

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS'

REVIEW REPORT

AKROPOLIS QUINTET, INC.

JUNE 30, 2021 AND 2020

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Akropolis Quintet, Inc.

We have reviewed the accompanying financial statements of Akropolis Quintet, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 entity 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 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.

Accountant's 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.

Accountant's 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 accordance with accounting principles generally accepted in the United States of America.

*Davison & Associates*

Troy, Michigan  
November 8, 2021

Akropolis Quintet, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30,

(See Independent Accountants' Review Report)

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash (note A2)	\$ 108,619	\$ 110,706
Contributions receivable (note A5)	37,858	12,990
Inventory (note A6)	<u>1,407</u>	<u>1,685</u>
TOTAL ASSETS	<u>\$ 147,884</u>	<u>\$ 125,381</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	\$ 3,918	\$ 8,751
Payroll liabilities	3,201	2,919
SBA PPP Loan (note B)	<u>59,065</u>	<u>28,597</u>
Total current liabilities	66,184	40,267
COMMITMENTS AND CONTINGENCIES (note D)	-	-
NET ASSETS (note A7)		
Without donor restrictions	81,700	85,114
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>81,700</u>	<u>85,114</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 147,884</u>	<u>\$ 125,381</u>

The accompanying notes are an integral part of these statements.

Akropolis Quintet, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

(See Independent Accountants' Review Report)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT			
SUPPORT			
Direct public support	\$ 31,138	\$ -	\$ 31,138
Retail sales, net of expenses	2,447	-	2,447
Grants	<u>151,250</u>	<u>-</u>	<u>151,250</u>
Total support	184,835	-	184,835
REVENUE			
Program services	67,191	-	67,191
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	252,026	-	252,026
EXPENDITURES			
Program services	243,039	-	243,039
Administrative	10,614	-	10,614
Fundraising	<u>1,787</u>	<u>-</u>	<u>1,787</u>
Total expenditures	<u>255,440</u>	<u>-</u>	<u>255,440</u>
CHANGE IN NET ASSETS	(3,414)	-	(3,414)
NET ASSETS			
Beginning of year	<u>85,114</u>	<u>-</u>	<u>85,114</u>
NET ASSETS			
End of year	<u>\$ 81,700</u>	<u>\$ -</u>	<u>\$ 81,700</u>

The accompanying notes are an integral part of these statements.

Akropolis Quintet, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

(See Independent Accountants' Review Report)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT			
SUPPORT			
Direct public support	\$ 29,466	\$ -	\$ 29,466
Grants	<u>99,250</u>	<u>-</u>	<u>99,250</u>
Total support	128,716	-	128,716
REVENUE			
Program services	176,862	-	176,862
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	305,578	-	305,578
EXPENDITURES			
Program services	242,029	-	242,029
Administrative	16,559	-	16,559
Fundraising	<u>1,954</u>	<u>-</u>	<u>1,954</u>
Total expenditures	<u>260,542</u>	<u>-</u>	<u>260,542</u>
CHANGE IN NET ASSETS	45,036	-	45,036
NET ASSETS			
Beginning of year	<u>40,078</u>	<u>-</u>	<u>40,078</u>
NET ASSETS			
End of year	<u>\$ 85,114</u>	<u>\$ -</u>	<u>\$ 85,114</u>

The accompanying notes are an integral part of these statements.

Akropolis Quintet, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021  
 (See Independent Accountants' Review Report)

	<u>Program services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses	\$ 158,125	\$ -	\$ -	\$ 158,125
Payroll tax expenses	12,692	-	-	12,692
Bank charges	-	477	-	477
Commission fees	9,150	-	-	9,150
Postage	626	-	-	626
Event expenses	4,544	-	-	4,544
Office expenses	-	2,660	-	2,660
Marketing/Promotional	37,251	-	-	37,251
Travel	20,651	-	-	20,651
Professional fees	-	4,019	-	4,019
Software expenses	-	1,667	-	1,667
Solicitation expense	-	-	1,787	1,787
Insurance	-	1,791	-	1,791
	<u>\$ 243,039</u>	<u>\$ 10,614</u>	<u>\$ 1,787</u>	<u>\$ 255,440</u>

The accompanying notes are an integral part of these statements.

Akropolis Quintet, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020  
 (See Independent Accountants' Review Report)

	<u>Program services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses	\$ 145,625	\$ -	\$ -	\$ 145,625
Payroll tax expenses	10,599	-	-	10,599
Bank charges	-	2,497	-	2,497
Commission fees	20,850	-	-	20,850
Postage	334	-	-	334
Conference fees	3,064	-	-	3,064
Event expenses	5,244	-	-	5,244
Office expenses	-	4,428	-	4,428
Marketing/Promotional	6,705	-	-	6,705
Travel	49,608	-	-	49,608
Professional fees	-	5,191	-	5,191
Software expenses	-	1,321	-	1,321
Solicitation expense	-	-	1,954	1,954
Insurance	-	3,122	-	3,122
	<u>\$ 242,029</u>	<u>\$ 16,559</u>	<u>\$ 1,954</u>	<u>\$ 260,542</u>

The accompanying notes are an integral part of these statements.



Akropolis Quintet, Inc.

STATEMENTS OF CASH FLOWS

Years ended June 30,  
(See Independent Accountants' Review Report)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Cash received from customers and donors	\$ 227,158	\$ 292,588
Cash paid to suppliers and employees	(259,425)	(254,113)
Interest paid	(288)	-
	<u>(32,555)</u>	<u>38,475</u>
Net cash provided by (used in) operating activities		
Cash flows from financing activities		
Proceeds from SBA loan payable	<u>30,468</u>	<u>28,597</u>
Net cash provided by financing activities		
	<u>30,468</u>	<u>28,597</u>
Net increase (decrease) in cash	(2,087)	67,072
Cash balance at beginning of year	<u>110,706</u>	<u>43,634</u>
Cash balance at end of year	<u>\$ 108,619</u>	<u>\$ 110,706</u>

The accompanying notes are an integral part of these statements.

Akropolis Quintet, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30,  
(See Independent Accountants' Review Report)

	<u>2021</u>	<u>2020</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities		
Change in net assets	\$ (3,414)	\$ 45,036
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
(Increase) decrease in assets:		
Contributions receivable	(24,868)	(12,990)
Inventory	278	6,895
Increase (decrease) in liabilities:		
Accounts payable	(4,833)	678
Payroll liabilities	282	(1,144)
	<u>(29,141)</u>	<u>(6,561)</u>
Net cash provided by (used in) operating activities	<u>\$ (32,555)</u>	<u>\$ 38,475</u>

The accompanying notes are an integral part of these statements.

Akropolis Quintet, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

Akropolis Quintet, Inc. is a 501(c)(3) nonprofit Organization created by and governing the contemporary music ensemble, the Akropolis Reed Quintet. Their mission is to create a more vibrant society with greater accessibility to contemporary music through our quintet's artistic excellence utilized in performances, educational workshops, and community engagement. Each year the Organization performs about 50 live concerts including a self-produced music festival in Detroit; delivers 50-75 music education workshops, including a school year-length residency at 3 Detroit high schools; commissions and premieres multiple works by professional and youth composers; records and releases new music; creates and disseminates video performances; and sells sheet music and other merchandise. The ensemble has won numerous national chamber music prizes and its nonprofit leadership, who are also ensemble members, have been recognized as jurors of major prizes and for their leadership, such as through the Michigan Council for Arts and Cultural Affairs' Rising Leaders program. The ensemble was founded in 2009 at the University of Michigan and the nonprofit was created in November 2015.

2. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with maturity of one year or less. The Organization places its temporary cash investments with high-credit quality financial institutions and believes no significant concentration of credit risk exists with respect to these cash investments.

3. Basis of Accounting

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

Akropolis Quintet, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

5. Contributions Receivable

Contributions receivable are contributions that have been committed to the Organization. Based on management's evaluation of collectability, no allowance for doubtful contributions receivable was recorded for the years ended June 30, 2021 and 2020.

6. Inventory

Inventories are stated at cost determined by the first-in, first-out method. Inventories consist primarily of CDs, mugs, and T-shirts.

7. Classification of Net Assets

Net assets of the Organization are classified as net assets without donor restrictions or with donor restrictions, depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in donor restricted net assets. Earnings, gains, and losses on restricted net assets are classified as without donor restrictions, unless specifically restricted by the donor or by applicable state law.

Akropolis Quintet, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

8. Contributions

Contributions of cash and other assets, including unconditional promises to give, are reported as revenue when received or in the case of unconditional promises, when made. 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 both reported as support without donor restrictions. Other restricted gifts are reported as net assets with donor restrictions.

9. Contributed Goods and Services

A substantial number of non-professional volunteers donate hours for the Organization's programs. No values of donated services are reflected in the accompanying financial statements because these services have not created or enhanced a non-financial asset, nor are they specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated. During the years ended June 30, 2021 and 2020, volunteers donated 320 hours and 440 hours to the Organization, respectively.

10. Functional Allocation of Expenses

Functional expenses are allocated among the programs and support services based on specific identification of costs to programs, as well as, various time and use analysis and estimates, made by the Organization's management.

11. Income Taxes

The Organization is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes; therefore, no provision for income taxes has been included in these statements.

As of June 30, 2021, the organization's tax years ended June 30, 2020, 2019 and 2018 are open for examination by the tax authorities.

Akropolis Quintet, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

12. Revenue Recognition

Revenue is recognized as each distinct performance obligation with a contract is satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied.

The Organization's primary sources of revenue and support are contributions, grants, and performance fees. Revenue is recognized when received or when unconditional promises are made.

13. Adoption of Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance clarifies the definitions of reciprocal and non-reciprocal transactions and modifies the criteria used to evaluate conditional vs. unconditional contributions. In addition, the new guidance defines that a conditional contribution exists when the agreement contains both a right of return of the contributed asset and a barrier that must be overcome. The guidance is effective for the Organization for years beginning after December 15, 2019. The Organization adopted this guidance on July 1, 2020. The adoption of this guidance has no impact on how the Organization accounts for its grant-making activities.

Akropolis Quintet, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE B – SBA PPP LOAN

The loans of \$59,065 are from the U.S. Small Business Administration's Paycheck Protection Program, pursuant to Sections 1102 and 1106 of the Coronavirus Aid, Relief and Economic Securities Act (the "CARES Act"). Under Sections 1106 of the CARES Act, some or the full amount of the loan may be forgiven for payroll cost, interest, rent and utilities incurred. The note has been recorded under ASC 470 as a debt obligation. The amount to be forgiven will be recorded as a gain on extinguishment of the debt in the year the debt is forgiven by the SBA.

The Organization anticipates full forgiveness of both of the PPP loans, as the funds were used to cover qualified payroll expenses. The loans bear interest at a fixed rate of 1.00%. The first PPP loan in the amount of \$28,597 is payable in monthly installments commencing in December 2020 with final payment due in May 2022. The second PPP loan in the amount of \$30,468 is payable in monthly installments commencing in November 2021 with final payment due in February 2026.

NOTE C – 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 because of donor imposed restrictions that do not lapse within one year of the financial position date.

The following computes financial assets available to meet cash needs for general expenditure within one year:

Financial assets at year-end	\$ 146,477
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 146,477</u>

To meet cash demands, the Organization obtains funds through service programs and grants to support general expenditures.

Akropolis Quintet, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE D – COMMITMENTS AND CONTINGENCIES

In response to orders by the Governor of the State of Michigan due to the global coronavirus pandemic, the Organization closed its business on a short-term basis. The Organization does not know the overall effect on operations from closing its business and the resulting economic downturn.

NOTE E – SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2021, the most recent statement of financial position presented herein, through November 8, 2021 the date the financial statements were issued. No such significant events or transactions were identified.