

Pontiac Community Foundation

Financial Statements

December 31, 2019

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

We have audited the accompanying financial statements of Pontiac Community Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 statements 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 such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the 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 Pontiac Community Foundation as of December 31, 2019, 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.

Richard J. Boyse, CPA, PC
Rochester, MI
January 5, 2021

**Pontiac Community Foundation
Statement of Financial Position**

	As of	
Assets	December 31, 2019	December 31, 2018
Current Assets		
Fifth Third Checking	\$ 4,542.79	\$ 4,536.73
Fifth Third Savings	10,011.00	47.00
Petty Cash	150.00	0.00
Undeposited Funds	11,710.00	100.00
Paypal	977.70	0.00
Total Current Assets	27,391.49	4,683.73
Property and Equipment		
Net Property and Equipment	0.00	0.00
Non Current Assets		
Grants Receivable - Oakland Christian	117,504.00	0.00
Total Non Current Assets	117,504.00	0.00
Total Assets	\$ 144,895.49	\$ 4,683.73
Liabilities and Net Assets		
Current Liabilities		
Total Current Liabilities	0.00	0.00
Long-Term Liabilities		
Total Long-Term Liabilities	0.00	0.00
Total Liabilities	0.00	0.00
Net Assets		
Net Assets Without Donor Restrictions	27,391.49	4,683.73
Net Assets With Donor Restrictions	117,504.00	0.00
Total Net Assets	144,895.49	4,683.73
Total Liabilities and Net Assets	\$ 144,895.49	\$ 4,683.73

Pontiac Community Foundation
Statement of Activities and Change in Net Assets

12 Months Ended
December 31, 2019

Changes in Net Assets Without Donor Restrictions:

Revenue

Donations - General	\$	41,460.23
Special Events Income		1,478.00
Gifts in Kind		15,375.00
Donor-restricted Net Assets Released from Restriction		23,252.00
Total Revenue Without Donor Restrictions		81,565.23

Expenses

Program		37,761.24
General and Administrative		21,096.23
Total Expenses		58,857.47

Revenue Without Donor Restrictions Less Expenses		22,707.76
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Other Changes in Net Assets Without Donor Restrictions

Increase (Decrease) in Net Assets Without Donor Restrictions		22,707.76
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Changes in Net Assets With Donor Restrictions

Donor-Restricted In-kind Donations		140,756.00
Net Assets Released From Restrictions		(23,252.00)
Increase (Decrease) in Net Assets With Donor Restrictions		117,504.00

Increase (Decrease) in Net Assets		140,211.76
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Net Assets, Beginning of Year		4,683.73
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Net Assets, End of Year	\$	144,895.49
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**Pontiac Community Foundation
Statement of Cash Flows**

	12 Months Ended December 31, 2019
Cash Flows from Operating Activities	
Increase (decrease) in net assets	\$ 140,211.76
Adjustments to reconcile net increase (decrease) to net cash provided by (used in) operating activities:	
Decrease (Increase) in Operating Assets:	
Increase (Decrease) in Operating Liabilities:	
Total Adjustments	<u>0.00</u>
Net Cash Provided By (Used In) Operating Activities	<u>140,211.76</u>
Cash Flows from Investing Activities	
Net Cash Provided By (Used In) Investing Activities	<u>0.00</u>
Cash Flows from Financing Activities	
Net Cash Provided By (Used In) Financing Activities	<u>0.00</u>
Net Increase (Decrease) In Cash and Cash Equivalents	140,211.76
Beginning Cash and Cash Equivalents	<u>4,683.73</u>
Ending Cash and Cash Equivalents	<u>\$ 27,391.49</u>

**Pontiac Community Foundation
Statement of Functional Expenses**

	Amount	%Total
Total Expenses	\$ 58,857.47	100.00%
 Program Expenses		
Advertising - Program	\$ 430.13	0.73%
Community Outreach	2,221.63	3.77
Event Expenses	1,497.58	2.54
Grants & Scholarships	10,103.90	17.17
Printing and Reproduction	256.00	0.43
Grants & Scholarships - Fulfilling Restriction	\$ 23,252.00	39.51%
 Total Program Expenses	 \$ 37,761.24	 64.16%
 General and Administrative Expenses		
Appreciation	\$ 526.48	0.89%
Bank Charges	391.49	0.67
Dues and Subscriptions	219.00	0.37
Leadership Initiatives	425.00	0.72
Office Expense	199.24	0.34
Legal and Accounting	875.00	1.49
Postage	118.00	0.20
Facility Rental	12,000.00	20.39
Repairs and Maintenance - General	3,375.00	5.73
Strategic Planning	2,312.70	3.93
Team Meetings	378.98	0.64
Telecommunications & Website	275.34	0.47
Total General and Administrative Expenses	\$ 21,096.23	35.84%
 Fundraising Expenses		
 Total Expenses	 \$ 58,857.47	 100.00%

See Independent Accountants' Audit Report

Pontiac Community Foundation
Notes to Financial Statements
December 31, 2019

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 Landscape Design Services and Office Space that have been recorded as In-Kind contributions and as expenses on these financial statements. 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.

Additionally, the Organization is involved with the selection of recipients of financial aid to Oakland Christian School. The amount of donor-restricted donation revenue and related expenses fulfilling the restriction recorded on these financial statements is based on the estimated marginal costs to the school based on enrolling these additional students. These costs are calculated as a sum of the estimated Onboarding, Ongoing, and Meal costs for the 2019-2020 school year as provided by the school, and are based on the age of the student.

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.

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.

Pontiac Community Foundation
Notes to Financial Statements
December 31, 2019

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, 2019, 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, 2019, the most recent statement of financial position presented herein, through January 15, 2021, the date these financial statements were available to be issued.

As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the State of Michigan in which the Organization operates, the Organization is experiencing an increase in demand for their specific outreach programs. This has led to a large increase in grant revenue and expenses to manage the broader cope of outreach programs now offered.

Management has applied for and received \$88,000 as part of the SBA's Economic Injury Disaster Loan program. This additional cash infusion has helped manage the rapid growth of the Organization.

Leases

On January 1, 2021, the Organization entered into a 3 year lease for office space in Pontiac. The minimum required lease payments are \$12,000 per year for the years 2021, 2022, and 2023.