

Atlanta Music Project, Inc.
Report on Audits of Financial Statements
For the Years Ended July 31, 2015 and 2014



Atlanta Music Project, Inc.

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McIntee Fusaro Del Corral, LLC
Certified Public Accountants & Forensic Consultants

Independent Auditors' Report

To the Board of Trustees of
Atlanta Music Project, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Atlanta Music Project, Inc. (a Georgia nonprofit organization), which comprise the statements of financial position as of July 31, 2015 and 2014, and the related statements of activities, functional expenses, and 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.

Auditors' 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 auditor's 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 Atlanta Music Project, Inc. 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.

McIntee Fusaro Del Corral, LLC

McIntee Fusaro Del Corral, LLC

November 9, 2015
Fairfield, NJ



Atlanta Music Project, Inc.
Statements of Financial Position
July 31, 2015 and 2014

	ASSETS	
	2015	2014
Cash and Cash Equivalents	\$ 60,613	\$ 47,674
Grants Receivable (Note B)	70,000	-
Other Receivable	3,500	3,500
Equipment - Net (Note C)	<u>112,099</u>	<u>54,304</u>
	<u>\$ 246,212</u>	<u>\$ 105,478</u>

LIABILITIES AND UNRESTRICTED NET ASSETS

Accounts Payable and Accrued Expenses	\$ 34,344	\$ 19,042
Due to Grantor	-	8,342
Loan Payable - Officer	12,600	-
Deferred Revenue	<u>50,000</u>	<u>30,000</u>
	96,944	57,384
Unrestricted Net Assets	<u>149,268</u>	<u>48,094</u>
	<u>\$ 246,212</u>	<u>\$ 105,478</u>

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Statements of Activities
For the Years Ended July 31, 2015 and 2014

Unrestricted Net Assets

	2015	2014
Support and Revenues		
Corporate Funding	\$ 98,851	\$ 193,530
Government Grants	35,588	15,163
Foundation Grants	144,379	88,750
Individual Donations	117,589	16,739
In-Kind Contributions (Note D)	63,882	1,575
Program Fees	76,641	34,840
Special Events - Net (Note E)	21,775	17,154
Interest Income	12	20
Total Support and Revenues	558,717	367,771
 Expenses		
Program Services	375,661	273,601
Management and General	81,409	56,870
Fund Raising	473	1,428
Total Expenses	457,543	331,899
 Change in Unrestricted Net Assets	101,174	35,872
Unrestricted Net Assets, Beginning of Year	48,094	12,222
Unrestricted Net Assets, End of Year	\$ 149,268	\$ 48,094

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Statement of Functional Expenses
For the Year Ended July 31, 2015

	Program Services	Management and General	Fund Raising	Totals
Salaries - Officers	\$ 75,820	\$ 45,958	\$ -	\$ 121,778
Salaries - Others	52,525	10,725	-	63,250
Payroll Taxes and Benefits	16,818	7,556	-	24,374
Payroll Processing Fees	1,557	700	-	2,257
Instruments, Repairs and Music Supplies	18,615	-	-	18,615
Teachers' Fees	150,047	-	-	150,047
Musical Events	26,542	-	-	26,542
Evaluations	78	-	-	78
Professional Fees	7,500	-	-	7,500
Advertising and Promotion	-	5,896	-	5,896
Website	6,700	-	-	6,700
Insurance	10,536	-	-	10,536
Office Supplies	-	3,340	-	3,340
Storage	2,836	-	-	2,836
Travel and Meetings	-	5,701	-	5,701
Depreciation Expense	6,087	-	-	6,087
Fundraising	-	-	473	473
Miscellaneous	-	1,533	-	1,533
	<u>\$ 375,661</u>	<u>\$ 81,409</u>	<u>\$ 473</u>	<u>\$ 457,543</u>

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Supplementary Information
Statement of Functional Expenses
For the Year Ended July 31, 2014

	Program Services	Management and General	Fund Raising	Totals
Salaries - Officers	\$ 92,874	\$ 23,218	\$ -	\$ 116,092
Salaries - Others	23,300	5,825	-	29,125
Payroll Taxes and Benefits	9,073	2,268	-	11,341
Instruments, Repairs and Music Supplies	10,321	-	-	10,321
In-Kind Costs	1,575	-	-	1,575
Teachers' Fees	105,182	-	-	105,182
Training/Performance Fees	2,176	-	-	2,176
Musical Events	9,062	-	-	9,062
Professional Fees	-	7,500	-	7,500
Advertising and Promotion	1,846	469	813	3,128
Insurance	6,528	3,215	-	9,743
Office Supplies	-	8,252	-	8,252
Outside Contract Services/Consultants	6,493	-	-	6,493
Travel and Meetings	1,659	4,486	-	6,145
Depreciation Expense	3,512	-	-	3,512
Fundraising	-	-	580	580
Telephone	-	650	-	650
Repairs and Maintenance	-	503	-	503
Dues and Subscriptions	-	85	-	85
Miscellaneous	-	399	35	434
	<u>\$ 273,601</u>	<u>\$ 56,870</u>	<u>\$ 1,428</u>	<u>\$ 331,899</u>

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Statements of Cash Flows
For the Years Ended July 31, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Change in Unrestricted Net Assets	\$ <u>101,174</u>	\$ <u>35,872</u>
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Used for Operating Activities		
Depreciation	6,087	3,512
In-Kind Contributions (Equipment)	(63,882)	-
(Increase) Decrease in Grants Receivable	(70,000)	5,500
Increase (Decrease) in Accounts Payable	15,302	(528)
Decrease in Due to Grantor	(8,342)	(37,985)
Increase in Loan Payable - Officer	12,600	-
Increase (Decrease) in Deferred Revenue	<u>20,000</u>	<u>(20,000)</u>
Total Adjustments	<u>(88,235)</u>	<u>(49,501)</u>
Net Cash Provided (Used) for Operating Activities	<u>12,939</u>	<u>(13,629)</u>
Cash Flows From Investing Activities		
Purchase of Equipment	<u>-</u>	<u>(2,942)</u>
Net Cash Used for Investing Activities	<u>-</u>	<u>(2,942)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,939	(16,571)
Cash and Cash Equivalents, Beginning of Year	<u>47,674</u>	<u>64,245</u>
Cash and Cash Equivalents, End of Year	<u>\$ 60,613</u>	<u>\$ 47,674</u>

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Notes to Financial Statements
July 31, 2015 and 2014

A - Nature of Activities and Summary of Significant Accounting Policies

1. Nature of Activities

The Atlanta Music Project, Inc. (the "Organization") provides intensive music education to underserved youth in their neighborhood in the Metropolitan Atlanta area. Its activities are supported primarily through public and private grants and other means of public support.

2. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, these financial statements reflect all significant receivables, payables and other liabilities.

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

All net assets not specifically restricted by donors are considered to be available for unrestricted use. Restricted net assets may only be utilized in accordance with the purpose established by their donors and grantors. Restrictions are considered satisfied when expenses are incurred which conform to grantor and donor specifications, rules or regulations. Net assets which have been earmarked for specific purposes by the governing board of the Organization are classified as unrestricted.

3. Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of grantor accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable.

5. Income Taxes

The Organization was incorporated as a not-for-profit corporation under the laws of the State of Georgia and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes. The Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization's evaluation on July 31, 2015 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2011 through 2013 tax years remain subject to examination by the Internal Revenue Service. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have an impact on the financial statements.

6. Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

7. Equipment and Depreciation

The Organization follows the practice of capitalizing all expenditures and contributions of fixed assets in excess of \$1,000 at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight line basis.

Estimated useful lives are as follows:

Musical Instruments	10 - 30 years
Vehicle	5 years
Computer Equipment	5 years

8. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions whose restrictions are met during the year are recorded as temporarily restricted and are also included in restrictions satisfied by payments in the Statement of Activities. Contributions of securities or real property are recorded at fair market value.

9. Deferred Revenue

Deferred revenue consists of payments received in advance that relate to services to be rendered in the subsequent year.

10. Allocation of Expenses

The cost of providing the various programs and other activities at the Organization have been allocated among the programs and supporting services benefited based on methods considered by management to be reasonable.

11. Fund Raising

Fund Raising includes the direct costs and the allocation of other costs involved in special events based on methods considered by management to be reasonable.

12. Donated Equipment

Donations of equipment are recorded as contributions at their estimated fair value at the date of donation and are depreciated each year for the amount of depreciation expense relating to the donated equipment.

13. Donated Services

Volunteers from the community have donated a significant number of hours in assisting the Organization in achieving the goals of its programs. The value of this contributed time is not reflected in the statement of activities.

B - Grants Receivable

Grants receivable are deemed to be fully collectable by management and are composed of the following amounts due at July 31:

	<u>2015</u>	<u>2014</u>
Fulton County Arts Council	\$ 20,000	\$ -0-
Meineke/Maaco	<u>50,000</u>	<u>-0-</u>
	<u>\$ 70,000</u>	<u>\$ -0-</u>

C - Equipment

Equipment consists of the following at July 31:

	<u>2015</u>	<u>2014</u>
Musical Instruments	\$ 81,710	\$ 59,051
Vehicle	41,223	-0-
Computer Equipment	<u>2,942</u>	<u>2,942</u>
	125,875	61,993
Less: Accumulated Depreciation	<u>13,776</u>	<u>7,689</u>
	<u>\$ 112,099</u>	<u>\$ 54,304</u>

Depreciation expense for the years ended July 31, 2015 and 2014 was \$6,087 and \$3,512, respectively.

D - Donated Equipment

Donated equipment provided to the Organization for the years ended July 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Musical Instruments	\$ 22,659	\$ 1,575
Vehicle	<u>41,223</u>	<u>-0-</u>
	<u>\$ 63,882</u>	<u>\$ 1,575</u>

Donated equipment of \$63,882 and \$-0- was capitalized and is reported on the Statement of Financial Position in Equipment – Net.

E - Special Events

Funds were received from a golf tournament run by a board member for the benefit of the Organization. Net revenues of \$21,775 and \$17,154 are reported on the Statements of Activities for the years ended July 31, 2015 and 2014, respectively. A condensed statement of revenues and expenses follows:

	<u>2015</u>	<u>2014</u>
Revenues	\$ 21,775	\$ 22,540
Expenses	<u>-0-</u>	<u>5,386</u>
Net Revenues	<u>\$ 21,775</u>	<u>\$ 17,154</u>

F - Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments in banks in excess of the U. S. Federal Deposit Insurance Corporation (FDIC) insured \$250,000 limit. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

G - Tax Filing Compliance

The Organization was in compliance with applicable Federal and State regulations as of July 31, 2015 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

H - Reclassifications

Certain amounts previously reported have been reclassified to conform to current year presentation.

I- Evaluation of Subsequent Events

The Organization has evaluated events subsequent to the balance sheet date for potential recognition or disclosure through November 9, 2015, the date which the financial statements were available to be issued.