

Atlanta Music Project, Inc.
Report on Audits of Financial Statements
For the Years Ended July 31, 2016 and 2015



Atlanta Music Project, Inc.

Table of Contents

	Page
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 12



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, 2016 and 2015, 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.

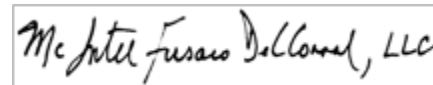
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



McIntee Fusaro Del Corral, LLC

January 27, 2017
Fairfield, NJ



Atlanta Music Project, Inc.
Statements of Financial Position
July 31, 2016 and 2015

	ASSETS	
	2016	2015
Cash and Cash Equivalents	\$ 10,844	\$ 60,613
Cash - Kindezi School (Note D)	8,601	-
Grants Receivable (Note B)	45,083	70,000
Other Receivable	-	3,500
Equipment - Net (Note C)	<u>96,837</u>	<u>112,099</u>
	<u>\$ 161,365</u>	<u>\$ 246,212</u>

LIABILITIES AND UNRESTRICTED NET ASSETS

Accounts Payable and Accrued Expenses	\$ 33,009	\$ 34,344
Loan Payable - Officer	-	12,600
Deferred Revenue	<u>-</u>	<u>50,000</u>
	<u>33,009</u>	<u>96,944</u>
Net Assets		
Temporarily Restricted (Note D)	35,601	-
Unrestricted	<u>92,755</u>	<u>149,268</u>
	<u>128,356</u>	<u>149,268</u>
	<u>\$ 161,365</u>	<u>\$ 246,212</u>

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Statements of Activities
For the Years Ended July 31, 2016 and 2015

	<u>Temporarily Restricted</u>					<u>2016 Total</u>	<u>2015 Total</u>
	<u>Unrestricted</u>	<u>Successful Education</u>		<u>PlayUSA Program</u>	<u>Total Temporarily Restricted</u>		
		<u>AMplify at Kindezi</u>	<u>Kindezi School</u>				
Support and Revenues							
Corporate Funding	\$ 63,813	\$ 40,000	\$ 60,000	\$ 27,000	\$ 127,000	\$ 190,813	\$ 98,851
Government Grants	50,083	-	-	-	-	50,083	35,588
Foundation Grants	333,182	-	-	-	-	333,182	144,379
Individual Donations	166,093	200	300	-	500	166,593	117,589
Program Fees	96,913	-	-	-	-	96,913	76,641
In-Kind Contributions (Note E)	-	-	-	-	-	-	63,882
Special Events - Net (Note F)	-	-	-	-	-	-	21,775
Interest Income	4	59	89	-	148	152	12
Net Assets Released From Restrictions	<u>92,047</u>	<u>(40,721)</u>	<u>(51,326)</u>	<u>-</u>	<u>(92,047)</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	<u>802,135</u>	<u>(462)</u>	<u>9,063</u>	<u>27,000</u>	<u>35,601</u>	<u>837,736</u>	<u>558,717</u>
Expenses							
Program Services	702,562	-	-	-	-	702,562	369,574
Management and General	131,577	-	-	-	-	131,577	81,409
Fund Raising	1,808	-	-	-	-	1,808	473
Total Expenses	<u>835,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>835,947</u>	<u>451,456</u>
Change in Net Assets Before Depreciation	(33,812)	(462)	9,063	27,000	35,601	1,789	107,261
Depreciation Expense	<u>(22,701)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,701)</u>	<u>(6,087)</u>
Change in Net Assets	(56,513)	(462)	9,063	27,000	35,601	(20,912)	101,174
Net Assets, Beginning of Year	<u>149,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,268</u>	<u>48,094</u>
Net Assets, End of Year	<u>\$ 92,755</u>	<u>\$ (462)</u>	<u>\$ 9,063</u>	<u>\$ 27,000</u>	<u>\$ 35,601</u>	<u>\$ 128,356</u>	<u>\$ 149,268</u>

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Statement of Functional Expenses
For the Year Ended July 31, 2016

	Program Services	Management and General	Fund Raising	Totals
Salaries - Officers	\$ 79,287	\$ 49,735	\$ -	\$ 129,022
Salaries - Others	96,124	31,854	-	127,978
Payroll Taxes and Benefits	13,883	20,825	-	34,708
Payroll Processing Fees	622	933	-	1,555
Instruments, Repairs and Music Supplies	27,059	-	-	27,059
Kindezi School Program Expenses	126,164	-	-	126,164
Teachers' Fees	200,152	-	-	200,152
Musical Events	47,883	-	-	47,883
Evaluations	63,325	-	-	63,325
Professional Fees	13,830	-	-	13,830
Advertising and Promotion	4,769	4,769	-	9,538
Website	2,550	-	-	2,550
Board Development	-	2,035	-	2,035
Insurance	15,495	2,734	-	18,229
Office Supplies	-	9,669	-	9,669
Storage	3,906	-	-	3,906
Travel and Meetings	7,513	7,513	-	15,026
Fundraising	-	-	1,808	1,808
Miscellaneous	-	1,510	-	1,510
	<u>\$ 702,562</u>	<u>\$ 131,577</u>	<u>\$ 1,808</u>	<u>\$ 835,947</u>

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
Fundraising	-	-	473	473
Miscellaneous	-	1,533	-	1,533
	<u>\$ 369,574</u>	<u>\$ 81,409</u>	<u>\$ 473</u>	<u>\$ 451,456</u>

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Statements of Cash Flows
For the Years Ended July 31, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Change in Net Assets	\$ <u>(20,912)</u>	\$ <u>101,174</u>
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided for Operating Activities		
Depreciation	22,701	6,087
In-Kind Contributions (Equipment)	-	(63,882)
Decrease (Increase) in Grants Receivable	24,917	(70,000)
Decrease in Other Receivable	3,500	-
(Decrease) Increase in Accounts Payable	(1,335)	15,302
Decrease in Due to Grantor	-	(8,342)
(Decrease) Increase in Loan Payable - Officer	(12,600)	12,600
(Decrease) Increase in Deferred Revenue	<u>(50,000)</u>	<u>20,000</u>
Total Adjustments	<u>(12,817)</u>	<u>(88,235)</u>
Net Cash (Used) Provided for Operating Activities	<u>(33,729)</u>	<u>12,939</u>
Cash Flows From Investing Activities		
Purchase of Equipment	<u>(7,439)</u>	<u>-</u>
Net Cash Used for Investing Activities	<u>(7,439)</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(41,168)	12,939
Cash and Cash Equivalents, Beginning of Year	<u>60,613</u>	<u>47,674</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,445</u>	<u>\$ 60,613</u>

See Independent Auditors' Report and Notes to Financial Statements

Atlanta Music Project, Inc.
Notes to Financial Statements
July 31, 2016 and 2015

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, 2016 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2012 through 2014 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>2016</u>	<u>2015</u>
Fulton County Arts Council	\$ 35,083	\$ 20,000
Spike TV	10,000	-0-
Meineke/Maaco	<u>-0-</u>	<u>50,000</u>
	<u>\$ 45,083</u>	<u>\$ 70,000</u>

C - Equipment

Equipment consists of the following at July 31:

	<u>2016</u>	<u>2015</u>
Musical Instruments	\$ 81,710	\$ 81,710
Vehicle	41,223	41,223
Computer Equipment	<u>10,381</u>	<u>2,942</u>
	133,314	125,875
Less: Accumulated Depreciation	<u>36,477</u>	<u>13,776</u>
	<u>\$ 96,837</u>	<u>\$ 112,099</u>

Depreciation expense for the years ended July 31, 2016 and 2015 was \$22,701 and \$6,087, respectively.

D. Temporarily Restricted Net Assets

Temporarily Restricted Net Assets are assets whose use is limited by either donor imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specified purpose.

During the year ended July 31, 2016, a donor named Successful Education committed to raising and donating funds for two specific programs: the Atlanta Music Project's AMPLify at Kindezi School (40% of funds) and The Kindezi School's after-school program (60% of funds). The Organization controlled and managed the receipts and disbursements of funds for these two programs. The activity for these programs is reported on the Statements of Activities as Temporarily Restricted.

Temporarily Restricted Net Assets consist of the following:

Successful Education – Kindezi School	\$ 8,601
Carnegie Hall Corporation 2016-17 PlayUSA Program	<u>27,000</u>
	<u>\$ 35,601</u>

E - Donated Equipment

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

	<u>2015</u>
Musical Instruments	\$ 22,659
Vehicle	<u>41,223</u>
	<u>\$ 63,882</u>

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

F - 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 are reported on the Statements of Activities for the year ended July 31, 2015. A condensed statement of revenues and expenses follows:

	<u>2015</u>
Revenues	\$ 21,775
Expenses	<u>-0-</u>
Net Revenues	<u>\$ 21,775</u>

G - 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.

H - Tax Filing Compliance

The Organization was in compliance with applicable Federal and State regulations as of July 31, 2016 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

I - Reclassifications

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

J- Evaluation of Subsequent Events

The Organization has evaluated events subsequent to the balance sheet date for potential recognition or disclosure through January 27, 2017, the date which the financial statements were available to be issued.