

AKROPOLIS QUINTET INC.

**Financial Statements
June 30, 2019**

Akropolis Quintet Inc.
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June 30, 2019

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Independent Accountants' Review Report

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

We have reviewed the accompanying statement of assets, liabilities, and net assets- modified cash basis of Akropolis Quintet Inc., as of June 30, 2019, and the related statements of support, expenses and changes 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 company 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. 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 the modified cash basis of accounting. 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
June 10, 2020

Akropolis Quintet Inc.
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
June 30, 2019

ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$	43,634	
Inventory		8,580	
		<u> </u>	
Total current assets			<u>\$ 52,214</u>
TOTAL ASSETS			<u><u>\$ 52,214</u></u>
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Credit card payable	\$	8,073	
Payroll liabilities		4,063	
		<u> </u>	
Total current liabilities			\$ 12,136
NET ASSETS			
Without donor restrictions		<u>40,078</u>	
Total net assets			<u>40,078</u>
TOTAL LIABILITIES AND NET ASSETS			<u><u>\$ 52,214</u></u>

Akropolis Quintet Inc.
Statement of Support, Expenses, and Changes in Net Assets - Modified Cash Basis
For the Year Ended June 30, 2019

		<u>Without Donor Restrictions</u>
REVENUE		
Contributions	\$	36,201
Grants received		70,400
Merchandise sales		11,442
Performance revenue		85,115
Other income		<u>918</u>
Total revenue	\$	204,076
FUNCTIONAL EXPENSES		
Program services		
Payroll costs	\$	143,346
Commissions and performance fees		24,550
Conference fees		3,357
Event expenses		402
Performance materials and equipment		4,290
Promotional materials		1,181
Travel and meals		35,096
Website		<u>809</u>
Total program services expenses		213,031
Management and general		
Office expense		5,083
Professional fees		925
Other expenses		<u>1,583</u>
Total management and general		7,591
Fundraising		
Solicitation expenses		<u>1,381</u>
Total functional expenses		<u>222,003</u>
INCREASE (DECREASE) IN NET ASSETS		(17,927)
NET ASSETS AT BEGINNING OF YEAR		<u>58,005</u>
NET ASSETS AT END OF YEAR	\$	<u><u>40,078</u></u>

See Accompanying Notes and Independent Accountants' Review Report

Akropolis Quintet Inc.
Statement of Cash Flows - Modified Cash Basis
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets		\$ (17,927)
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Increase) decrease in assets		
Inventory	\$ (5,379)	
Increase (decrease) in liabilities		
Credit card payable	7,542	
Payroll liabilities	(521)	
Net cash provided by (used in) operating activities		\$ 1,642
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(16,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		59,919
CASH AND CASH EQUIVALENTS AT END OF YEAR		\$ 43,634

Supplemental disclosures

Cash paid for interest		\$ -
Cash paid for income taxes		\$ -

Akropolis Quintet Inc.
Notes to the Financial Statements
June 30, 2019

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 – Summary of 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.

Basis of presentation – Financial statement presentation follows 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 two classes of net assets as follows:

Net assets without donor restrictions consist of resources that are not restricted by donor-imposed stipulations.

Net assets with donor restrictions consist of resources of which the use by the Organization is limited by donor-imposed stipulations.

Use of estimates – The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses – The Organization presents their expenses by functional classification, which shows the amount spent for program related activities. Expenses that can be identified with a specific program are charged directly to that program. Program expenses that cannot be identified with a specific program require allocation on a reasonable basis that is consistently applied. All expenses were identifiable and therefore none were allocated for the year ended June 30, 2019. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

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, cash equivalents, receivables, and payables, approximate fair value due to the short-term maturity of these instruments.

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

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.

Akropolis Quintet Inc.
Notes to the Financial Statements
June 30, 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

Revenue recognition – Contributions and performance revenue are reported as revenue 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 support without donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of support, expenses and changes in net assets as 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.

Income taxes – The Organization is a nonprofit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Code. The Organization is no longer subject to Internal Revenue examinations for fiscal years prior to 2016. Management has evaluated FASB ASC 740, *Income Taxes*, 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.

New accounting pronouncement – During the fiscal year, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets and permanently restricted net assets. The guidance also expands the quantitative and qualitative disclosures regarding liquidity and the availability of resources and requires expenses to be reported by both their natural and functional classification.

NOTE 3 – Concentrations and Credit Risk

Cash – 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. Uninsured balances at the year ended June 30, 2019, was \$0. The Organization has not incurred any losses from uninsured deposits.

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.

Akropolis Quintet Inc.
Notes to the Financial Statements
June 30, 2019

NOTE 5 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date.

Financial assets at year-end		\$ 52,214
Less those unavailable for general expenditures within one year		
Inventory	\$ 8,580	<u>8,580</u>
Financial assets available to meet cash needs for general expenditure within one year		<u><u>\$ 43,634</u></u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in savings accounts.

NOTE 6 – Subsequent Event

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the operations of the Organization. Future potential impacts may include disruptions or restrictions on our employees' ability to work. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.