



# Ansonia Music Outreach

Financial Statements & Review Report  
For the year ended December 31, 2018



# Ansonia Music Outreach

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
The Ansonia Music Outreach Organization, Inc.  
dba Phoenix Ensemble

We have reviewed the accompanying financial statements of The Ansonia Music Outreach Organization, Inc. (dba Phoenix Ensemble) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses 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 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.

*John Vazzana CPA PLLC*

Brooklyn, New York

January 15, 2019

**The Ansonia Music Outreach Organization, Inc.**  
**Statement of Financial Position**  
**December 31, 2018**

**ASSETS**

Cash and cash equivalents	\$ 2,464
Grants receivable	18,050
Accounts receivable	1,720
Property and equipment (net)	<u>22,589</u>
<b>Total assets</b>	<u><u>\$ 44,823</u></u>

**LIABILITIES & NET ASSETS**

**Liabilities**

Accrued expenses	<u>\$ 15,194</u>
<b>Total liabilities</b>	<u>15,194</u>

**Net assets**

Without donor restrictions	9,859
With donor restrictions	<u>19,770</u>
<b>Total net assets</b>	<u>29,629</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 44,823</u></u>

**The Ansonia Music Outreach Organization, Inc.**  
**Statement of Activities**  
For the year ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
<b>Revenues and other support</b>			
General contributions	\$ 158,850	\$ 5,770	\$ 164,620
In-kind / Non-cash contributions	36,721	-	36,721
Government grants	1,000	14,000	15,000
Program service revenue	2,889	-	2,889
<b>Total revenues and other support</b>	<u>199,460</u>	<u>19,770</u>	<u>219,230</u>
<b>Net assets released from restrictions</b>			
Satisfaction of time and purpose restrictions	24,648	(24,648)	-
<b>Total revenues, other support and net assets released from restrictions</b>	<u>224,108</u>	<u>(4,878)</u>	<u>219,230</u>
<b>Expenses:</b>			
Program services	174,688	-	174,688
Management and general	34,414	-	34,414
Fundraising	8,200	-	8,200
<b>Total expenses</b>	<u>217,302</u>	<u>-</u>	<u>217,302</u>
<b>Changes in net assets</b>	<u>6,806</u>	<u>(4,878)</u>	<u>1,928</u>
<b>Net assets at beginning of year</b>	<u>3,053</u>	<u>24,648</u>	<u>27,701</u>
<b>Net assets at end of year</b>	<u>\$ 9,859</u>	<u>\$ 19,770</u>	<u>\$ 29,629</u>

**The Ansonia Music Outreach Organization, Inc.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2018**

<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
<b>Changes in Net Assets</b>	\$ 1,928
<b>Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:</b>	
Depreciation	19,227
Donated fixed asset	(29,981)
Changes in operating assets and liabilities	
Decrease/(increase) in:	
Grants receivable	300
Accounts receivable	190
(Decrease)/increase in:	
Accrued expenses	5,882
<b>Net cash provided by/(used in) operating activities</b>	<u>(2,454)</u>
 <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
None	-
<b>Net cash provided by/(used in) investing activities</b>	<u>-</u>
 <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>	
None	-
<b>Net cash provided by/(used in) financing activities</b>	<u>-</u>
 <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (2,454)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>4,918</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,464</u>
 <b>SUPPLEMENTAL CASH FLOWS INFORMATION:</b>	
Interest paid	<u>\$ 5,307</u>
Contribution of asset	<u>\$ 29,981</u>

**The Ansonia Music Outreach Organization, Inc.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2018**

	Program Services	Management and General	Fundraising	Total
Compensation and benefits	\$ 117,196	\$ -	\$ -	\$ 117,196
Professional fees	-	1,925	-	1,925
Service fees	3,936	1,273	1,846	7,055
Promotional expenses	1,691	-	-	1,691
Office expenses	-	-	3,464	3,464
Occupancy	17,032	5,148	-	22,180
Travel	2,883	-	-	2,883
Interest	-	5,307	-	5,307
Depreciation	-	19,227	-	19,227
Production expenses	10,040	-	-	10,040
Music and scores	1,470	-	-	1,470
Telephone and internet	1,691	-	1,300	2,991
Postage and shipping	-	-	1,590	1,590
Utilities	3,250	1,534	-	4,784
Equipment rental	1,909	-	-	1,909
Software and computer supplies	13,590	-	-	13,590
<b>Total</b>	<b>\$ 174,688</b>	<b>\$ 34,414</b>	<b>\$ 8,200</b>	<b>\$ 217,302</b>

**The Ansonia Music Outreach Organization, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1 - Description of Organization**

**The Ansonia Music Outreach Organization, Inc. (dba Phoenix Ensemble)** (the "Organization") was incorporated June 18th, 1992 as a not-for-profit corporation in the state of New York. The Organization is dedicated to help establish the musical arts as a more essential and valuable experience in the lives of the general public. The Organization's programs are supported primarily by foundation, government, and corporate contributions. The Organization is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within Internal Revenue Code requirements. The Organization's programs for the year ended December 31, 2018 were as follows:

Access to Music - Offers arts events such as free live concerts, music appreciation classes, open rehearsals, and interactive workshops to underserved communities and audiences.

Music for the Young - Presents innovative concerts and events to young people designed to inspire interest in classical music and the arts, encourage creativity, and help make the arts an integral part of the school curriculum.

Composer Workshop - Gives composers of merit the opportunity to create new works, makes accessible important music of our time, and works on ways in which the particular music style or message of new works can be communicated to a general audience, particularly young audiences.

**Note 2 - Significant Accounting Policies**

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations on an accrual basis. The significant accounting and reporting policies used by the organization are described below.

*Net Assets:* Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

**The Ansonia Music Outreach Organization, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

All revenues and net gains are reported as increases in *Net Assets Without Donor Restrictions* in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses (other than losses on endowment investments) are reported as decreases in *Net Assets Without Donor Restrictions*.

*Cash Equivalents:* Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

*Contributions (Pledges) Receivable:* Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

*Property and Equipment.* Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Music equipment	5 Years
Software	3 Years

*Accounting for Contributions:* Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in *Net Assets Without Donor Restrictions* unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in *Net Assets With Donor Restrictions*, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**The Ansonia Music Outreach Organization, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase *Net Assets Without Donor Restrictions*.

*Gifts-in-Kind (Non-Cash Contributions)*: The organization periodically receives contributions in a form other than cash or investments. If the organization receives a non-cash contribution, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

*Expense Recognition and Allocation*: The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative 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. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities.

*Use of Estimates*: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable; however, the actual results could differ from those estimates.

**Note 3 - Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 2,464
Grants receivable	18,050
Accounts receivable	1,720
	<hr/>
	\$ 22,234

As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**The Ansonia Music Outreach Organization, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

To help manage unanticipated liquidity needs, the organization also has committed lines of credit in the amount of \$25,000, which it could draw upon.

**Note 4 - Grants Receivable**

At December 31, 2018, all grants receivable are expected to be collected during the next year. Management has determined that the grants receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

**Note 5 - Property and Equipment**

The details of property and equipment are as follows:

Rehearsal piano	\$ 6,124
Software	<u>66,297</u>
Total at cost	72,421
Accumulated depreciation	<u>(49,832)</u>
Net property and equipment	<u>\$ 22,589</u>

**Note 6 - Line of Credit**

At December 31, 2018, the Organization had two unused lines of credits with both of its financial institutions. The lines of credit provide \$15,000 and \$10,000, respectively, in financing available to be drawn upon as needed at a rate of 9.25% and 5.25% per annum, respectively. The lines have a one-year term, provisions for annual extensions, and include a due on demand feature. All unrestricted assets are pledged as security on the line of credit. Interest expense on the lines of credit for the year totaled \$2,314. During the year, the Organization was advanced a total \$24,750 and repaid the same amount.

**Note 7 - Net Assets With Donor Restrictions**

The details for the year ending December 31, 2018 are:

Balance on December 31, 2017	\$ 24,648
Net Assets With Donor Restrictions	19,770
Net assets released from restrictions	<u>(24,648)</u>
Balance on December 31, 2018	\$ <u>19,770</u>

**The Ansonia Music Outreach Organization, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 8 - Advertising and Promotion**

The Organization's direct advertising and promotion costs are charged to operations when incurred. Direct advertising and promotion expense for the year ended December 31, 2018 was \$1,691.

**Note 9 - Compensated Absences**

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

**Note 10 - Concentrations of Risk**

The Organization maintains its cash deposits with quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to limits set by law. As of December 31, 2018, there were no uninsured balances.

**Note 11 - Contingencies**

The Organization is contingently liable in connection with claims arising in the normal course of its activities. In addition, the Organization receives funds from state and local government funded programs, which are subject to audit by those agencies. Management believes these matters will not have a significant effect on the organization's financial position.

**Note 12 - Related Party and Expense Sharing Agreement**

The Organization had an expense sharing agreement with the Organization's Artistic Director in which the Artistic Director provides rehearsal and office space to the Organization. The organization's share of the expenses under this agreement was \$28,758 for the year ending December 31, 2018.

**The Ansonia Music Outreach Organization, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 13 - Pension Plan**

The Organization maintains a Savings Incentive Match Plan for Employees Individual Retirement Account, whereby the employees may elect to contribute a portion of their gross wages upon meeting length of service requirements. The Organization makes a matching contribution of up to 3% of employee gross wages. For the year ended December 31, 2018, there were no contributions made to the plan.

**Note 14 - Volunteer Services**

The volunteer services the Organization receives are essential to helping the Organization fulfill its mission. Although substantial, these services do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America.

**Note 15 - Subsequent Events**

Subsequent events have been evaluated through January 15, 2019, which is the date the financial statements were available to be issued.