

***Atlanta Music Project, Inc.***  
***Report on Audits of Financial Statements***  
***For the Years Ended July 31, 2013 and 2012***

---



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

# **Atlanta Music Project, Inc.**

## **Table of Contents**

	<b>Page</b>
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 - 11



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

David G. McIntee, CPA/CFF, CVA  
Darren J. Fusaro, CPA, CFE  
Isabel Del Corral, CPA

**Independent Auditors' Report**

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

We have audited the accompanying financial statements of Atlantic Music Project, Inc. (a Georgia nonprofit organization), which comprise the statements of financial position as of July 31, 2013 and 2012, 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 statement 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 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 year 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

August 26, 2013  
Fairfield, NJ



**Atlanta Music Project, Inc.**  
**Statements of Financial Position**  
**July 31, 2013 and 2012**

	<b>ASSETS</b>	
	<b>2013</b>	<b>2012</b>
Cash and Cash Equivalents	\$ 64,245	\$ 90,065
Grants Receivable (Note B)	5,500	39,302
Other Receivable	3,500	-
Equipment - Net (Note C)	<u>54,874</u>	<u>20,490</u>
	<u><u>\$ 128,119</u></u>	<u><u>\$ 149,857</u></u>

**LIABILITIES AND NET ASSETS (DEFICIT)**

Accounts Payable and Accrued Expenses	\$ 19,570	\$ 34,582
Due to Grantor	46,327	-
Deferred Revenue	<u>50,000</u>	<u>152,801</u>
Total Liabilities	115,897	187,383
Unrestricted Net Assets (Deficit)	<u>12,222</u>	<u>(37,526)</u>
	<u><u>\$ 128,119</u></u>	<u><u>\$ 149,857</u></u>

**See Independent Auditors' Report and Notes to Financial Statements**



**Atlanta Music Project, Inc.**  
**Statements of Activities**  
**For the Years Ended July 31, 2013 and 2012**

Unrestricted Net Assets

	2013	2012
Support and Revenues		
Public Grants	\$ 288,184	\$ 251,980
Contributions	52,705	52,871
In-Kind Contributions (Note D)	40,668	17,875
Program Fees	7,181	17,200
Interest Income	96	75
	<hr/>	<hr/>
Total Support and Revenues	388,834	340,001
	<hr/>	<hr/>
Expenses		
Program Services	286,679	262,126
Management and General	49,558	56,479
Fund Raising	2,849	8,703
	<hr/>	<hr/>
Total Expenses	339,086	327,308
	<hr/>	<hr/>
Change in Unrestricted Net Assets	49,748	12,693
Unrestricted Net Assets (Deficit), Beginning of Year	(37,526)	(50,219)
	<hr/>	<hr/>
Unrestricted Net Assets (Deficit), End of Year	\$ 12,222	\$ (37,526)
	<hr/> <hr/>	<hr/> <hr/>

**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, 2013**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Totals</b>
Officer Salary	\$ 39,245	\$ 9,811	\$ -	\$ 49,056
Salaries	22,146	5,536	-	27,682
Payroll Taxes and Benefits	6,559	1,640	-	8,199
Instruments, Repairs and Music Supplies	33,544	-	-	33,544
In-Kind Costs	3,668	-	-	3,668
Teachers' Fees	106,656	-	-	106,656
Training/Performance Fees	11,503	-	-	11,503
Musical Events	3,384	-	-	3,384
Professional Fees	-	10,937	-	10,937
Advertising and Promotion	6,365	1,618	2,805	10,788
Insurance	5,359	2,639	-	7,998
Office Supplies	-	8,592	-	8,592
Outside Contract Services/Consultants	43,491	-	-	43,491
Travel and Meetings	2,143	5,795	-	7,938
Depreciation Expense	2,616	-	-	2,616
Staff Development	-	950	-	950
Telephone	-	300	-	300
Repairs and Maintenance	-	732	-	732
Dues and Subscriptions	-	500	-	500
Miscellaneous	-	508	44	552
	<u>\$ 286,679</u>	<u>\$ 49,558</u>	<u>\$ 2,849</u>	<u>\$ 339,086</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, 2012**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Totals</b>
Officer Salary	\$ 48,598	\$ 12,150	\$ -	\$ 60,748
Salaries	17,655	4,414	-	22,069
Payroll Taxes and Benefits	6,727	1,682	-	8,409
Instruments and Music Supplies	13,746	-	-	13,746
In-Kind Costs	9,575	-	-	9,575
Teachers' Fees	115,912	-	-	115,912
Training/Performance Fees	8,629	-	-	8,629
Musical Events	2,712	-	-	2,712
Professional Fees	-	11,538	-	11,538
Advertising and Promotion	19,615	4,987	8,644	33,246
Insurance	6,605	3,253	-	9,858
Office Supplies	-	7,871	-	7,871
Outside Contract Services	10,166	-	-	10,166
Travel and Meetings	625	1,689	-	2,314
Depreciation Expense	1,561	-	-	1,561
Staff Development	-	563	-	563
Telephone	-	392	-	392
Repairs and Maintenance	-	7,213	-	7,213
Dues and Subscriptions	-	50	-	50
Miscellaneous	-	677	59	736
	<u>\$ 262,126</u>	<u>\$ 56,479</u>	<u>\$ 8,703</u>	<u>\$ 327,308</u>

**See Independent Auditors' Report and Notes to Financial Statements**



**Atlanta Music Project, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended July 31, 2013 and 2012**

	2013	2012
Cash Flows From Operating Activities		
Change in Unrestricted Net Assets	\$ 49,748	\$ 12,693
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided for Operating Activities		
Depreciation	2,616	1,561
In-Kind Contributions	(37,000)	(8,300)
Decrease (Increase) in Grants Receivable	33,802	(23,552)
Increase in Other Receivable	(3,500)	-
(Decrease) Increase in Accounts Payable	(15,012)	16,007
Increase in Due to Grantor	46,327	-
(Decrease) Increase in Deferred Revenue	(102,801)	87,801
Total Adjustments	(75,568)	73,517
Net Cash (Used) Provided for Operating Activities	(25,820)	86,210
Cash Flows From Investing Activities		
Purchase of Equipment	-	(13,751)
Net Cash Used for Investing Activities	-	(13,751)
Net (Decrease) Increase in Cash and Cash Equivalents	(25,820)	72,459
Cash and Cash Equivalents, Beginning of Year	90,065	17,606
Cash and Cash Equivalents, End of Year	\$ 64,245	\$ 90,065

**See Independent Auditors' Report and Notes to Financial Statements**

**Atlanta Music Project, Inc.**  
**Notes to Financial Statements**  
**July 31, 2013 and 2012**

**A - Nature of Activities and Summary of Significant Accounting Policies**

**1. Nature of Activities**

The Atlanta Music Project, Inc. (the "Organization") provides intense 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. Accounts Receivable**

Accounts 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 individual 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 accounts 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 follows accounting standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. Tax returns for certain years are subject to audit by federal and state jurisdictions.

At July 31, 2013, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's 2013 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
---------------------	---------------

**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>2013</u>	<u>2012</u>
City of Atlanta's Office of Consumer Affairs – Gilbert House Program	\$ 5,500	\$ 31,802
S. Truett Cathy Foundation	-0-	2,500
The Ray M. and Mary Elizabeth Foundation	<u>-0-</u>	<u>5,000</u>
	<u>\$ 5,500</u>	<u>\$ 39,302</u>

**C - Property and Equipment**

Property and equipments costs of the following  
at July 31:

	<u>2013</u>	<u>2012</u>
Musical Instruments	\$ 59,051	\$ 22,051
Less: Accumulated Depreciation	<u>4,177</u>	<u>1,561</u>
	<u>\$ 54,874</u>	<u>\$ 20,490</u>

Depreciation expense for the year ended July 31, 2013 and 2012 was \$2,616 and \$1,561, respectively.

**D - Donated Equipment**

Donated equipment provided to the Organization for the year ended July 31, 2013 and 2012 consisted of musical instruments of \$37,000 and \$17,875, respectively. \$37,000 and \$8,300 of this was capitalized and depreciated and is shown on the statement of financial position at July 31, 2013 and 2012, respectively.

**E - 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.

**F - Tax Filing Compliance**

The Organization was in compliance with applicable Federal and State regulations as of July 31, 2013 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

**G - Evaluation of Subsequent Events**

The Organization has evaluated events subsequent to the balance sheet date for potential recognition or disclosure through August 26, 2013, the date which the financial statements were available to be issued.