PLANO SYMPHONY ORCHESTRA

ANNUAL FINANCIAL REPORT

JUNE 30, 2023 AND 2022

Bonadio & Co., LLP
Certified Public Accountants

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

December 20, 2023

To the Board of Directors of
Plano Symphony Orchestra:

Opinion

We have audited the accompanying financial statements of Plano Symphony Orchestra (the "Association"), which comprise the statement of financial position as of June 30, 2023, related statements 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 the Association as of June 30, 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 the Association 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.

Prior Period Financial Statements

The financial statements of Plano Symphony Orchestra as of and for the year ended June 30, 2022 were audited by other auditors whose report dated December 16, 2022 expressed an unmodified opinion on those statements.

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 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.

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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 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.

Bonadio & Co., LLP

PLANO SYMPHONY ORCHESTRA
STATEMENTS OF FINANCIAL POSITION

June 30,		*2023*		*2022*
Assets				
Current assets				
Cash and cash equivalents				
Operating	$	272,546	$	253,492
Reserve		113,678		112,398
Held in investment accounts		47,430		16,722
Restricted		56,960		190,000
Accounts receivable				
Pledges receivable, current portion, net		67,500		5,025
Other receivables		76,795		75,451
Prepaid expenses		35,671		28,499
Total current assets		670,580		681,587
Noncurrent assets				
Investments		330,514		320,743
Cash restricted for long-term purposes		95,500		214,371
Pledges receivable, less current portion, net		74,770		-
Property and equipment, net of accumulated depreciation		599,186		577,536
Total noncurrent assets		1,099,970		1,112,650
Total assets	$	1,770,550	$	1,794,237
Liabilities				
Current liabilities				
Accounts payable	$	62,929	$	36,608
Deferred revenue		388,286		225,393
Notes payable, current portion		11,672		11,183
Total current liabilities		462,887		273,184
Long-term liabilities				
Notes payable, net of current portion and unamortized loan costs		419,652		428,875
Total long-term liabilities		419,652		428,875
Total liabilities		882,539		702,059
Net assets				
Without donor restrictions				
Undesignated		447,514		375,110
Board designated		143,768		130,324
Total without donor restrictions		591,282		505,434
With donor restrictions		296,729		586,744
Total net assets		888,011		1,092,178
Total liabilities and net assets	$	1,770,550	$	1,794,237

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

PLANO SYMPHONY ORCHESTRA
STATEMENT OF ACTIVITIES

Year Ended June 30, 2023	*Without Donor Restrictions*	*With Donor Restrictions*	*Totals*
Revenue and other support			
Contributions			
Corporate	$ 88,582	$ 9,094	$ 97,676
Individuals	303,466	15,000	318,466
Education	46,207	16,815	63,022
In-kind	41,183	-	41,183
Sponsorships	177,182	-	177,182
Grants	220,953	5,000	225,953
Fundraising revenue	179,080	-	179,080
Ticket sales	427,480	-	427,480
Other	102,338	-	102,338
Net assets released from restrictions:			
Expiration of time restrictions (pledges)	54,726	(54,726)	-
Expiration of time restrictions (corporate/grants)	33,750	(33,750)	-
Expiration of purpose restrictions	255,582	(255,582)	-
Total revenue and other support	1,930,529	(298,149)	1,632,380
Expenses			
Program services	1,430,052	-	1,430,052
General and administrative	222,779	-	222,779
Fundraising	212,332	-	212,332
Total operating expenses	1,865,163	-	1,865,163
Change in net assets from operations	65,366	(298,149)	(232,783)
Other revenues, gains, and losses			
Net investment return	20,482	8,134	28,616
Total change in net assets	85,848	(290,015)	(204,167)
Net assets, beginning of year	505,434	586,744	1,092,178
Net assets, end of year	$ 591,282	$ 296,729	$ 888,011

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

PLANO SYMPHONY ORCHESTRA
STATEMENT OF ACTIVITIES

Year Ended June 30, 2022	*Without Donor Restrictions*	*With Donor Restrictions*	*Totals*
Revenue 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 revenue and other support	1,724,425	423,458	2,147,883
Expenses			
Program services	1,124,856	-	1,124,856
General and administrative	357,572	-	357,572
Fundraising	172,075	-	172,075
Total operating expenses	1,654,503	-	1,654,503
Change in net assets from operations	69,922	423,458	493,380
Other revenues, gains, and losses			
Net investment return	(25,108)	(13,067)	(38,175)
Total change in net assets	44,814	410,391	455,205
Net assets, beginning of year	460,620	176,353	636,973
Net assets, end of year	$ 505,434	$ 586,744	$ 1,092,178

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

PLANO SYMPHONY ORCHESTRA
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total
Personnel	$ 399,419	$ 116,485	$ 69,921	$ 585,825
Artistic costs	563,677	-	-	563,677
Concert production	224,023	-	-	224,023
Marketing	145,117	-	-	145,117
Fundraising events	-	-	125,695	125,695
Facilities	39,095	13,417	8,053	60,565
Supplies and resources	-	56,849	655	57,504
Depreciation	24,720	8,484	5,093	38,297
Interest	14,149	4,856	2,915	21,920
Other	19,852	22,688	-	42,540
Total expenses	$ 1,430,052	$ 222,779	$ 212,332	$ 1,865,163

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

PLANO SYMPHONY ORCHESTRA
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

		Supporting Services		
	Program Services	**General and Administrative**	**Fundraising**	**Total**
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 expenses	$ 1,124,856	$ 357,572	$ 172,075	$ 1,654,503

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

PLANO SYMPHONY ORCHESTRA
STATEMENTS OF CASH FLOWS

Years ended June 30,		*2023*		*2022*
Cash flows from operating activities:				
Change in net assets	$	(204,167)	$	455,205
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		38,297		29,838
Amortization		2,440		1,220
Net investment return		(28,616)		38,175
Changes in assets and liabilities:				
Accounts receivable		(138,589)		123,830
Prepaid expenses		(7,172)		9,327
Accounts payable		26,321		(48,051)
Deferred revenue		162,893		17,407
Net cash flows from operating activities		(148,593)		626,951
Cash flows from investing activities:				
Purchases of investments		(11,863)		(8,870)
Proceeds from sale of investments		30,708		9,500
Purchases of property and equipment		(59,947)		(2,141)
Net cash flows from investing activities		(41,102)		(1,511)
Cash flows from financing activities:				
Payment of loan costs		-		(24,406)
Proceeds from notes payable		-		468,550
Payments on notes payable		(11,174)		(455,771)
Net cash flows from financing activities		(11,174)		(11,627)
Net change in cash and cash equivalents		(200,869)		613,813
Cash and cash equivalents, beginning of year		786,983		173,170
Cash and cash equivalents, end of year	$	586,114	$	786,983
Supplemental Information				
Cash paid for interest	$	19,480	$	27,907

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

Note 1 – Nature of 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.

Note 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. These net assets may be used at the discretion of the Association's board of directors.
>
> *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 at a point in time for which concerts are performed or specific conditions are met. Pricing is set based upon historical information and attraction of performances.

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.

Note 2 – Significant Accounting Policies (continued)

Pledges Receivable – Pledges receivable are comprised of uncollected Virtuoso Society pledges, net of a $5,000 allowance for doubtful accounts at year ended June 30, 2023 and 2022. 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, 2023 and 2022.

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 net assets 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.

Note 2 – Significant Accounting Policies (continued)

Deferred Financing Costs – Deferred financing costs consist of costs associated with obtaining the notes payable. Deferred financing costs are being amortized on the straight-line method over the term of the related debt as an adjustment to interest expense. The costs are reported as a reduction of the related debt (See Note 8).

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.

Financial Instruments – Financial instruments, which potentially subject the Council to concentrations of credit risk, include marketable equity securities. The Council places its temporary cash investments with creditworthy, high quality financial institutions that from time to time exceed federally insured limits. The Council has not experienced any losses with respect to its balances. The carrying amounts of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short-term nature of the items. The fair value of marketable securities is determined by quoted market prices.

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 further 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.

Income Taxes – The Association is a nonprofit organization that has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, the Association is not a private foundation. 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, 2023, management of the Association has determined it 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.

Note 2 – Significant Accounting Policies (continued)

New Accounting Standard – Effective July 1, 2021, the Association adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit 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 nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements.

Note 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 net assets 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:

	2023	2022
Cash and cash equivalents	$ 443,184	$ 555,890
Accounts receivable, current portion	144,632	80,476
Investments	377,944	337,465
Cash restricted for long-term purposes	95,500	214,371
	1,061,260	1,188,202
Donor-restricted net assets	(296,729)	(586,744)
Board-designated net assets	(143,768)	(130,324)
Financial assets available to meet general expenditure needs within one year	$ 620,763	$ 471,134

Restricted cash presented as cash and cash equivalents consists of cash required to be held in a separate bank account by the donor. For year end 2022 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 as of year end 2022. Cash restricted for long-term purposes consists of cash required to be held in a separate bank account by the donor and includes $87,047 of time-restricted funds, $56,960 restricted for specific purposes relating to current operating needs, and $8,453 restricted for capital needs as of June 30, 2023.

Note 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, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 443,184	$ 555,890
Cash restricted for long-term purposes	95,500	214,371
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 538,684	$ 770,261

Note 5 – Pledges Receivable

Virtuoso Society pledges have a three-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 as of June 30, 2023 and 2022.

Pledges receivable at June 30, 2023 and 2022 are summarized as follows:

	2023		
	Current	Long-term	Total
Virtuoso Society pledges	$ 72,500	$ 74,770	$ 147,270
Less allowance for doubtful accounts	(5,000)	-	(5,000)
	$ 67,500	$ 74,770	$ 142,270

	2022		
	Current	Long-term	Total
Virtuoso Society pledges	$ 10,025	$ -	$ 10,025
Less allowance for doubtful accounts	(5,000)	-	(5,000)
	$ 5,025	$ -	$ 5,025

Note 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.

Note 6 – Fair Value Measurements and Disclosures (continued)

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, interest bearing cash 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. 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, 2023 and 2022:

	2023				
	Level I	Level II	Level III	Practical Expedient	Total
Equity securities	$ 70,940	$ -	$ -	$ -	$ 70,940
Fixed income securities	20,445	-	-	-	20,445
Total assets at fair value	91,385	-	-	-	91,385
Total assets at NAV	-	-	-	239,129	239,129
Total investments	$ 91,385	$ -	$ -	$ 239,129	$ 330,514

Note 6 – Fair Value Measurements and Disclosures (continued)

	2022				
	Level I	Level II	Level III	Practical Expedient	Total
Equity securities	$ 59,214	$ -	$ -	$ -	$ 59,214
Fixed income securities	35,903	-	-	-	35,903
Mutual funds	4,224	-	-	-	4,224
Total assets at fair value	99,341	-	-	-	99,341
Total assets at NAV	-	-	-	221,402	221,402
Total investments	$ 116,063	$ -	$ -	$ 221,402	$ 320,743

Net investment returns for the years ended June 30, 2023 and 2022 are comprised of the following:

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Interest and dividends	$ 9,706	$ 2,365	$ 5,501	$ 1,989
Fees	(2,614)	(1,007)	(2,853)	(1,039)
Net realized gains	13,793	2,831	10,109	6,175
Net unrealized gains (losses)	(403)	3,945	(37,865)	(20,192)
	$ 20,482	$ 8,134	$ (25,108)	$ (13,067)

Note 7 – Property and Equipment

Property and equipment and accumulated depreciation as of June 30, 2023 and 2022 are comprised of the following:

	2023	2022
Building	$ 351,000	$ 351,000
Building improvements	176,648	176,648
Land	99,000	99,000
Furniture, fixtures and equipment	173,579	113,632
Instruments	12,500	12,500
	812,727	752,780
Less accumulated depreciation	(213,541)	(175,244)
	$ 599,186	$ 577,536

Depreciation expense amounted to $38,297 and $29,838 at June 30, 2023 and 2022, respectively.

Note 8 – Notes Payable

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 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, 2023 and 2022 of $452,069 and $463,244, respectively.

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, 2023 and 2022:

	2023	2022
Outstanding principal on notes payable	$ 452,069	$ 463,244
Less: unamortized loan origination costs	(20,745)	(23,186)
Notes payable, net	$ 431,324	$ 440,058

Note 8 – Notes Payable (continued)

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

Year Ending June 30,		
2024	$	11,672
2025		12,178
2026		12,706
2027		13,256
2028		13,831
Thereafter		388,426
Total	$	452,069

Note 9 – Commitments

The Association has a credit card with a credit limit in the amount of $50,000. The balance on the credit card varies from month to month, and the balance is paid in full monthly.

Note 10 – Economic Relief

During the year ended June 30, 2022, 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. 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.

Note 11 – Net Assets Without Donor Restrictions

The balances of net assets without donor restrictions as of June 30, 2023 and 2022 include net assets designated by the Board for the following purposes:

	2023	2022
Board Designated Endowment Fund	$ 126,122	$ 114,146
Alice Hobbs Education and Outreach Fund	17,646	16,178
	$ 143,768	$ 130,324

Note 11 – Net Assets Without Donor Restrictions (continued)

Endowment activities for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Beginning balance	$ 114,146	$ 131,935
Contributions	-	-
Investment returns	11,976	(17,789)
Ending balance	$ 126,122	$ 114,146

Note 12 – Net Assets With Donor Restrictions

The balances of net assets with donor restrictions as of June 30, 2023 and 2022 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:

	2023	2022
Individual pledges restricted for future seasons	$ 16,498	$ 56,225
Corporate pledges restricted for future seasons	10,594	19,500
Government grants	5,000	15,750
Scholarships	95,362	90,898
Education	16,815	-
Assistant Conductor position	137,047	180,971
String enhancements	6,960	30,000
40th anniversary concert season	-	60,000
Development	-	50,000
Technology	8,453	83,400
	$ 296,729	$ 586,744

During the years ended June 30, 2023 and 2022, net assets with donor restrictions in the amounts of $344,058 and $121,952, respectively, had been expended in accordance with donor restrictions and have been reclassified to net assets without donor restrictions.

Note 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 based upon current market prices. In-kind contributions include advertising space donated by local media, typesetting, printing, professional services, hotel lodging and airfare.

Note 13 – In-Kind Contributions (continued)

The value of donated materials and services included in the financial statements and the corresponding expenditures for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Revenues:		
Donated services	$ 19,051	$ 16,416
Donated facilities and materials	22,132	4,892
	$ 41,183	$ 21,308
Expenditures:		
Program services	$ 41,183	$ 20,543
General and administrative	-	765
	$ 41,183	$ 21,308

Note 14 – Future Changes in Accounting Principle

Current Expected Credit Losses – In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model which requires the use of forward-looking information to calculate credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities.

These changes will result in earlier recognition of credit losses. ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326),* issued by the FASB in November 2019 delayed the effective date of ASU 2016-13 to fiscal years beginning after December 15, 2022, which would make ASU 2016-13 effective for the Association in fiscal year ending June 30, 2024. The Association is currently evaluating the impact of adopting ASU 2016-13, however management believes that this will not have a material impact to the financial statements.

Note 15 – Subsequent Events

Subsequent events have been evaluated through December 20, 2023, which is the date the financial statements were available to be issued.