

**Greater Flint Arts Council, Inc.**  
Audited Financial Statements

**For the Year Ended December 31, 2022**



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## **Independent Auditor's Report**

To The Board of Directors  
Greater Flint Arts Council, Inc.  
Flint, Michigan

### **Opinion**

We have audited the accompanying statements of Greater Flint Arts Council, Inc. a Michigan not-for-profit organization which comprise the statements of financial position as of December 31, 2022 and the related statement of activities, functional expenses 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 Greater Flint Arts Council, Inc. 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 Greater Flint Arts Council, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit opinion.

### **Responsibilities of Management 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.

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 Greater Flint Arts Council, Inc.'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 Responsibility 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 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.

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A PROFESSIONAL LIMITED LIABILITY COMPANY

Members of Private Companies Practice Section of the American Institute of Certified Public Accountants and Michigan Association of Certified Public Accountants

Independent Auditor's Report  
(Continued)

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

- Exercise professional judgement 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 Greater Flint Arts Council, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Flint Arts Council, Inc.'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.

*Tellis & Company, PLLC*

March 31, 2023

**Greater Flint Arts Council, Inc.**  
**Financial Statements**  
**For the Year Ended December 31, 2022**

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**Greater Flint Arts Council, Inc.**  
**Statement of Financial Position**  
**As of December 31, 2022**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	207,945	
Investments		342,083	
<b>Total Current Assets</b>		<b>550,028</b>	\$ 550,028

**Fixed Assets:**

Cost (Note F)		643,546	
Less: Accumulated Depreciation		(539,300)	
<b>Net Fixed Assets</b>		<b>104,246</b>	<u>104,246</u>

<b>Total Assets</b>		<b>654,275</b>	\$ <u><u>654,275</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Account Payables	\$	6,150	
Payroll Liabilities		3,604	
Current Portion of Long-Term Debt		3,448	
<b>Total Current Liabilities</b>		<b>13,202</b>	\$ 13,202

**Long Term Liabilities:**

Note Payable - ELGA Credit Union			59,058
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**Net Assets:**

Without Donors Restriction			
Undesignated		72,276	
Aggregate Change of Endowment Fund		8,710	
Designated for Fixed Assets		104,246	
With Donors Restriction		396,783	
<b>Total Net Assets</b>		<b>582,015</b>	<u>582,015</u>

<b>Total Liabilities and Net Assets</b>		<b>654,275</b>	\$ <u><u>654,275</u></u>
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The accompanying footnotes are an integral part of these financial statements.

**Greater Flint Arts Council, Inc.**  
**Statement of Activities**  
For the Year Ended December 31, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenue:			
Support:			
Grants and Contracts	\$ 955,678	\$ 4,583	\$ 955,678
Memberships	4,795	-	4,795
Corporate Sponsors	34,477	-	34,477
Art Sales- Net Income (Loss)	3,845	-	3,845
Fundraiser	5,560	-	5,560
Placemaking	32,217	137,783	170,000
Special Events- Net	<u>27,488</u>	<u>-</u>	<u>27,488</u>
Total Revenue and Other Support	<u>1,064,060</u>	<u>137,783</u>	<u>1,201,843</u>
Net Assets Release from Restrictions	<u>123,846</u>	<u>(123,846)</u>	<u>-</u>
Total Revenues, Other Support & Reclassifications	<u>1,187,906</u>	<u>13,937</u>	<u>1,201,843</u>
Expenses:			
Functional Expenses			
Program Services			
Millage Program	630,994	-	630,994
Art Presentations	147,315	-	147,315
Technical Assistance	123,745	-	123,745
Community Arts Coordination	159,100	-	159,100
MCACA Regional Regranting Agency	70,711	-	70,711
Community Arts Education	<u>35,356</u>	<u>-</u>	<u>35,356</u>
Total Program Services	<u>1,167,220</u>	<u>-</u>	<u>1,167,220</u>
Supporting Services			
Management and General	35,356	-	35,356
Fundraising	<u>17,678</u>	<u>-</u>	<u>17,678</u>
Total Supporting Services	<u>53,033</u>	<u>-</u>	<u>53,033</u>
Total Expenses	<u>1,220,254</u>	<u>-</u>	<u>1,220,254</u>
Change in net assets from Activities from operating Activities	<u>(32,348)</u>	<u>13,937</u>	<u>(18,411)</u>
Nonoperating Activities:			
Investment Income	6,717	-	6,717
Unrealized Gains (Loss) on Investment	(53,278)	-	(53,278)
Realized Gains (Loss)	<u>3,451</u>	<u>-</u>	<u>3,451</u>
Changes in net assets from nonoperating activities	<u>(43,110)</u>	<u>13,937</u>	<u>(43,110)</u>
Changes in net assets	<u>(75,458)</u>	<u>13,937</u>	<u>(61,521)</u>
Net Assets at Beginning of Year	<u>260,690</u>	<u>382,846</u>	<u>643,536</u>
Net Assets at End of Year	<u>\$ 185,232</u>	<u>\$ 396,783</u>	<u>\$ 582,015</u>

The accompanying footnotes are an integral part of these financial statements.

**Greater Flint Arts Council, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	PROGRAM SERVICES							Totals		
	Arts Presentation	Technical Assistance	Community Arts Coordination	MCACA Regional Regranting	Community Arts Education	Program Services	Management and General		Fundraising	
<b>PAYROLL EXPENSES</b>										
Salaries	\$ 35,331	\$ 29,678	\$ 38,158	\$ 16,959	\$ 8,479	\$ 241,237	\$ 8,479	\$ 4,240	\$ 253,956	
Payroll Taxes	2,747	2,307	2,967	1,319	659	19,044	659	330	20,033	
Employee Benefits	2,840	2,386	3,067	1,363	682	19,556	682	341	20,579	
<b>Total Payroll Expenses</b>	<b>40,918</b>	<b>34,371</b>	<b>44,192</b>	<b>19,641</b>	<b>9,820</b>	<b>279,838</b>	<b>9,820</b>	<b>4,910</b>	<b>294,568</b>	
<b>OTHER EXPENSES</b>										
Contract Employment	722	606	779	346	173	13,500	173	87	13,760	
Development	10,264	8,621	11,065	4,927	2,463	37,360	2,463	1,232	41,055	
Dues and Subscriptions	225	189	243	108	54	818	54	27	899	
Festivals	18,311	15,381	19,775	8,789	4,395	66,651	4,395	2,197	73,242	
Insurance	3,599	3,024	3,887	1,728	864	21,704	864	432	23,000	
Interest/Revolving Credit	699	587	755	336	168	2,545	168	84	2,796	
Investment Fees	679	570	733	326	163	2,471	163	81	2,716	
Meetings and Receptions	-	-	-	-	-	200	-	-	200	
Office Supplies and Expense	1,246	1,046	1,345	598	299	4,534	299	149	4,982	
Postage	60	51	65	29	14	3,739	14	7	3,761	
Printing	0	0	0	0	0	10,300	0	0	10,300	
Professional Fees	1,817	1,526	1,962	872	436	13,246	436	218	13,900	
Program Expense	48,344	40,609	52,212	23,205	11,603	193,707	11,603	5,801	211,111	
Regrant Expense	13,530	11,365	14,612	6,494	3,247	483,069	3,247	1,624	487,970	
Repairs and Maintenance	318	267	343	153	76	1,158	76	38	1,272	
Telephone	2,136	1,794	2,307	1,025	513	10,011	513	256	10,780	
Utilities	1,080	907	1,166	518	259	3,930	259	130	4,319	
<b>Total Other Expenses</b>	<b>103,029</b>	<b>86,544</b>	<b>111,271</b>	<b>49,454</b>	<b>24,727</b>	<b>866,973</b>	<b>24,727</b>	<b>12,363</b>	<b>906,064</b>	
<b>SUBTOTAL</b>	<b>143,947</b>	<b>120,916</b>	<b>155,463</b>	<b>69,095</b>	<b>34,547</b>	<b>1,146,811</b>	<b>34,547</b>	<b>17,274</b>	<b>1,200,632</b>	
Depreciation	3,368	2,829	3,637	1,617	808	12,260	808	404	13,472	
<b>TOTAL EXPENSES</b>	<b>\$ 147,315</b>	<b>\$ 123,745</b>	<b>\$ 159,100</b>	<b>\$ 70,711</b>	<b>\$ 35,356</b>	<b>\$ 1,161,070</b>	<b>\$ 35,356</b>	<b>\$ 17,678</b>	<b>\$ 1,214,104</b>	

The accompanying footnotes are an integral part of these financial statements.

**Greater Flint Arts Council, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

**Cash Flows from Operating Activities:**

Change in Net Assets from Activities (Deficit)	\$	(61,521)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation		13,472
(Increase) Decrease in Assets:		
Grants Receivable		-
Increase (Decrease) in Liabilities:		
Deferred Revenues		-
Payroll and Taxes Payable		<u>(1,234)</u>
Net Cash Provided by (Used In) Operating Activities	\$	(49,283)

**Cash Flows from Investing Activities:**

Sales (Purchases) of Investments		50,951
Purchase of Fixed Assets		<u>-</u>
Total Cash Flows from Investing Activities		50,951

**Cash Flows from Financing Activities:**

Payments/Loan on Line of Credit		<u>(2,922)</u>
Total Cash Flows from Financing Activities		<u>(2,922)</u>

**Net Cash Increase in Cash and Cash Equivalents, and Restricted Cash** (1,254)

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year 209,199

Cash, Cash Equivalents, and Restricted Cash - End of Year \$ 207,945

**SUPPLEMENTARY DISCLOSURES**

Cash Paid During the Year for:		
Interest	\$	<u>2,796</u>

The accompanying footnotes are an integral part of these financial statements.



**Greater Flint Arts Council, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**Note A - NATURE OF ACTIVITIES:**

**GREATER FLINT ARTS COUNCIL, INC.** (the Council) is a nonprofit service organization whose purpose is to be the catalyst of an advocate for increased artistic and cultural enrichments of an ethnically diverse community. The primary service area is in the City of Flint and Genesee County, Michigan.

**Note B - SUMMARY OF ACCOUNTING POLICIES:**

A summary of the Company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

**BASIS OF ACCOUNTING AND REPORTING:**

The accompanying financial statements are prepared on the accrual basis of accounting; which allows the Organization to recognize contributions as they are received: as well as recognizing unconditional promises to give as they are made.

FASB 2018-08, Revenue with Contracts from Customers (Topic 606), and ASU 2016-02, Leases were adopted during the year. However, there were no transactions that meet these requirements.

FASB ASU 2018-11 Leases (Topic 842) was adopted. The ASU requires that assets and liabilities be recognized on all leases, except for leases with a term of 12 months or less. The new standard applies a right-of-use ("ROU") model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded.

**CASH AND CASH EQUIVALENTS:**

For the purpose of these financial statements, the Council considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held in separate brokerage accounts are not include in cash and cash equivalents on the Statements of Financial Position.

**INVESTMENTS SECURITIES:**

The Council follows SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

**Greater Flint Arts Council, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**Note B – SUMMARY OF ACCOUNTING POLICIES (continued):**

**ACCOUNTS AND GRANTS RECEIVABLE:**

Accounts and grants receivable are recorded at net realized value. Allowance for doubtful accounts is considered to be negligible, therefore not recorded in these financial statements.

**FIXED ASSETS:**

Fixed assets are recorded at cost when purchased or fair market value at time of donation. The property is depreciated using the straight-line method over the estimated useful lives of the assets. The Council capitalizes acquisitions greater than \$500.

**CONTRIBUTIONS:**

Accounting Standards Update (ASU 2016-14) recognizes Contributions as being recorded as without donor's restriction, or with donor restriction, depending on the existence or nature of any donor restrictions. With donor restriction assets are associated with a specific time period or a future event or endowment gifts to be held in perpetuity. Contributed collection items are not reflected in the financial statements.

**Net Assets Without Donor Restrictions**

Net assets that are not subject to imposed restrictions.

**Net Assets With Donor Restrictions**

Included gifts for which donor-imposed restrictions have not been met and pledges and gifts for which donor-imposed restrictions stipulate that resources be maintained permanently, but permits the Organization to use up or expend part of all of the income derived from the donated assets.

During 2022, with donor restricted net assets of \$123,846 were released from restrictions.

**RECOGNITION OF DONOR RESTRICTIONS:**

All donor-restricted support is reported as an increase in With Donor Restricted Net Assets. When a restriction expires, With Donor restricted net assets are reclassified to Without Donor Net Assets.

**SUBSEQUENT EVENTS:**

There were no subsequent events that required adjustments or disclosures in the financial statements.

**Greater Flint Arts Council, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**Note B – SUMMARY OF ACCOUNTING POLICIES (continued):**

**ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TAX EXEMPT STATUS:**

The Council is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. There was no unrelated business income generated during the fiscal year. The Organization's federal tax return for the prior three years remains subject to examination by the Internal Revenue Service.

**OPERATIONS:**

The Council defines operations as all program and supporting service activities undertaken. Revenues that result from these activities and their related expenses are reported as operations. Unrealized gains and losses are reported as non-operating.

**Note C – LINE OF CREDIT:**

The Council has a bank line of credit of \$175,000, which bears interest at the rate of 6% with periodic margin adjustments by the bank. Loan balances on December 31, 2022, \$0. The line of credit is secured by their property located at 816 S. Saginaw Street. Interest expense for the year \$0.

**Note D – CASH AND INVESTMENTS:**

At December 31, 2022, the carrying amounts of the Council's deposits with financial institutions classified as to risk were as follows:

Insured (FDIC or SIPC)	\$207,945
Uninsured- Uncollateralized	-
TOTAL	<u>\$207,945</u>

**Note E - ADVERTISING COSTS:**

It is the policy of the Council's to expense advertising costs as incurred. Advertising costs for the year ended December 31, 2022, were \$10,873.

**Greater Flint Arts Council, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**Note F - FIXED ASSETS:**

Building and Equipment consist of the following:

Building and Improvements	\$517,132
Equipment	40,567
Parking Lot	<u>85,847</u>
Total Fixed Assets	\$643,546
Less: Accumulated Depreciation	<u>( 539,300)</u>
Net Fixed Assets	<u>\$104,246</u>

Depreciation expense was \$13,472 for December 31, 2022.

**Note G – INVESTMENTS/SECURITIES / FAIR VALUE MEASUREMENTS:**

The fair market value of securities is as follows:

Cash and Cash Equivalents	\$ 92,831
Fixed Income	32,286
CFSEM Endowment Fund	147,072
Equities	<u>70,036</u>
Total	<u>\$342,225</u>

The Organization adopted the Fair Value Measurements of its Investments. This accounting standard establishes a fair value hierarchy that measures the different market participant assumptions developed based on market data obtained from sources independent of the Organization (observable inputs) and the reporting Organization's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The Fair Value measurements also include an adjustment for risk if market participants would include one in pricing the related asset or liability, even if the adjustment is difficult to determine. Fair Value further reports and discloses its results on one of the three levels:

Level 1 – Quoted market prices in an active market for the same assets or liabilities.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

**Greater Flint Arts Council, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**Note G – INVESTMENTS/SECURITIES / FAIR VALUE MEASUREMENTS (continued):**

The Organization holds investments in the Community Foundation South East Michigan (CFSEM) Endowment Funds. These investments are based upon Unobservable assets. CFSEM provides the FMV only, and not what makes it up. It is determined to be Level 3's for the year ended December 31, 2022. All other investments are considered Level 1.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
CFSEM Endowment Fund	\$ <u>195,153</u>	\$ <u>-</u>	\$ <u>147,072</u>	\$ <u>342,225</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2022.

Interest and Dividends	\$ 6,717
Net Realized and Unrealized Losses	<u>(49,827)</u>
Total	<u>(\$43,110)</u>

Investments are classified as follows in the financial statements:

Without Donor Restriction Increase of Endowment Fund	\$ 87,808
With Donor Restriction- Endowment Corpus (Level 3)	<u>254,417</u>
Total	<u>\$342,225</u>

**Note H – NOTE PAYABLE:**

During 2022 Greater Flint Arts Council, Inc. renewed and restated - term note for the parking lot at ELGA. Credit Union with monthly payments of \$476.54 which includes principal and interest at 3.75%. This loan will balloon January 4, 2027.

Maturities of the notes for years ended December 31, are as follows:

December 31, 2023	\$ 3,448
December 31, 2024	3,580
December 31, 2025	3,716
December 31, 2026	3,858
Balloon	<u>47,904</u>
Total	<u>\$62,506</u>

**Greater Flint Arts Council, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**Note I - CONTRIBUTION REVENUE:**

The detail of contribution revenue is as follows:

Charles Stewart Mott Foundation (Operations)	\$ 150,000
Charles Stewart Mott Foundation (Place making)	150,000
Charles Stewart Mott Foundation (Parade of Festival)	105,000
Flint Cultural Center Corp. (Programs)	100,528
Share Art Genesee Grants and Grant Admin	500,000
Others	<u>51,000</u>
<b>TOTAL</b>	<b><u>\$1,056,528</u></b>

**Note J - CONTINGENCIES AND COMMITMENTS:**

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in instrument of grant. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since from the inception of accepting the gifts and their terms; it has accommodated the objectives of the provision of the gift.

**Note K - LIQUIDITY:**

The Organization's working capital and cash flows have variations during the year attributable to the timing of grant and contribution receipts. Monthly cash outflows vary each year based on the specific requirements of the events programmed that year.

The following reflects the Organization's financial assets as of the financial position date, reduced by amounts not available for general use within one year of the financial position date because of contractual or donor-imposed restrictions.

		<b><u>2022</u></b>
Current Assets, at Year End		\$550,028
Less:		
Current Liabilities	\$( 7,052)	
Assets With Donor Restrictions	<u>(254,417)</u>	<u>( 261,469)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year.		<b><u>\$288,559</u></b>