

Pontiac Community Foundation

Financial Statements

December 31, 2022

Richard J. Boyse, CPA, PC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pontiac Community Foundation
PO Box 431362
Pontiac, MI 48343

Opinion

We have audited the accompanying financial statements of Pontiac Community Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pontiac Community Foundation as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pontiac Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pontiac Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

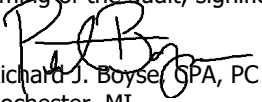
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Pontiac Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pontiac Community Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


Richard J. Boyser CPA, PC
Rochester, MI
October 17, 2023

**Pontiac Community Foundation
Statement of Financial Position**

	As of	
	December 31, 2022	December 31, 2021
Assets		
Current Assets		
Petty Cash	\$ 150.00	\$ 150.00
Undeposited Funds	2,297.52	4,031.75
Chase Checking	155,430.52	457,487.31
Chase Savings	227,868.64	98,018.23
Fiscal Sponsorship Savings	37,282.03	0.00
Accounts Receivable	366,995.15	68,000.00
Prepaid Expenses	0.00	3,333.36
	790,023.86	631,020.65
Total Current Assets		
Property and Equipment		
Vehicles	8,000.00	0.00
Less Accumulated Depreciation	(1,466.67)	0.00
	6,533.33	0.00
Net Property and Equipment		
Non Current Assets		
Grants Receivable - Oakland Christian	73,458.00	82,936.00
Right of Use Lease Asset	113,103.73	0.00
	186,561.73	82,936.00
Total Non Current Assets		
	\$ 983,118.92	\$ 713,956.65
Total Assets		
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 12,421.52	\$ 0.00
Credit Cards Payable	10,073.16	8,377.36
Payroll Liabilities	14,868.77	14,939.33
SBA Accrued Interest Payable	5,734.95	3,312.20
Due to MDHHS	15,839.00	0.00
Current Portion of Long-term Liabilities	54,166.04	0.00
	113,103.44	26,628.89
Total Current Liabilities		
Long-Term Liabilities		
SBA Loan	88,100.00	88,100.00
Operating Lease Liability	113,598.73	0.00
Less Current Portion	(54,166.04)	0.00
	147,532.69	88,100.00
Total Long-Term Liabilities		
	260,636.13	114,728.89
Total Liabilities		
Net Assets		
Net Assets Without Donor Restrictions	649,024.79	516,291.76
Net Assets With Donor Restrictions	73,458.00	82,936.00
	722,482.79	599,227.76
Total Net Assets		
	\$ 983,118.92	\$ 713,956.65
Total Liabilities and Net Assets		

See Independent Accountants' Audit Report

Pontiac Community Foundation
Statement of Activities and Change in Net Assets

12 Months Ended
December 31, 2022

Changes in Net Assets Without Donor Restrictions:

Revenue

Donations - General	\$	1,545,751.47
Gifts in Kind		13,710.00
Interest Income		33.29
Contract Revenue		8,000.00
Program Revenue		3,200.00
Donor-restricted Net Assets Released from Restriction		9,478.00
Total Revenue Without Donor Restrictions		1,580,172.76

Expenses

Program		1,040,274.46
General and Administrative		206,232.26
Fundraising		200,933.01
Total Expenses		1,447,439.73

Revenue Without Donor Restrictions Less Expenses		132,733.03
---------------------------------------------------------	--	-------------------

Other Changes in Net Assets Without Donor Restrictions

Increase (Decrease) in Net Assets Without Donor Restrictions		132,733.03
---------------------------------------------------------------------	--	-------------------

Changes in Net Assets With Donor Restrictions

Net Assets Released From Restrictions		(9,478.00)
Increase (Decrease) in Net Assets With Donor Restrictions		(9,478.00)

Increase (Decrease) in Net Assets		123,255.03
------------------------------------------	--	-------------------

Net Assets, Beginning of Year		599,227.76
--------------------------------------	--	-------------------

Net Assets, End of Year	\$	722,482.79
--------------------------------	-----------	-------------------

**Pontiac Community Foundation
Statement of Functional Expenses**

	Amount	%Total
Total Expenses	\$ 1,447,439.73	100.00%
 Program Expenses		
Aid & Support	\$ 1,867.25	0.13%
Auto Expense - Program	47,803.45	3.30
Community Development	15,847.00	1.09
Community Outreach	59,005.18	4.08
Contract Labor - Program	163,638.29	11.31
Depreciation - Program	1,466.67	0.10
Employee and Student Development - Program	6,866.31	0.47
Event Expenses	2,986.25	0.21
Grants & Scholarships	329,498.00	22.76
Leadership Initiatives - Program	6,180.00	0.43
Office Expense - Program	34,400.25	2.38
Program Development	11,872.28	0.82
Facility Rental - Program	32,239.47	2.23
Salaries and Benefits - Program	288,456.30	19.93
Strategic Planning - Program	5,000.00	0.35
Taxes - Payroll - Program	23,648.51	1.63
Travel	21.25	
Grants & Scholarships - Fulfilling Restriction	\$ 9,478.00	0.65%
 Total Program Expenses	 \$ 1,040,274.46	 71.87%
 General and Administrative Expenses		
Bank Charges	\$ 1,045.35	0.07%
Contract Labor - General	5,341.95	0.37
Dues and Subscriptions	560.60	0.04
Insurance - General	8,909.89	0.62
Office Expense	16,544.03	1.14
Legal and Accounting	17,692.31	1.22
Facility Rental	13,698.53	0.95
Salaries and Benefits - General	124,635.70	8.61
Strategic Planning	505.96	0.03
Taxes - Payroll - General	9,159.81	0.63
Team Meetings	2,134.67	0.15
Team Perks & Appreciation	1,587.47	0.11
Telecommunications & Website	1,993.24	0.14
Interest Expense	2,422.75	0.17
Total General and Administrative Expenses	\$ 206,232.26	14.25%
 Fundraising Expenses		
Hospitality - Fundraising	\$ 1,837.38	0.13%
Fund Raising Expenses	40,846.47	2.82
Facility Rental - Fundraising	14,754.12	1.02
Salaries and Benefits - Fundraising	134,239.91	9.27
Taxes - Payroll - Fundraising	9,255.13	0.64
Total Fundraising Expenses	\$ 200,933.01	13.88%
 Total Expenses	 \$ 1,447,439.73	 100.00%

See Independent Accountants' Audit Report

**Pontiac Community Foundation
Statement of Cash Flows**

	12 Months Ended December 31, 2022
Cash Flows from Operating Activities	
Increase (decrease) in net assets	\$ 123,255.03
Adjustments to reconcile net increase (decrease) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	1,466.67
Non-cash inbound Donations of Fixed Assets	(8,000.00)
Change in OCS Receivable	9,478.00
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(298,995.15)
Right of Use Lease Asset	(113,103.73)
Prepaid Expenses	3,333.36
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	14,117.32
Notes Payable	15,839.00
Interest Payable	2,422.75
Payroll Taxes Payable	(70.56)
Total Adjustments	<u>(373,512.34)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(250,257.31)</u>
Cash Flows from Investing Activities	
Net Cash Provided By (Used In) Investing Activities	<u>0.00</u>
Cash Flows from Financing Activities	
Notes Payable Net Borrowings/Repayments	<u>113,598.73</u>
Net Cash Provided By (Used In) Financing Activities	<u>113,598.73</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(136,658.58)
Beginning Cash and Cash Equivalents	<u>559,687.29</u>
Ending Cash and Cash Equivalents	<u>\$ 423,028.71</u>
Supplemental information	
Cash paid for Operating Lease	\$ 49,500.00
Cash paid for Interest	\$ 0.00

Pontiac Community Foundation
Notes to Financial Statements
December 31, 2022

Nature of Activities and Significant Accounting Policies

Nature of Activities

Pontiac Community Foundation ("the Organization") is an independent 501(c)3 organization, dedicated to building a brighter future for Pontiac, MI by engaging philanthropy, leadership, and collaboration to tackle Pontiac's most pressing issues.

The Organization's most effective work accomplishes community and economic development, quality of life, and civic leadership initiatives, that help make the city of Pontiac a more desirable place to live, work, and play.

Financial Statement Presentation

According to Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-For-Profit Entities, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The net assets of the Organization are classified accordingly depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Contributions

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence of any donor restrictions.

Contributed Materials and Services

During the year, the Organization received donated services for Office Space and Engineering Services that have been recorded as In-Kind contributions and as expenses on these financial statements. There also was a recorded in-kind contribution of a vehicle that was recorded as an asset. Additionally, many individuals volunteer their time providing services to assist the Organization, but due to a lack of an objective basis to value these services, they have not been recorded and their value is not disclosed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants Receivable consists entirely of the estimated marginal costs for Oakland Christian School to continue to provide education to the students enrolled in the joint program from the end of the fiscal year until their graduation. The age of the students included in the program varies and the auditor has relied upon the estimates made by the School.

Pontiac Community Foundation
Notes to Financial Statements
December 31, 2022

Functional Allocation Expenses

The costs of providing program, general and administrative, and fundraising services have been reported on a functional basis in the statements of activities. Costs have been allocated between program, general and administrative, and fundraising using estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Tax Status

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Although the Organization is granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income" (UBTI). For the year ended December 31, 2022, management has determined that the Organization did not have UBTI, accordingly, no income tax provision is reflected in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2022, the most recent statement of financial position presented herein, through October 17, 2023, the date these financial statements were available to be issued.

Leases

On February 1, 2022, the Organization entered into a modification of its lease for office space in Pontiac. The lease features the ability for the Tenant to opt out of the lease during the final two years, and it is reasonably possible that the Organization will opt out, so this period is not included in the minimum lease payments. The minimum required lease payments in total are \$54,000 for 2023, \$55,485 for 2024, and \$4,635 for 2025. The discounted cash flow amounts used for presentation on the balance sheet are \$53,877.35 for 2023, \$55,126.73 for 2024, and \$4,594.63 for 2025.

Operating lease expense for 2022 was \$49,995.

Due to MDHHS

The Organization underwent an audit of a grant awarded by the Michigan Department of Health and Human Services for COVID-19 Immunization Vaccinations for Underserved Populations, and it was determined the Organization needed to repay \$15,839 of the previously awarded grant. The amount has begun to be repaid with payments of \$1,320 per month starting in January 2023.

Revenue from Contracts with Customers

The Organization's revenue from contracts with customers includes that revenue reported as program revenue, contract revenue, and interest income. The rest of its revenue comes from non-exchange contributions.

The revenue from contracts with customers was all earned over periods of time, with payment received for services required to be performed over those periods.

Liquidity and Funds Availability

The only net assets that Organization has that are not available for use in the next year are those related to the Grants Receivable from Oakland Christian.