

Pontiac Community Foundation

Financial Statements

December 31, 2023

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richard j boyse
CPA, PC

Independent Auditor's Report

To the Board of Directors
Pontiac Community Foundation
Pontiac, Michigan, United States of America

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pontiac Community Foundation (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the results of its changes in 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 (GAAS). 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 the Organization 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 the Organization'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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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.

A handwritten signature in black ink, appearing to read 'RJB', is positioned above a horizontal line. The signature is written in a cursive style.

Richard J Boyse, CPA, PC

Rochester, Michigan

July 3, 2024

Pontiac Community Foundation
Statement of Financial Position
As of December 31, 2023

	Note	2023
Assets		
Current Assets		
Petty Cash	\$	150
Undeposited Funds		2,845
Chase Checking		46,672
Chase Savings		214,798
Fiscal Sponsorship Savings		73,594
Accounts Receivable		33,845
Contributions/Grants Receivable		515,083
Total Current Assets		886,987
Noncurrent Assets		
Property, plant, and equipment		
Vehicles - Cost		32,951
Right-of-use assets, operating leases	5	58,938
Contributions receivable, long-term	1.c	52,902
Total Noncurrent Assets		144,791
Total Assets		1,031,778
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Trade accounts payable		101,322
SBA Accrued Interest Payable		3,327
Credit Cards Payable		11,764
Total Current Liabilities		116,413
Noncurrent Liabilities		
SBA Loan payable	3	88,100
Operating lease liabilities, noncurrent	5	59,973
Total Noncurrent Liabilities		148,073
Total Liabilities		264,486
Net Assets		
Net assets with donor restrictions		628,235
Net assets without donor restrictions		139,057
Total Net Assets		767,292
Total Liabilities and Net Assets	\$	1,031,778

See accompanying notes to the financial statements

Pontiac Community Foundation
Statement of Financial Position
As of December 31, 2023

Approved on Behalf of the Board:

_____, Name of Director 1

_____, Name of Director 2

See accompanying notes to the financial statements

Pontiac Community Foundation
Statement of Activities
For the year ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Donations - General	\$ 176,415	\$ -	\$ 176,415
Grants Revenue	1,174,261	-	1,174,261
Gifts in Kind	46,097	-	46,097
Contract Revenue	-	-	-
Program Revenue	58,188	-	58,188
Interest Income	58	-	58
Net assets released from restrictions	(34,308)	34,308	-
Total Revenue and Other Support:	1,420,711	34,308	1,455,019
Expenses			
Program	1,093,407	-	1,093,407
General and Administrative	187,248	-	187,248
Fundraising	129,551	-	129,551
Total Expenses	1,410,206	-	1,410,206
(Decrease) Increase in Net Assets	10,505	34,308	44,813
Net Assets, Beginning of Year	128,552	593,927	722,479
Net Assets, End of Year	\$ 139,057	\$ 628,235	\$ 767,292

See accompanying notes to the financial statements

Pontiac Community Foundation
Statement of Functional Expenses
For the year ended December 31, 2023

2023				
	Program	General and administrative	Fundraising	Total
Salaries and wages	\$ 308,536	\$ 109,513	\$ 82,009	\$ 500,058
Employee benefits	28,029	9,949	7,450	45,428
Payroll taxes	22,404	7,952	5,955	36,311
Telecommunications & Website	2,448	5,842	651	8,941
Facility Rental	38,969	13,892	10,403	63,264
Legal and other professional fees and services	20	13,413	-	13,433
Insurance	-	6,318	-	6,318
Program supplies	63,986	4,627	2,056	70,669
Team Meetings	1,740	618	462	2,820
Depreciation	667	-	-	667
Team Perks & Appreciation	1,333	474	354	2,161
Dues and Subscriptions	-	30	-	30
Auto Expenses	47,797	-	-	47,797
Grant Expenses	292,570	-	-	292,570
Community Development	54,151	-	-	54,151
Loss (gain) on disposal of assets	-	(8,333)	-	(8,333)
Community Outreach	14,296	-	-	14,296
Grants & Scholarships - Fulfilling Restriction	20,556	-	-	20,556
Strategic Planning	3,687	1,235	925	5,847
Aid & Support	57,905	-	-	57,905
Program Development	4,576	-	-	4,576
Employee and Student Development	75	-	-	75
Event Expenses	39,187	-	-	39,187
Contract Labor	90,475	17,061	7,263	114,799
Bank Charges	-	1,965	-	1,965
Fund Raising Expenses	-	-	12,023	12,023
Interest Expenses	-	2,692	-	2,692
Total Expenses	\$ 1,093,407	\$ 187,248	\$ 129,551	\$ 1,410,206

See accompanying notes to the financial statements

Pontiac Community Foundation
Statement of Cash Flows
For the year ended December 31, 2023

	2023
Cash Flows From Operating Activities	
Increase (Decrease) in Net Assets	\$ 44,813
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash	
Depreciation and amortization	667
(Gain) loss on sale of property, plant, and equipment	(8,333)
Non-cash inbound Donations of Fixed Assets	(32,951)
Change in OCS Receivable	20,556
(Increase) decrease in operating assets:	
Accounts receivable	(33,845)
Contributions receivable	(148,088)
Right of Use Lease Asset	54,166
Increase (decrease) in operating liabilities:	
Accounts payable	90,584
Notes payable	(15,839)
Interest payable	(2,408)
Payroll taxes payable	(14,867)
Operating lease obligations	(53,626)
Net Cash Provided by (Used in) Operating Activities	(99,171)
Cash Flows from Investing Activities	
Proceeds from sale of property, plant, and equipment	14,200
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(84,971)
Cash, cash equivalents, and restricted cash at beginning of year	423,030
Cash, Cash Equivalents, and Restricted Cash at End of Year	338,059
Reconciliation of Cash, Cash Equivalents, and Restricted Cash	338,059
Supplemental Cash Flow Information	
Cash Paid During the Year for	
Interest	2,692
Noncash Investing and Financing Activities	
Right-of-use assets acquired in exchange for new operating lease liabilities	\$ 54,000

See accompanying notes to the financial statements

Notes to the Financial Statements

Pontiac Community Foundation
Notes to the Financial Statements
For the year ended December 31, 2023

1. Summary of Significant Accounting Policies

a. 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.

b. 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.

c. Unconditional Contributions

Unconditional contributions, including pledges receivable, are recognized as revenue in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. All receivables were determined to be fully collectible at December 31, 2023.

Long-term contributions 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.

d. Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Pontiac Community Foundation
Notes to the Financial Statements
For the year ended December 31, 2023

Board Designated Net Assets: The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. There were no board designations at December 31, 2023.

Earnings, gains and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor.

Contribution revenue with donor-imposed restrictions that are met in the same year as received or earned is reported as an increase to net assets without donor restrictions.

Contribution revenue with donor-imposed restrictions that are not met in the same year is reported as an increase to net assets with donor restrictions and is reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction.

e. Tax-Exempt 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, 2023, management has determined that the Organization did not have UBTI, accordingly, no income tax provision is reflected in these financial statements.

f. 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.

Pontiac Community Foundation
Notes to the Financial Statements
For the year ended December 31, 2023

g. Contributed Materials and Services

During the year, the Organization received donated services for professional landscape design services and media promotion that have been recorded as In- Kind contributions and 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.

h. 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.

i. 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.

j. 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, 2023, the most recent statement of financial position presented herein, through June 3, 2024, the date these financial statements were available to be issued.

Pontiac Community Foundation
Notes to the Financial Statements
For the year ended December 31, 2023

2. Liquidity and availability of resources

The following reflects the organization's financial assets as of December 31, 2023, reduced by amounts not available for general use within one year of December 31, 2023 due to contractual or donor-imposed restrictions:

	2023
Financial assets at end of year:	
Cash and cash equivalents	\$ 338,059
Current accounts and pledges receivable	548,928
Total financial assets at end of year:	886,987
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(628,235)
Financial assets available to meet general expenditures over the next twelve months	\$ 258,752

3. Loan Payable

Long-term debt consists of the following at December 31:

	2023
Unsecured loan payable to the SBA, repayment of principal and interest was deferred for the first 30 months. Monthly minimum payments of \$377 are due starting in 2023 through 2053 , including interest rate of ~2.75%	\$ 88,100

Total interest expense of the debt was \$2,423 in 2023.

Future maturities of principal on long-term debt is as follows:

Year ending December 31,	
2025	\$ 1,336
2026	2,165
2027	2,226
2028	2,281
Thereafter	80,092
Total	\$ 88,100

Pontiac Community Foundation
Notes to the Financial Statements
For the year ended December 31, 2023

4. Net assets

a. Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2023 consist of the following:

	2023
Subject to expenditure for specified purpose:	
Oakland Christian School	\$ 52,902
Center for Pontiac Entrepreneurship	120,500
Mattie McKinney Hatchett Park	214,708
M1 Mobility Transportation	130,000
Racial Equity Initiatives	36,553
Fiscal Sponsorship	73,572
Total purpose restrictions	628,235
Total net assets with donor restrictions	\$ 628,235

b. Net assets without donor restrictions

	2023
Undesignated	\$ 139,057

5. 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 table below summarizes the Organization's schedule future minimum lease payments for years ending after December 31, 2023:

Year	Minimum Payment	Discounted Amount
2024	\$ 55,485	\$ 55,127
2025	4,635	4,595
Total	\$ 60,120	\$ 59,722

Operating lease expense for the year end December 31, 2023 was \$54,540.

Pontiac Community Foundation
Notes to the Financial Statements
For the year ended December 31, 2023

6. Related Party Transactions

A Board member's company provided in-kind design and architecture services for the redevelopment of Mattie McKinney Hatchett Park in Pontiac. The services were valued at \$5,646.25.

The Organization rents office space from Triple-W Properties for its main offices at 79 Oakland Ave., which is owned by another board member. The total rent payments to Triple W Properties in FY2023 was \$54,000.00.

Another board member is the founder and current leader of "Friends of Pontiac Parks Association" which is one of the 'grassroots' organizations for whom PCF serves as fiscal sponsor. All transactions related to Friends of Pontiac Parks in 2023 were subject to this fiscal sponsorship agreement that PCF has in place with this entity. The majority of transactions germane to this relationship in 2023 were 1) a conceptual design services project for Galloway Lake Park (invoices to PEA Group) and 2) expenses related to the administration of a Community Foundation of SE MI grant for a Jr. Park Ranger program in association with MI Works