



**Financial Statements & Review Report
For the year ended December 31, 2016**

Ansonia Music Outreach

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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 financial statements of The Ansonia Music Outreach Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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 20, 2017

The Ansonia Music Outreach Organization, Inc.
Statement of Financial Position
December 31, 2016

ASSETS

Cash and cash equivalents	\$ 19,917
Grants receivable	10,800
Accounts receivable	4,600
Property and equipment (net)	<u>16,131</u>
Total assets	<u><u>\$ 51,448</u></u>

LIABILITIES & NET ASSETS

Liabilities

Accrued expenses	<u>\$ 4,123</u>
Total liabilities	<u>4,123</u>

Net assets

Unrestricted	18,980
Temporarily restricted	28,345
Permanently restricted	<u>-</u>
Total net assets	<u>47,325</u>
Total liabilities and net assets	<u><u>\$ 51,448</u></u>

The Ansonia Music Outreach Organization, Inc.
Statement of Activities
For the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
General contributions	\$ 141,628	\$ 18,545	\$ -	\$ 160,173
In-kind contributions	23,058	-	-	23,058
Government grants	5,100	9,800	-	14,900
Program service revenue	1,870	-	-	1,870
Total revenues and other support	<u>171,656</u>	<u>28,345</u>	<u>-</u>	<u>200,001</u>
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	43,235	(43,235)	-	-
Total revenues, other support and net assets released from restrictions	<u>214,891</u>	<u>(14,890)</u>	<u>-</u>	<u>200,001</u>
Expenses:				
Program services	169,438	-	-	169,438
Management and general	27,545	-	-	27,545
Fundraising	6,726	-	-	6,726
Total expenses	<u>203,709</u>	<u>-</u>	<u>-</u>	<u>203,709</u>
Changes in net assets	<u>11,182</u>	<u>(14,890)</u>	<u>-</u>	<u>(3,708)</u>
Net assets at beginning of year	<u>7,798</u>	<u>43,235</u>	<u>-</u>	<u>51,033</u>
Net assets at end of year	<u>\$ 18,980</u>	<u>\$ 28,345</u>	<u>\$ -</u>	<u>\$ 47,325</u>

The Ansonia Music Outreach Organization, Inc.
Statement of Cash Flows
For the year ended December 31, 2016

CASH FLOW FROM OPERATING ACTIVITIES:	
Changes in Net Assets	\$ (3,708)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Depreciation	10,759
Donated fixed asset	(19,887)
Changes in operating assets and liabilities	
Decrease/(increase) in:	
Grants receivable	8,200
Accounts receivable	715
(Decrease)/increase in:	
Accrued expenses	(6,161)
Net cash provided by/(used in) operating activities	<u>(10,082)</u>
 CASH FLOW FROM INVESTING ACTIVITIES:	
None	-
Net cash provided by/(used in) investing activities	<u>-</u>
 CASH FLOW FROM FINANCING ACTIVITIES:	
None	-
Net cash provided by/(used in) financing activities	<u>-</u>
 NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	 (10,082)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>29,999</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 19,917</u>
 SUPPLEMENTAL CASH FLOWS INFORMATION:	
Interest paid	<u>\$ 2,597</u>
Contribution of fixed asset	<u>\$ 19,887</u>

The Ansonia Music Outreach Organization, Inc.
Statement of Functional Expenses
For the year ended December 31, 2016

	Program Services	Management and General	Fundraising	Total
Compensation and benefits	\$ 125,656	\$ -	\$ -	\$ 125,656
Professional fees	-	1,750	-	1,750
Service fees	2,245	1,419	1,562	5,226
Promotional expenses	1,110	-	-	1,110
Office expenses	-	-	2,514	2,514
Occupancy	12,933	5,148	-	18,081
Travel	4,240	-	-	4,240
Interest	-	2,597	-	2,597
Uncollectible pledge provision	-	5,000	-	5,000
Depreciation	1,257	9,502	-	10,759
Production expenses	8,970	-	-	8,970
Music and scores	686	-	-	686
Telephone and internet	1,534	-	1,300	2,834
Postage and shipping	-	-	1,350	1,350
Utilities	3,633	1,534	-	5,167
Equipment rental	463	-	-	463
Software and computer supplies	6,711	595	-	7,306
Total	\$ 169,438	\$ 27,545	\$ 6,726	\$ 203,709

The Ansonia Music Outreach Organization, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 - Description of Organization

The Ansonia Music Outreach Organization, Inc. (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, 2016 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 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.

Unrestricted Net Assets: Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting, from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Board-designated funds represent unrestricted funds which may, from time to time, be designated by the board of directors for specific purposes.

The Ansonia Music Outreach Organization, Inc.
Notes to Financial Statements
December 31, 2016

Temporarily Restricted Net Assets: Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets: Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

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.

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.

The Ansonia Music Outreach Organization, Inc.
Notes to Financial Statements
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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. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

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 Ansonia Music Outreach Organization, Inc.
Notes to Financial Statements
December 31, 2016

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 - Grants Receivable

At December 31, 2016, 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 4 - Property and Equipment

The details of property and equipment are as follows:

Rehearsal piano	\$ 6,124
Software	<u>28,506</u>
Total at cost	34,630
Accumulated depreciation	<u>(18,499)</u>
Net property and equipment	<u>\$ 16,131</u>

Note 5 - Line of Credit

At December 31, 2016, 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 \$1,428.

The Ansonia Music Outreach Organization, Inc.
Notes to Financial Statements
December 31, 2016

Note 6 - Restricted Net Assets

The Organization had no permanently restricted net assets at December 31, 2016. At December 31, 2016 temporarily restricted net assets consisted of purpose restricted net assets of \$28,345. The details for temporarily restricted net assets for the year ending December 31, 2016 are:

Balance 12/31/2015	\$ 43,235
Temporarily restricted contributions	28,345
Net assets released from restrictions	<u>(43,235)</u>
Balance 12/31/2016	\$ <u>28,345</u>

Note 7 - 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, 2016 was \$1,110.

Note 8 - 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 9 - 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, 2016 there were no uninsured balances.

Note 10 - 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.

The Ansonia Music Outreach Organization, Inc.
Notes to Financial Statements
December 31, 2016

Note 11 - 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 \$25,042 for the year ending December 31, 2016.

Note 12 - 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, 2016, there were no contributions made to the plan.

Note 13 - 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 14 - Subsequent Events

Subsequent events have been evaluated through January 20, 2017, which is the date the financial statements were available to be issued.