



ARTPORTUNITY KNOCKS, INC.

**AUDITED FINANCIAL STATEMENTS
(Together with Independent Auditor's Report)**

DECEMBER 31, 2023

**ARTPORTUNITY KNOCKS, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Artportunity Knocks, Inc.

Opinion

We have audited the accompanying financial statements of Artportunity Knocks, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows, and functional expenses 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 Artportunity Knocks, Inc. as of December 31, 2023, 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 Artportunity Knocks, Inc. 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 these 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 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 Artportunity Knock'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 Artportunity Knock'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.

RJC Group, LLC

Atlanta, Georgia
February 14, 2024

ARTPORTUNITY KNOCKS, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023
ASSETS	
Cash (Note 3)	50,190
Contributions and Grant Receivables	109,825
Other Assets	1,905
Land, Building & Equipment, net (Note 4)	1,983
TOTAL ASSETS	\$ 163,903
 LIABILITIES AND NET ASSETS	
Accounts Payable	20,479
Accrued Expenses and Other Liabilities	18,142
Notes Payable (Note 5)	232,896
TOTAL LIABILITIES	271,517
 NET ASSETS:	
Without donor restrictions (Note 6)	(107,614)
With donor restrictions	-
TOTAL NET ASSETS	(107,614)
TOTAL LIABILITIES & NET ASSETS	\$ 163,903

THE ACCOMPANYING NOTES ARE A INTEGRAL PART OF THE FINANCIAL STATEMENTS

ARTPORTUNITY KNOCKS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE AND SUPPORT			
Contributed Support:			
Contributions of cash and other financial assets	90,556	-	90,556
Contributions of nonfinancial assets (Note 7)	55,000		55,000
Government grants and contracts	840,391		840,391
Other income	345		345
Total Contributed Support	\$ 986,292	\$ -	\$ 986,292
Net assets released from restrictions:			
Satisfaction of program restrictions	-	-	-
	\$ -	\$ -	\$ -
Total Revenue and Support	\$ 986,292	\$ -	\$ 986,292
EXPENSES			
Program Services			
Program Services	613,992		613,992
Total Program Services	\$ 613,992	\$ -	\$ 613,992
General and Administrative	334,373		334,373
Fundraising	7,000	-	7,000
Total Expenses	\$ 955,365	\$ -	\$ 955,365
CHANGE IN NET ASSETS	30,927	-	30,927
NET ASSETS, AT BEGINNING OF YEAR	(138,541)		(138,541)
NET ASSETS, END OF YEAR	\$ (107,614)	\$ -	\$ (107,614)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

ARTPORTUNITY KNOCKS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING ACTIVITIES:

Change in Net Assets \$ 30,927

**Adjustments to reconcile increase (decrease) in net assets to
net cash provided by operating activities**

Depreciation	6,514
(Increase)/Decrease in Contributions and Grant Receivables	(32,094)
Increase/(Decrease) in Accounts Payable	20,479
Increase/(Decrease) in Accrued Expenses and Other Liabilities	(50,325)
(Increase)/Decrease in Other Assets	(1,905)

NET CASH USED BY OPERATING ACTIVITIES (26,404)

FINANCING ACTIVITIES:

Principal payments on notes payable	<u>(34,149)</u>
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NET CASH USED BY FINANCING ACTIVITIES (34,149)

NET DECREASE IN CASH (60,553)

CASH, BEGINNING OF THE YEAR 110,743

CASH, END OF THE YEAR \$ 50,190

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

ARTPORTUNITY KNOCKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	General and Administrative	Fundraising	Totals
Salaries & wages	103,652	99,535	-	203,187
Payroll taxes	8,873	7,440	-	16,313
Fringe benefits	-	10,432	-	10,432
Total compensation and benefits	\$ 112,525	\$ 117,407	\$ -	\$ 229,932
Bank Charges & Fees	-	7,580	-	7,580
Depreciation & amortization	-	6,514	-	6,514
Insurance	-	7,787	-	7,787
Contracted Labor	356,524	-	-	356,524
Investment Advisory Fees	-	-	-	-
Occupancy Expenses	-	72,494	-	72,494
Other expenses	61,753	9,637	7,000	78,390
Professional services	5,427	34,316	-	39,744
Program expenses	65,621	1,806	-	67,427
Supplies	-	7,460	-	7,460
Telephone/telecommunications	5,131	4,188	-	9,319
Training	1,370	48,246	-	49,616
Travel	5,640	16,936	-	22,576
Total expenses	\$ 613,992	\$ 334,372	\$ 7,000	\$ 955,364

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

ARTPORTUNITY KNOCKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION

ARTPORTUNITY KNOCKS, Inc. (the “Organization”) is a Georgia not-for-profit corporation that began in 2007. The organization was established to empower youth to make Positive and Smart choices while increasing opportunities in the Arts, Education, Community Service, and Bridging Cultures.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared using the accrual basis of accounting, in conformity with generally accepted accounting principles.

USE OF 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 support and expenses during the reporting period. Actual results could differ from those estimates.

BASIS OF PRESENTATION

The accompanying financial statement are prepared based on the concept of “net assets”. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

ARTPORTUNITY KNOCKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

The Organization’s cash includes commercial checking accounts and money rate savings accounts. Cash equivalents are short-term interest bearing deposits, highly liquid investments with original maturities of twelve months or less. ARTPORTUNITY KNOCKS, Inc. maintains its cash balances primarily at one financial institution.

CONTRIBUTIONS RECEIVABLE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization recognizes contributions received and made, including promises to give as revenue in the period received or made. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

The allowance for uncollectible contributions receivable is determined based on Management’s evaluations of the collectability of individual promises that remain uncollected more than one year after their due dates are written off, unless the donors indicate that the payment is merely postponed. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

CONTRACTS AND GRANT REVENUE

Contracts and grants are recorded over the period covered by the contract or grant as services are provided and costs are incurred. Contract revenue is recorded as services are provided. Unrestricted grants and contributions are recorded when unconditionally pledged or received. Other revenues are earned as services are provided.

LAND, BUILDING AND EQUIPMENT

Land, Building and Equipment acquisitions are reported on the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than 1 year. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method ranging from 3 to 7 years for vehicles.

ARTPORTUNITY KNOCKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DONATED BUILDING, SERVICES AND MATERIALS

The Organization did not have any in-kind services or donated materials, which met the criteria for recognition under Contributed Services. The Organization did receive donated office space that is recognized at its fair value.

EXPENSE RECOGNITION AND ALLOCATION

The cost of providing the organization’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. The financial statements report certain categories that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Compensation and benefits are allocated on the basis of time and effort and what is allowable as denoted in the grant agreement where applicable.

INCOME TAXES

ARTPORTUNITY KNOCKS, Inc. is a not-for-profit organization that is exempt from income taxes as described in the Internal Revenue Code Section 501(c)(3). The organization believes that more likely than not, that its tax exempt position will be sustained if examined by the authorities.

NEW ACCOUNTING POLICY

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a not-for-profit entity has received. This ASU is applicable to contributed nonfinancial assets received for annual periods beginning after June 15, 2021. The Organization has adopted this guidance noting no material impact on the financial statements as of December 31, 2023, with the exception of increased disclosure.

ARTPORTUNITY KNOCKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 are:

	2023
<u>Financial Assets:</u>	
Cash and Cash Equivalents	\$ 50,190
Contributions and Grant Receivables	109,825
	\$ 160,015
Less those unavailable for general expenditures within one year due to:	
Subject to appropriation and satisfaction of donor restrictions	\$ -
Financial assets available to meet cash needs for general expenditures within one year	\$ 160,015

NOTE 4 – LAND, BUILDING AND EQUIPMENT

Land, Building and Equipment as of December 31, 2023 consist of the following:

	2023
Vehicles	\$ 32,362
Total Land, Building and Equipment	32,362
Less accumulated depreciation	(30,379)
Total Land, Building and Equipment, net	\$ 1,983

Depreciation expense for the years ended December 31, 2023 totaled \$6,514.

NOTE 5 – NOTES PAYABLE

Artportunity Knocks, Inc. received loan proceeds of \$50,000 under the Paycheck Protection Plan (PPP) established as part of the Coronavirus Aid Relief and Economic Security Act (CARES Act) on May 1, 2020. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits rent, and utilities, and maintains its payroll levels. This loan was partially forgiven on September 7, 2021 in the amount of \$16,374 in principal and \$221.50 in interest. There is an annual interest rate of 1% calculated on a simple interest basis, and the principal and interest is due on or before sixty (60) months from the date of the Note. The outstanding balance as of December 31, 2023 is \$33,626.

The Organization received loan proceeds of \$150,000 under the Economic Injury Disaster Loan program on June 15, 2020. The note payable at December 31, 2023 consists of a loan that is payable in equal monthly installments with a fixed interest rate of 2.75%. The organization is required to make monthly payments of \$641, which includes principal and interest. The outstanding balance at December 31, 2023 is \$142,949.

ARTPORTUNITY KNOCKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – NOTES PAYABLE (continued)

The Organization received a loan from eFinancial Tree to assist business operations. The monthly payment is \$1,500 and the interest rate is 0%. The outstanding balance at December 31, 2023 is \$41,047.

The Organization purchased a 15-passenger van in the amount of \$33,362. The monthly payment is \$542.82 including principal and interest. The outstanding balance at December 31, 2023 is \$15,274.

Aggregate principal and maturities subsequent to December 31, 2023 are as follows:

Years Ending December 31,	PPP Loan Principal Only	EIDL Loan Principal Only	eFinancial Tree Principal Only	Vehicle Principal Only
2024	30,293	3,640	18,000	4,842
2025	3,333	3,740	18,000	4,842
2026	-	3,843	5,047	4,842
2027	-	3,948	-	748
2028	-	4,057	-	-
Thereafter	-	123,721	-	-
Total	\$ 33,626	\$ 142,949	\$ 41,047	\$ 15,274

NOTE 6 – NET ASSETS

At December 31, 2023, the Organization has a negative net assets without donor restrictions of (\$107,614).

NOTE 6 – DONATED PROGRAM SPACE

Donated program space for the year ended December 31, 2023, included in the financial statements is as follows:

	<u>2023</u>
Johnson Stem Activity Center	\$ 30,000
Atlanta Unbound Academy	20,000
Victory Church N. Cobb	5,000
	<u>\$ 55,000</u>

There are three organizations that allow Artportunity Knocks, Inc. to use a portion of their facilities. The in-kind support for program space provided by Johnson Stem Activity Center is \$2,500 per month for twelve months in the amount of \$30,000; Atlanta Unbound Academy is \$2,000 per month for ten months in the amount of \$20,000; and Victory Church N. Cobb is \$2,500 per month for two months in the amount of \$5,000.

ARTPORTUNITY KNOCKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 – CONTINGENCIES

The Organization depends heavily on contributions and grants for its revenue. The ability of the Organization's contributors and grantors to give may be dependent upon current and future economic conditions. The Organization's Board of Directors believes Artportunity Knocks, Inc. has the resources to continue its programs. In addition, the organization plans to increase its fee-based enrollment as part of its Post-COVID-19 sustainability initiatives.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 14, 2024, which is the date on which the financial statements were available to be issued. No significant events occurred subsequent to the statement of financial position date but prior to issuance that would have a material impact on the financial statements or disclosures.