

Ansonia Music Outreach Organization

**Financial Statements & Review Report
For the Year Ended December 31, 2013**

Ansonia Music Outreach Organization

Financial Statements
For the Year Ended December 31, 2013

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
The Ansonia Music Outreach Organization Inc.

We have reviewed the accompanying statement of financial position of The Ansonia Music Outreach Organization Inc. (the "Organization") (a nonprofit organization) as of December 31, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 accounting principles generally accepted in the United States of America.

John Vazzana

John Vazzana CPA PLLC

01/20/2014

The Ansonia Music Outreach Organization Inc.
Statement of Financial Position
December 31, 2013

ASSETS

Assets

Cash and cash equivalents	\$ 26,034
Grants receivable	9,025
Accounts receivable	4,128
Property and equipment (net)	<u>16,401</u>
Total assets	<u><u>\$ 55,588</u></u>

LIABILITIES & NET ASSETS

Liabilities

Accrued expenses	<u>\$ 2,901</u>
Total liabilities	<u>2,901</u>

Net assets

Unrestricted	20,660
Temporarily restricted	32,027
Permanently restricted	<u>-</u>
Total net assets	<u>52,687</u>
Total liabilities and net assets	<u><u>\$ 55,588</u></u>

The Ansonia Music Outreach Organization Inc.
Statement of Activities
For the year ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
General contributions	\$ 117,965	\$ 22,960	\$ -	\$ 140,925
Noncash contributions	17,839	-	-	17,839
Government grants	4,058	9,067	-	13,125
Program service revenue	7,328	-	-	7,328
Total revenues and other support	<u>147,190</u>	<u>32,027</u>	<u>-</u>	<u>179,217</u>
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	47,171	(47,171)	-	-
Total revenues, other support and net assets released from restrictions	<u>194,361</u>	<u>(15,144)</u>	<u>-</u>	<u>179,217</u>
Expenses:				
Program services	151,706	-	-	151,706
Management and general	17,860	-	-	17,860
Fundraising	6,890	-	-	6,890
Total expenses	<u>176,456</u>	<u>-</u>	<u>-</u>	<u>176,456</u>
Changes in net assets	<u>17,905</u>	<u>(15,144)</u>	<u>-</u>	<u>2,761</u>
Net assets at beginning of year	<u>2,755</u>	<u>47,171</u>	<u>-</u>	<u>49,926</u>
Net assets at end of year	<u>\$ 20,660</u>	<u>\$ 32,027</u>	<u>\$ -</u>	<u>\$ 52,687</u>

The Ansonia Music Outreach Organization Inc.
Statement of Cash Flows
For the year ended December 31, 2013

CASH FLOW FROM OPERATING ACTIVITIES:	
Changes in Net Assets	\$ 2,761
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Depreciation	7,572
Changes in operating assets and liabilities	
Decrease/(increase) in:	
Grants receivable	1,085
Accounts receivable	(4,128)
(Decrease)/increase in:	
Accrued expenses	<u>(19,989)</u>
Net cash provided by/(used in) operating activities	<u>(12,699)</u>
 CASH FLOW FROM INVESTING ACTIVITIES:	
Decrease/(increase) in:	-
Purchase of fixed assets	<u>(18,951)</u>
Net cash provided by/(used in) investing activities	<u>(18,951)</u>
 CASH FLOW FROM FINANCING ACTIVITIES:	
None	<u>-</u>
Net cash provided by/(used in) financing activities	<u>-</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (31,650)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>57,684</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 26,034</u>
 SUPPLEMENTAL CASH FLOWS INFORMATION:	
Interest paid	<u>\$ 1,547</u>
Contribution of fixed assets	<u>\$ 17,839</u>

The Ansonia Music Outreach Organization Inc.
Statement of Functional Expenses
For the year ended December 31, 2013

Expenses	Program Services	Management and General	Fundraising	Total
Compensation and benefits	\$ 124,290	\$ -	\$ -	\$ 124,290
Professional fees	-	2,500	-	2,500
Service fees	404	1,405	1,722	3,531
Promotional expenses	2,078	-	-	2,078
Office expenses	153	-	2,663	2,816
Occupancy	10,374	5,148	-	15,522
Travel	3,381	-	-	3,381
Interest	-	1,145	-	1,145
Depreciation	1,255	6,317	-	7,572
Insurance	674	-	-	674
Music and scores	831	-	-	831
Telephone and internet	2,329	-	1,300	3,629
Postage and shipping	-	-	1,205	1,205
Utilities	2,682	984	-	3,666
Equipment rental	800	-	-	800
Software and computer supplies	2,455	-	-	2,455
Bank service charges	-	361	-	361
Total expenses	\$ 151,706	\$ 17,860	\$ 6,890	\$ 176,456

The Ansonia Music Outreach Organization Inc.
Notes to Financial Statements
December 31, 2013

Note 1 - Description of Organization

The Ansonia Music Outreach Organization, Inc. (the "Organization") was incorporated June 18th, 1992 as a domestic 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, 2013 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 audience.

Phoenix Ensemble - Presents events designed to inspire a new and diverse audience for classical music.

Note 2 - Significant Accounting Policies

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

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 in the circumstances; however, the actual results could differ from those estimates.

The Ansonia Music Outreach Organization Inc.
Notes to Financial Statements
December 31, 2013

Net Assets. The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted Net Assets. Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily Restricted Net Assets. Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently Restricted Net Assets. Net assets that are subject to donor-imposed stipulations that neither expire by passage of time, nor can be fulfilled or removed by actions of the Organization.

All revenues and net gains are reported as increases in unrestricted net assets 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 unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

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.

Accounts Receivable. Program service revenue earned but not yet received that are expected to be collected within one year are recorded as accounts receivable at net realizable value. If amounts become uncollectible, they will be charged to operations when that determination is made.

Grants Receivable. Unconditional promises to give that are expected to be collected within one year are recorded as grants receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. If amounts become uncollectible, they will be charged to operations when that determination is made.

The Ansonia Music Outreach Organization Inc.
Notes to Financial Statements
December 31, 2013

Contributions 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 collectibility 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 unrestricted net assets 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 either temporarily restricted or permanently restricted net assets, 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.

Gifts-in-Kind Contributions. The organization periodically receives contributions in a form other than cash or investments. If the organization receives a contribution of land, buildings, or equipment, 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 use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The Ansonia Music Outreach Organization Inc.
Notes to Financial Statements
December 31, 2013

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.

Tax Status. The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation. The organization recognizes the tax effects from an uncertain tax position in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition or disclosure

Note 3 - Grants Receivable

The details of Grants receivable are as follows:

NYS Council on the Arts	\$ 5,000
NYC Department of Cultural Affairs	1,025
Manhattan Borough President	<u>3,000</u>
Total grants receivable	<u>\$ 9,025</u>

Note 4 - Property and Equipment

The details of property and equipment are as follows:

Rehearsal piano	\$ 6,124
Software	<u>18,951</u>
Total at cost	25,075
Accumulated depreciation	<u>8,674</u>
Net property and equipment	<u>\$ 16,401</u>

The Ansonia Music Outreach Organization Inc.
Notes to Financial Statements
December 31, 2013

Note 5 - Line of Credit

At December 31, 2013, 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 5.00% per annum, respectively. During the year, the Organization was advanced a total \$28,934 and repaid the same amount. Interest expense on the lines of credit for the year totaled \$1,145.

Note 6 - 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 7 - 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, 2013 there were no uninsured balances.

Note 8 - 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 9 - Restricted Net Assets

The Organization had no permanently restricted net assets at December 31, 2013. At December 31, 2013 temporarily restricted net assets consisted of purpose restricted net assets of \$32,027. The details for the temporarily restricted net assets for the year ending December 31, 2013 is as follows:

Balance 12/31/2012	\$ 47,171
Temporarily restricted contributions	32,027
Net assets released from restrictions	<u>47,171</u>
Balance 12/31/2013	\$ <u>32,027</u>