paid for income taxes	<u>\$ -</u>	

See Accompanying Notes and Independent Accountants' Review Report

Akropolis Quintet, Inc.
Notes to the Financial Statements
June 30, 2018

NOTE 1 – Nature of Activities

Akropolis Quintet, Inc., (the Organization) is a non-profit organization governing the Akropolis Reed Quintet, an internationally acclaimed music ensemble of five musicians performing on wind instruments. The Organization's mission is to progress and sustain exceptional classical music in communities locally and nationally, and to educate the next generation of musicians and music appreciators to create a more vibrant society. The Organization fulfills its purpose through concerts, workshops, festivals, educational events, and online premier performances. The Organization derives its revenue primarily from contributions, grants, and performance fees.

NOTE 2 – Significant Accounting Policies

Basis of accounting – The financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Financial statement presentation – Financial statement presentation follows the requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization is required to report 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. As of June 30, 2018, all net assets were unrestricted.

Use of estimates – The preparation of the financial statements on the modified cash basis of accounting makes use of estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents – The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Fair Value of financial instruments – FASB guidance on fair value measurement defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, payables, and payroll liabilities, approximate fair value due to the short-term maturity of these instruments.

Inventory – Inventory consists of merchandise and promotional items. Inventory is stated at the lower of cost or market value and is determined by the first-in first-out method. Donated inventory is recorded at the estimated fair value at the time of donation.

Revenue recognition – Performance revenue and contributions are recognized when received. Contributions without donor-imposed restrictions, and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift, are reported as unrestricted support. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported in the statement of support, expenses, and change in net assets as net assets released from restrictions.

Contributed services – Individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services as required by the Not-for-Profit Entities Topic of the FASB ASC. Accordingly, no amounts have been recognized in the financial statements.

Akropolis Quintet, Inc.
Notes to the Financial Statements
June 30, 2018

NOTE 2 – Significant Accounting Policies (continued)

Income taxes – The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. The income tax exemption does not apply to “unrelated business taxable income”. The Organization has evaluated its income tax filings for the years 2016 through 2018, which remain subject to examination, and has concluded it has no uncertain tax positions.

Subsequent events – Management has evaluated events and transactions for potential recognition or disclosure through the date of the accountants’ report, which was the first date that the financial statements were available to be issued.

NOTE 3 – Concentrations

The Federal Deposit Insurance Corporation (FDIC) insures balances in one financial institution up to \$250,000. At times during the year, the balances on deposit may exceed the insured amount. The Organization has not incurred any losses from uninsured balances.

NOTE 4 – Related Parties

The five Akropolis Reed Quintet musicians, who are the only employees of the Organization, serve on the Board of Directors as voting members.

NOTE 5 – Subsequent Events

In July 2018, the Organization entered into an agreement with a composer for the performance of services with a contract value totaling \$15,000.