

PLANO SYMPHONY ORCHESTRA

Plano, Texas

Financial Statements

Years Ended June 30, 2022 and 2021

PLANO SYMPHONY ORCHESTRA

Financial Statements

Years Ended June 30, 2022 and 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 17



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Plano Symphony Orchestra
Plano, Texas

Opinion

We have audited the accompanying financial statements of Plano Symphony Orchestra (the "Association"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Plano Symphony Orchestra as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities 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 the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 the Association'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 Association'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.

PSK LLP

Arlington, Texas
December 16, 2022

PLANO SYMPHONY ORCHESTRA

Statements of Financial Position

June 30, 2022 and 2021

	ASSETS	
	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents		
Operating	\$ 253,492	\$ 156,442
Reserve	112,398	16,728
Restricted	<u>190,000</u>	<u>-</u>
Total cash and cash equivalents	<u>555,890</u>	<u>173,170</u>
Accounts receivable		
Pledges receivable, current portion	5,025	25,284
Other receivables	<u>75,451</u>	<u>175,002</u>
Total accounts receivable	<u>80,476</u>	<u>200,286</u>
Prepaid expenses	<u>28,499</u>	<u>37,826</u>
Total current assets	664,865	411,282
Investments	337,465	359,548
Pledges receivable, net of current portion	-	4,020
Cash restricted for long-term purposes	214,371	-
Property and equipment, net of accumulated depreciation	<u>577,536</u>	<u>605,233</u>
Total assets	<u>\$ 1,794,237</u>	<u>\$ 1,380,083</u>
	LIABILITIES AND NET ASSETS	
Current liabilities		
Accounts payable	\$ 36,608	\$ 84,659
Deferred revenue	225,393	207,986
Notes payable, current portion	<u>11,183</u>	<u>16,758</u>
Total current liabilities	273,184	309,403
Long-term liabilities		
Notes payable, net of current portion and unamortized loan costs	<u>428,875</u>	<u>433,707</u>
Total liabilities	<u>702,059</u>	<u>743,110</u>
Net assets		
Without donor restrictions		
Undesignated	375,110	309,994
Board designated	<u>130,324</u>	<u>150,626</u>
Total without donor restrictions	505,434	460,620
With donor restrictions	<u>586,744</u>	<u>176,353</u>
Total net assets	<u>1,092,178</u>	<u>636,973</u>
Total liabilities and net assets	<u>\$ 1,794,237</u>	<u>\$ 1,380,083</u>

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

PLANO SYMPHONY ORCHESTRA

Statement of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions			
Corporate	\$ 72,639	\$ 17,500	\$ 90,139
Individuals	213,600	492,206	705,806
Education	29,325	19,954	49,279
In-kind	21,308	-	21,308
Sponsorships	169,887	-	169,887
Grants	262,833	15,750	278,583
Fundraising revenue	149,353	-	149,353
Ticket sales	364,937	-	364,937
Other	20,101	-	20,101
Employee Retention Credit	87,245	-	87,245
Shuttered Venue Operators grant	211,245	-	211,245
Net assets released from restrictions:			
Expiration of time restrictions (pledges)	61,710	(61,710)	-
Expiration of time restrictions (corporate/grants)	8,350	(8,350)	-
Expiration of purpose restrictions	51,892	(51,892)	-
Total revenues and other support	<u>1,724,425</u>	<u>423,458</u>	<u>2,147,883</u>
Expenses:			
Program services	1,124,856	-	1,124,856
General and administrative	357,572	-	357,572
Fundraising	172,075	-	172,075
Total expenses	<u>1,654,503</u>	<u>-</u>	<u>1,654,503</u>
Change in net assets from operations	<u>69,922</u>	<u>423,458</u>	<u>493,380</u>
Other revenues, gains, and losses:			
Net investment return	<u>(25,108)</u>	<u>(13,067)</u>	<u>(38,175)</u>
Total change in net assets	44,814	410,391	455,205
Net assets at beginning of year	<u>460,620</u>	<u>176,353</u>	<u>636,973</u>
Net assets at end of year	<u>\$ 505,434</u>	<u>\$ 586,744</u>	<u>\$ 1,092,178</u>

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

PLANO SYMPHONY ORCHESTRA

Statement of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions			
Corporate	\$ 115,608	\$ 50	\$ 115,658
Individuals	126,671	35,490	162,161
Education	41,933	10,803	52,736
In-kind	13,225	-	13,225
Sponsorships	66,965	-	66,965
Grants	217,158	6,500	223,658
Fundraising revenue	171,510	-	171,510
Ticket sales	261,329	-	261,329
Other	10,028	-	10,028
Forgiveness of Paycheck Protection Program notes payable	196,910	-	196,910
Employee Retention Credit	38,343	-	38,343
Net assets released from restrictions:			
Expiration of time restrictions (pledges)	83,253	(83,253)	-
Expiration of time restrictions (corporate/grants)	10,300	(10,300)	-
Expiration of purpose restrictions	9,140	(9,140)	-
Total revenues and other support	<u>1,362,373</u>	<u>(49,850)</u>	<u>1,312,523</u>
Expenses:			
Program services	746,531	-	746,531
General and administrative	301,511	-	301,511
Fundraising	288,236	-	288,236
Total expenses	<u>1,336,278</u>	<u>-</u>	<u>1,336,278</u>
Change in net assets from operations	<u>26,095</u>	<u>(49,850)</u>	<u>(23,755)</u>
Other revenues, gains, and losses:			
Net investment return	42,398	8,970	51,368
Total change in net assets	68,493	(40,880)	27,613
Net assets at beginning of year	<u>392,127</u>	<u>217,233</u>	<u>609,360</u>
Net assets at end of year	<u>\$ 460,620</u>	<u>\$ 176,353</u>	<u>\$ 636,973</u>

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

PLANO SYMPHONY ORCHESTRA

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Personnel	\$ 333,179	\$ 167,137	\$ 87,067	\$ 587,383
Artistic costs	511,496	-	-	511,496
Concert production	148,800	-	-	148,800
Marketing	113,942	-	-	113,942
Fundraising events	-	-	83,816	83,816
Facilities	-	57,158	-	57,158
Supplies and resources	-	45,226	1,192	46,418
Depreciation	-	29,838	-	29,838
Interest	-	29,127	-	29,127
Other	17,439	29,086	-	46,525
Total	<u>\$ 1,124,856</u>	<u>\$ 357,572</u>	<u>\$ 172,075</u>	<u>\$ 1,654,503</u>

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

PLANO SYMPHONY ORCHESTRAStatement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Personnel	\$ 245,167	\$ 125,693	\$ 153,330	\$ 524,190
Artistic costs	291,812	-	-	291,812
Concert production	120,475	-	-	120,475
Marketing	78,687	-	-	78,687
Fundraising events	-	-	134,709	134,709
Facilities	-	50,287	-	50,287
Supplies and resources	-	40,709	197	40,906
Depreciation	-	30,819	-	30,819
Interest	-	33,627	-	33,627
Other	10,390	20,376	-	30,766
Total	<u>\$ 746,531</u>	<u>\$ 301,511</u>	<u>\$ 288,236</u>	<u>\$ 1,336,278</u>

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

PLANO SYMPHONY ORCHESTRA

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 455,205	\$ 27,613
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	29,838	30,819
Amortization	1,220	-
Forgiveness of Paycheck Protection Program notes payable	-	(196,910)
Adjustment to discount on pledges receivable	-	(1,259)
Net investment return	38,175	(51,368)
Changes in assets and liabilities:		
Accounts receivable	123,830	11,797
Prepaid expenses	9,327	697
Accounts payable	(48,051)	69,161
Deferred revenue	17,407	(40,960)
Net cash provided by (used in) operating activities	<u>626,951</u>	<u>(150,410)</u>
Cash flows from investing activities:		
Purchases of investments	(25,592)	(32,393)
Proceeds from sale of investments	9,500	94,693
Purchases of property and equipment	(2,141)	-
Net cash provided by (used in) investing activities	<u>(18,233)</u>	<u>62,300</u>
Cash flows from financing activities:		
Payment of loan costs	(24,406)	-
Proceeds from notes payable	468,550	100,910
Payments on notes payable	(455,771)	(15,686)
Net cash provided by (used in) financing activities	<u>(11,627)</u>	<u>85,224</u>
Net change in cash, cash equivalents, and restricted cash	597,091	(2,886)
Cash, cash equivalents, and restricted cash at beginning of year	<u>173,170</u>	<u>176,056</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 770,261</u>	<u>\$ 173,170</u>
Supplemental Disclosures:		
Cash paid for interest	<u>\$ 27,907</u>	<u>\$ 33,627</u>

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

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

1 - Nature of Organization and Activities

Plano Symphony Orchestra (the “Association”) is a nonprofit corporation organized to inspire, educate, entertain and involve the children, youth and adults of our community in the enjoyment of great music. The Association’s activities are generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Association have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The financial statements have been prepared using accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Revenue Recognition - The Association is supported primarily through contributions, sponsorships, grants, fundraising events, and ticket sales. Revenues related to contributions, sponsorships, and grants are recognized when the funds are received or the promise is made. Revenues related to fundraising events and ticket sales are recognized evenly over the period of time during which services are rendered. All revenues are recognized in an amount that reflects the consideration the Association has received or expects to receive in exchange for those services.

Performance Obligations - Performance obligations related to fundraising events and ticket sales revenues are satisfied over the period of time for which concerts are performed or specific conditions are met.

Cash and Cash Equivalents - The Association considers all bank deposits and highly liquid financial instruments with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for capital needs, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Pledges Receivable - Pledges receivable are comprised of uncollected Virtuoso Society pledges, net of a \$5,000 allowance for doubtful accounts for each of the years ended June 30, 2022 and 2021. See Note 5 for more information on pledges receivable.

Other Receivables - Other receivables are comprised of uncollected contributions and ticket sales and are considered fully collectible at June 30, 2022 and 2021.

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

2 - Significant Accounting Policies (continued)

Investments - As required by the Not-for-Profit Entities Investments of Debt and Equity Securities topic of the Financial Accounting Standards Board *Accounting Standards Codification* (the “FASB ASC”), investments in marketable equity securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the statements of financial position. Dividends, interest, realized gains and losses, and unrealized gains and losses are included in the change in net assets.

Property and Equipment - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Maintenance, repairs, and minor renewals that do not significantly improve or extend the lives of the representative assets are expensed when incurred. Additions, improvements, and major renewals of \$1,000 or greater are capitalized. Capitalized instruments that have special significance are not being depreciated.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Building and improvements	15 - 40 years
Furniture, fixtures and equipment	3 - 5 years

Deferred Revenue - Deferred revenue results from payments received for concerts to be performed in the next fiscal year.

Board Designated Endowment Fund - Endowment assets include board designated funds that the Association intends to hold long-term. The current long-term objective is to raise additional funds for the endowment, so that the endowment assets can return income, net of investment fees, sufficient to provide a predictable stream of funding for the programs supported by the Association. The Association's investment policy allows for these funds to be invested in a mix of mutual funds and exchange-traded funds, subject to certain conditions. The Association's spending policy allows for 5% of the unrestricted endowment portfolio balance to be used to fund operations of the Association each year, subject to certain conditions.

Grants - Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board of Directors deems the contingency remote.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Use of Estimates - Management used estimates and assumptions in preparing these financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort.

Compensated Absences - Employees of the Association are entitled to paid time off depending upon length of service and other factors. The Association cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the cost of compensated absences when paid to employees.

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

2 - Significant Accounting Policies (continued)

Income Taxes - The Association follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Association is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of June 30, 2022, the Association has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months. The 2019 through 2022 tax years remain subject to examination by the Internal Revenue Service.

Reclassifications - Certain reclassifications were made to the 2021 financial statements presentation in order to conform to the 2022 financial statements presentation.

3 - Liquidity and Availability of Resources

The Association operates under a budget approved by its Board of Directors (the “Board”), who is responsible for monitoring the liquidity necessary to meet the Association’s operating needs. The Board meets periodically throughout the year to evaluate the actual results of financial operations versus the budget. Additionally, the Association maintains certain Board-designated and donor-restricted funds, purposed for various activities of the Association. Association management, in accordance with Association policy and/or in collaboration with the Board, appropriates resources from Board-designated and donor-restricted funds as needed.

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Board, within one year of the dates of the statements of financial position are comprised of the following:

	2022	2021
Cash and cash equivalents	\$ 555,890	\$ 173,170
Accounts receivable, current portion	80,476	200,286
Investments	337,465	359,548
Cash restricted for long-term purposes	214,371	-
	1,188,202	733,004
Donor-restricted funds, less portion related to long-term pledges receivable	(586,744)	(172,333)
Board-designated funds	(130,324)	(150,626)
Financial assets available to meet general expenditure needs within one year	\$ 471,134	\$ 410,045

Restricted cash presented as cash and cash equivalents consists of cash required to be held in a separate bank account by the donor. It includes \$190,000 restricted for specific purposes relating to current operating needs. Cash restricted for long-term purposes also consists of cash required to be held in a separate bank account by the donor and includes \$130,971 of time-restricted funds and \$83,400 restricted for capital needs.

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

4 - Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 555,890	\$ 173,170
Cash restricted for long-term purposes	<u>214,371</u>	<u>-</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 770,261</u>	<u>\$ 173,170</u>

5 - Pledges Receivable

Virtuoso Society pledges have a five-year term. All other pledges are due within one year of when the commitments are made. The current portion of pledges receivable represents pledges due within one year. The long-term portion represents pledges due during subsequent fiscal years. Total pledges receivable are recorded net of a \$5,000 allowance for doubtful accounts for each of the years ended June 30, 2022 and 2021.

Pledges receivable at June 30, 2022 and 2021 are summarized as follows:

	<u>2022</u>		
	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Virtuoso Society pledges	\$ 10,025	\$ -	\$ 10,025
Less allowance for doubtful accounts	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
	<u>\$ 5,025</u>	<u>\$ -</u>	<u>\$ 5,025</u>
	<u>2021</u>		
	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Virtuoso Society pledges	\$ 29,284	\$ 5,020	\$ 34,304
Less allowance for doubtful accounts	<u>(4,000)</u>	<u>(1,000)</u>	<u>(5,000)</u>
	<u>\$ 25,284</u>	<u>\$ 4,020</u>	<u>\$ 29,304</u>

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

6 - Fair Value Measurements and Disclosures

The Association follows the Fair Value Measurements topic of the FASB ASC for all financial assets and liabilities measured at fair value on a recurring basis. The topic establishes a framework for measuring fair value and enhances disclosure requirements for fair value measurements. The topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The topic establishes market or observable inputs as preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. The topic establishes a hierarchy for grouping these assets and liabilities, based on the significance level of the following inputs:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable, or whose significant drivers are observable.

Level III – Significant inputs to the valuation model are unobservable.

Equity securities, fixed income securities, and mutual funds are held on nationally recognized securities exchanges and are considered Level I investments.

Investments that are not measured at fair value or do not have a readily determinable fair value are not classified in the hierarchy. These investments are valued using a practical expedient that approximates fair value. Cash reported as investments on the statements of financial position are measured at cost. Balanced pool funds are managed by The Dallas Foundation and do not have readily determinable fair values; net asset value (“NAV”) per share is used as a practical expedient to value these investments. The balanced pools funds may be redeemed quarterly, subject to a short notice period.

The following is a listing of investments measured at fair value on a recurring basis and where they are classified within the hierarchy as of June 30, 2022 and 2021:

	2022				
	Level I	Level II	Level III	Practical Expedient	Total
Cash (at cost)	\$ -	\$ -	\$ -	\$ 16,722	\$ 16,722
Balanced pool funds	-	-	-	221,402	221,402
Equity securities	59,214	-	-	-	59,214
Fixed income securities	35,903	-	-	-	35,903
Mutual funds	4,224	-	-	-	4,224
Total assets at fair value	<u>\$ 99,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,124</u>	<u>\$ 337,465</u>
	2021				
	Level I	Level II	Level III	Practical Expedient	Total
Cash (at cost)	\$ -	\$ -	\$ -	\$ 9,906	\$ 9,906
Balanced pool funds	-	-	-	246,979	246,979
Mutual funds	102,663	-	-	-	102,663
Total assets at fair value	<u>\$ 102,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,885</u>	<u>\$ 359,548</u>

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

6 - Fair Value Measurements and Disclosures (continued)

Net investment returns for the years ended June 30, 2022 and 2021 are comprised of the following:

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Interest and dividends	\$ 5,501	\$ 1,989	\$ 4,598	\$ 982
Fees	(2,853)	(1,039)	(2,650)	(767)
Net realized gains	10,109	6,175	14,543	2,732
Net unrealized gains (losses)	(37,865)	(20,192)	25,907	6,023
	<u>\$ (25,108)</u>	<u>\$ (13,067)</u>	<u>\$ 42,398</u>	<u>\$ 8,970</u>

7 - Property and Equipment

Property and equipment and accumulated depreciation as of June 30, 2022 and 2021 are comprised of the following:

	2022	2021
Building	\$ 351,000	\$ 351,000
Building improvements	176,648	176,648
Land	99,000	99,000
Furniture, fixtures and equipment	113,632	111,491
Instruments	12,500	12,500
	752,780	750,639
Less accumulated depreciation	<u>(175,244)</u>	<u>(145,406)</u>
	<u>\$ 577,536</u>	<u>\$ 605,233</u>

8 - Notes Payable

The Association had a note payable in the original amount of \$337,500 with the seller of property purchased by the Association during 2019. The note bore interest at a fixed rate of 8.00%, required monthly payments of principal and interest of \$2,476, was secured by the property, and was set to mature in October 2048. The note was paid in full in December 2021. The note had an outstanding balance at June 30, 2022 and 2021 of \$0 and \$329,469, respectively.

The Association had a note payable in the original amount of \$150,000 with a financial institution. The funds were used to remodel the property purchased by the Association during 2019. The note bore interest at a fixed rate of 5.50%, required monthly payments of principal and interest of \$1,633, was unsecured, and was set to mature in October 2023. The note was paid in full in December 2021. The note had an outstanding balance at June 30, 2022 and 2021 of \$0 and \$120,996, respectively.

In December 2021, the Association entered into a note payable with a financial institution in the amount of \$468,550 in order to refinance all its existing debt. The new note payable bears interest at a fixed rate of 4.25%, requires monthly payments of principal and interest of \$2,555, is secured by the property, and matures in December 2031, at which time all unpaid principal and interest will become due. The note had an outstanding balance at June 30, 2022 of \$463,244.

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

8 - Notes Payable (continued)

The Association follows the requirements of the Imputation of Interest topic of the FASB ASC to present loan origination costs as a reduction of the carrying amount of the respective notes payable. Accordingly, the following is a summary of the components of the notes payable at June 30, 2022 and 2021:

	2022	2021
Outstanding principal on notes payable	\$ 463,244	\$ 450,465
Less: unamortized loan origination costs	(23,186)	-
Notes payable, net	\$ 440,058	\$ 450,465

Future principal maturities on the above notes payable are scheduled as follows:

Year Ending June 30,	
2023	\$ 11,183
2024	11,667
2025	12,173
2026	12,700
2027	13,251
Thereafter	402,270
Total	\$ 463,244

9 - Commitments

The Association had a credit card with a revolving line of credit in the amount of \$85,000. The balance on the credit card varied from month to month, and the balance was paid in full monthly. Subsequent to year end, the Association's credit limit was reduced to \$50,000.

10 - Economic Relief

In May 2020, The Association obtained a note payable under the Small Business Administration ("SBA") Paycheck Protection Program (the "Program") of the CARES Act in the amount of \$96,000. Under the Program, all or a portion of the note payable was eligible for forgiveness if used for qualifying purposes under the SBA requirements. In December 2020, the full amount of the note payable was forgiven by the SBA. The forgiveness of the note payable is recorded as revenue in the statement of activities for the year ended June 30, 2021.

In February 2021, the Association obtained a second note payable under the SBA Program in the amount of \$100,910. Under the Program, all or a portion of the note payable was eligible for forgiveness if used for qualifying purposes under the SBA requirements. In August 2021, the full amount of the note payable was forgiven by the SBA. As the Association met all requirements for forgiveness during the year ended June 30, 2021, the forgiveness of the note payable is recorded as revenue in the statement of activities for the year ended June 30, 2021.

During the years ended June 30, 2022 and 2021, the Association received the Employee Retention Credit as part of the CARES Act, which allowed for a credit against applicable employment taxes, in the amount of \$87,245 and \$38,343, respectively. The values of the credits are recorded in statements of activities.

In July 2021, the Association received a Shuttered Venue Operators Grant under the SBA Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act in the amount of \$211,245. This amount is reported on the statement of activities for the year ended June 30, 2022.

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

11 - Net Assets Without Donor Restrictions

The balances of net assets without donor restrictions as of June 30, 2022 and 2021 include net assets designated by the Board for the following purposes:

	2022	2021
Board Designated Endowment Fund	\$ 114,146	\$ 131,935
Alice Hobbs Education and Outreach Fund	16,178	18,691
	\$ 130,324	\$ 150,626

Endowment activities for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	\$ 131,935	\$ 118,789
Contributions	-	-
Investment returns	(17,789)	13,146
Ending balance	\$ 114,146	\$ 131,935

12 - Net Assets With Donor Restrictions

The balances of net assets with donor restrictions as of June 30, 2022 and 2021 relate to certain contributions for which the donors have imposed restrictions. These restrictions require the Association to use such funds for expenditures directly related to various activities as follows:

	2022	2021
Individual pledges restricted for future seasons	\$ 56,225	\$ 70,730
Corporate pledges restricted for future seasons	19,500	3,850
Government grants	15,750	6,500
Scholarships	90,898	95,273
Assistant Conductor position	180,971	-
String enhancements	30,000	-
40th anniversary concert season	60,000	-
Development	50,000	-
Technology	83,400	-
	\$ 586,744	\$ 176,353

During the years ended June 30, 2022 and 2021, net assets with donor restrictions in the amounts of \$121,952 and \$102,693, respectively, had been expended in accordance with donor restrictions and have been reclassified to net assets without donor restrictions.

13 - In-Kind Contributions

The Association receives a substantial amount of services donated by citizens interested in the Association's programs. Because of the difficulty in assigning values for such services, these items are generally not reflected in the accompanying financial statements. However, when contributed services meet the criteria under the Not-for-Profit Organizations topic of the FASB ASC, the amounts are reflected in the financial statements as revenues and expenses at their fair market values at the date of donation.

PLANO SYMPHONY ORCHESTRA
Notes to Financial Statements

13 - In-Kind Contributions (continued)

In-kind contributions include advertising space donated by local media, typesetting, printing, professional services, and airfare.

The value of donated materials and services included in the financial statements and the corresponding expenditures for the years ended June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Revenues:		
Donated services	\$ 16,416	\$ 11,845
Donated facilities and materials	<u>4,892</u>	<u>1,380</u>
	<u>\$ 21,308</u>	<u>\$ 13,225</u>
Expenditures:		
Program services	\$ 20,543	\$ 12,918
General and administrative	<u>765</u>	<u>307</u>
	<u>\$ 21,308</u>	<u>\$ 13,225</u>

14 - Subsequent Events

Subsequent events have been evaluated through December 16, 2022, which is the date the financial statements were available to be issued. No additional disclosures were considered necessary.