

Pontiac Community Foundation

Financial Statements

December 31, 2021

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, 2021, 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, 2021, 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

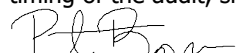
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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. Boyse, CPA, PC
Rochester, MI
August 31, 2022

**Pontiac Community Foundation
Statement of Financial Position**

	As of	
	December 31, 2021	December 31, 2020
Assets		
Current Assets		
Fifth Third Checking	\$ 0.00	\$ 112,600.35
Fifth Third Savings	0.00	98,045.18
Petty Cash	150.00	150.00
Undeposited Funds	4,031.75	1,600.00
Chase Checking	457,487.31	40,600.00
Chase Savings	98,018.23	0.00
Accounts Receivable	68,000.00	0.00
Prepaid Expenses	3,333.36	0.00
	<u>631,020.65</u>	<u>252,995.53</u>
Property and Equipment		
Vehicles	0.00	2,500.00
Less Accumulated Depreciation	0.00	(83.33)
	<u>0.00</u>	<u>2,416.67</u>
Non Current Assets		
Grants Receivable - Oakland Christian	82,648.00	91,704.00
	<u>82,648.00</u>	<u>91,704.00</u>
	<u>713,668.65</u>	<u>347,116.20</u>
Liabilities and Net Assets		
Current Liabilities		
Credit Cards Payable	\$ 8,377.36	\$ 0.00
Payroll Liabilities	14,939.33	10,701.33
SBA Accrued Interest Payable	3,312.20	889.45
	<u>26,628.89</u>	<u>11,590.78</u>
Long-Term Liabilities		
SBA Loan	88,100.00	88,100.00
	<u>88,100.00</u>	<u>88,100.00</u>
	<u>114,728.89</u>	<u>99,690.78</u>
Net Assets		
Net Assets Without Donor Restrictions	516,291.76	155,721.42
Net Assets With Donor Restrictions	82,648.00	91,704.00
	<u>598,939.76</u>	<u>247,425.42</u>
	<u>713,668.65</u>	<u>347,116.20</u>

See Independent Accountants' Audit Report

Pontiac Community Foundation
Statement of Activities and Change in Net Assets

**12 Months Ended
December 31, 2021**

Changes in Net Assets Without Donor Restrictions:

Revenue

Donations - General	\$	917,588.53
Gifts in Kind		35,436.00
Interest Income		21.39
Contract Revenue		10,000.00
Donor-restricted Net Assets Released from Restriction		9,056.00
Total Revenue Without Donor Restrictions		972,101.92

Expenses

Program		377,285.23
General and Administrative		100,615.76
Fundraising		133,630.59
Total Expenses		611,531.58

Revenue Without Donor Restrictions Less Expenses		360,570.34
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Other Changes in Net Assets Without Donor Restrictions

Increase (Decrease) in Net Assets Without Donor Restrictions		360,570.34
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Changes in Net Assets With Donor Restrictions

Net Assets Released From Restrictions		(9,056.00)
Increase (Decrease) in Net Assets With Donor Restrictions		(9,056.00)

Increase (Decrease) in Net Assets		351,514.34
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Net Assets, Beginning of Year		247,425.42
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Net Assets, End of Year	\$	598,939.76
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**Pontiac Community Foundation
Statement of Functional Expenses**

	<u>Amount</u>	<u>%Total</u>
Total Expenses	\$ 611,531.58	100.00%
Program Expenses		
Aid & Support	\$ 14,201.06	2.32%
Auto Expense - Program	120.98	0.02
Bank Charges - Program	9.40	
Community Development	23,459.66	3.84
Community Outreach	21,663.18	3.54
Contract Labor - Program	44,319.50	7.25
Depreciation - Program	333.33	0.05
Employee and Student Development - Program	10,000.00	1.64
Grants & Scholarships	80,640.01	13.19
Insurance - Program	6,576.28	1.08
Office Expense - Program	13,645.84	2.23
Program Development	1,481.01	0.24
Facility Rental - Program	8,335.68	1.36
Salaries and Benefits - Program	132,304.56	21.63
Taxes - Payroll - Program	10,476.67	1.71
Telecom and Website - Program	662.07	0.11
Grants & Scholarships - Fulfilling Restriction	<u>\$ 9,056.00</u>	<u>1.48%</u>
Total Program Expenses	\$ 377,285.23	61.70%
General and Administrative Expenses		
Appreciation	\$ 777.05	0.13%
Bank Charges	975.27	0.16
Dues and Subscriptions	3,830.09	0.63
Employee Development - General	970.37	0.16
Office Expense	3,215.24	0.53
Legal and Accounting	20,269.42	3.31
Postage	925.00	0.15
Facility Rental	5,264.64	0.86
Salaries and Benefits - General	54,372.70	8.89
Strategic Planning	2,300.00	0.38
Taxes - Payroll - General	4,233.15	0.69
Team Meetings	645.21	0.11
Telecommunications & Website	418.14	0.07
Interest Expense	<u>2,419.48</u>	<u>0.40</u>
Total General and Administrative Expenses	\$ 100,615.76	16.45%
Fundraising Expenses		

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**Pontiac Community Foundation
Statement of Functional Expenses**

Advertising Expense - Fundraising	\$ 8,316.55	1.36%
Hospitality - Fundraising	1,029.79	0.17
Contract Labor - Fundraising	12,430.00	2.03
Fund Raising Expenses	412.44	0.07
Office Expense - Fundraising	2,178.46	0.36
Facility Rental - Fundraising	8,335.68	1.36
Salaries and Benefits - Fundraising	90,599.85	14.82
Taxes - Payroll - Fundraising	6,499.49	1.06
Telecom and Website - Fundraising	<u>3,828.33</u>	<u>0.63</u>
Total Fundraising Expenses	\$ 133,630.59	21.85%
Total Expenses	<u>\$ 611,531.58</u>	<u>100.00%</u>

See Independent Accountants' Audit Report

**Pontiac Community Foundation
Statement of Cash Flows**

	12 Months Ended December 31, 2021
Cash Flows from Operating Activities	
Increase (decrease) in net assets	\$ 351,514.34
Adjustments to reconcile net increase (decrease) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	333.33
Non-cash outbound Donations of Fixed Assets	2,083.34
Change in OCS Receivable	9,056.00
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(68,000.00)
Prepaid Expenses	(3,333.36)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	8,377.36
Interest Payable	2,422.75
Payroll Taxes Payable	4,238.00
Total Adjustments	<u>(44,822.58)</u>
Net Cash Provided By (Used In) Operating Activities	<u>306,691.76</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	306,691.76
Beginning Cash and Cash Equivalents	<u>252,995.53</u>
Ending Cash and Cash Equivalents	<u>\$ 559,687.29</u>

**Pontiac Community Foundation
Notes to Financial Statements
December 31, 2021**

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 Landscaping Services 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.

The Organization also received multiple contributions of nonfinancial assets, in particular laptop computers, one of which was used by the Organization directly and the rest supplied to community students in need of them due to COVID-19. The valuation of the laptop used by the Organization was arrived at by reviewing comparable sales of similar items, while the valuation of the ones provided to the community was based on the invoiced price by the supplier of the devices. These were recorded as In-Kind Revenue and office supplies expense for the one used by the Organization and aid and support expense for the ones used by the community.

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, 2021

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, 2021, 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, 2021, the most recent statement of financial position presented herein, through August 31, 2022, 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 new minimum required lease payments in total are \$50,700 for 2022, \$54,000 for 2023, \$55,485 for 2024, and \$4,635 for 2025.