

Financial Statements

Saginaw Symphony Association

*Year Ended June 30, 2022
with Independent Accountant's Review Report
(with Summarized Comparative
Information for 2021)*



ANDREWS HOOPER PAVLIK PLC

Saginaw Symphony Association

Financial Statements

Year Ended June 30, 2022

(with Summarized Comparative Information for 2021)

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Independent Accountant's Review Report

Board of Directors
Saginaw Symphony Association
Saginaw, Michigan

We have reviewed the accompanying financial statements of Saginaw Symphony Association (Association), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Association's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Saginaw Symphony Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed the Saginaw Symphony Association's 2021 financial statements and in our conclusion dated August 23, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the 2021 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2021, for it to be consistent with the reviewed financial statements from which it has been derived.

Andrews Hooper Paulik PLC

Saginaw, Michigan
August 23, 2022

Saginaw Symphony Association

Statement of Financial Position

June 30, 2022

(with Summarized Comparative Information for 2021)

	June 30	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 365,335	\$ 376,430
Accounts receivable	2,000	3,160
Grants receivable	2,475	3,937
Pledges receivable – current portion	20,000	-
Accrued interest receivable	-	1,146
Prepaid expenses	1,146	318
Total current assets	390,956	384,991
Pledges receivable – noncurrent portion	35,000	15,000
Beneficial interest in endowment fund	38,301	37,540
Perpetual trust held by third party	578,774	690,670
Equipment	40,820	40,820
Accumulated depreciation	(40,329)	(40,109)
Net equipment	491	711
Total assets	\$ 1,043,522	\$ 1,128,912
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 662	\$ 6,260
Accrued payroll and payroll taxes	7,442	5,203
Deferred revenue - ticket sales	1,525	2,774
Total current liabilities	9,629	14,237
Net assets:		
Without donor restrictions:		
Undesignated	261,700	223,672
Board-designated – Rennert Trust	64,500	80,000
Board-designated – Youth Orchestra	5,762	13,159
SCF agency fund	38,301	37,540
Total without donor restrictions	370,263	354,371
With donor restrictions	663,630	760,304
Total net assets	1,033,893	1,114,675
Total liabilities and net assets	\$ 1,043,522	\$ 1,128,912

See independent accountant's review report and accompanying notes.

Saginaw Symphony Association

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022

(with Summarized Comparative Information for 2021)

	Year Ended June 30, 2022			Year Ended June 30, 2021
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue				
Contributions	\$ 25,639	\$ -	\$ 25,639	\$ 39,186
Grants and trusts	85,482	108,773	194,255	142,149
Concerts and activities	143,234	85,125	228,359	78,126
Youth outreach	14,596	6,920	21,516	8,898
Fundraising	8,276	8,000	16,276	30,732
Endowment and investment income, net	61,588	-	61,588	35,607
Miscellaneous	2,905	-	2,905	1,152
In-kind contributions (non-cash)	10,267	-	10,267	8,005
Perpetual trust net change	-	(111,896)	(111,896)	114,118
Net assets released from restrictions	193,596	(193,596)	-	-
Total support and revenue	545,583	(96,674)	448,909	457,973
Expenses				
Program services:				
Concerts and activities	410,863	-	410,863	210,224
Youth outreach	23,953	-	23,953	12,831
Total program services	434,816	-	434,816	223,055
Supporting services:				
Management and general	76,534	-	76,534	88,114
Fundraising	18,341	-	18,341	24,639
Total supporting services	94,875	-	94,875	112,753
Total expenses	529,691	-	529,691	335,808
Change in net assets	15,892	(96,674)	(80,782)	122,165
Total net assets at beginning of year	354,371	760,304	1,114,675	992,510
Total net assets at end of year	\$ 370,263	\$ 663,630	\$ 1,033,893	\$ 1,114,675

See independent accountant's review report and accompanying notes.

Saginaw Symphony Association

Statement of Functional Expenses

Year Ended June 30, 2022

(with Summarized Comparative Information for 2021)

Expenses	Year Ended June 30, 2022						Year Ended June 30, 2021
	Program Services			Supporting Services			
	Concerts and Activities	Youth Outreach	Total	Management and General	Fundraising	Total	
Staff salaries	\$ 65,348	\$ 5,446	\$ 70,794	\$ 34,155	\$ 1,284	\$ 106,233	\$ 106,086
Payroll taxes	4,896	415	5,311	2,559	98	7,968	8,130
Pension expenses	900	-	900	-	-	900	900
Auditing and accounting	-	-	-	8,596	-	8,596	8,665
Fees and memberships	1,167	-	1,167	1,268	-	2,435	2,587
Insurance	-	-	-	5,709	-	5,709	5,712
Office expenses	-	-	-	6,815	-	6,815	7,201
Communications	-	150	150	3,324	-	3,474	3,324
Office supplies	-	150	150	2,174	-	2,324	2,272
Supplies and equipment	-	-	-	283	-	283	3,447
Outside services	-	-	-	251	-	251	1,460
Bank charges/service fees	-	-	-	1,817	-	1,817	1,921
Staff education	-	-	-	-	-	-	112
Transportation/mileage	-	-	-	300	-	300	100
Postage and shipping	-	-	-	1,035	-	1,035	1,250
Building rent	-	-	-	3,840	-	3,840	3,840
Hospitality	-	-	-	985	-	985	1,000
Board expenses	-	-	-	2,070	-	2,070	2,050
Grant expenses	-	-	-	50	-	50	112
Miscellaneous	-	-	-	181	-	181	86
Depreciation	-	-	-	220	-	220	221
Music director	52,250	-	52,250	902	-	53,152	52,384
Orchestra services	146,440	-	146,440	-	-	146,440	34,873
Guest artists	9,333	-	9,333	-	-	9,333	4,680
Concert venue rental	37,310	-	37,310	-	-	37,310	8,400
Concert ticket fees	7,977	-	7,977	-	-	7,977	491
Other concert expenses	35,243	-	35,243	-	-	35,243	20,712
Special events	11,828	-	11,828	-	-	11,828	-
Advertising and marketing	38,171	-	38,171	-	-	38,171	24,506
Holiday Housewalk	-	-	-	-	16,959	16,959	11,276
Culinary Concert	-	-	-	-	-	-	9,684
Youth outreach	-	17,792	17,792	-	-	17,792	8,326
Total	\$ 410,863	\$ 23,953	\$ 434,816	\$ 76,534	\$ 18,341	\$ 529,691	\$ 335,808
Percent of total	77.57%	4.52%	82.09%	14.45%	3.46%	100.00%	

See independent accountant's review report and accompanying notes.

Saginaw Symphony Association

Statement of Cash Flows

Year Ended June 30, 2022

(with Summarized Comparative Information for 2021)

	Year Ended June 30	
	2022	2021
Operating activities		
Change in net assets	\$ (80,782)	\$ 122,165
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	220	221
Reclassify investments to cash and cash equivalents	250,831	124,946
Perpetual trust held by third party net change	111,896	(114,118)
Changes in operating assets and liabilities:		
Accounts receivable	1,160	2,724
Grants receivable	1,462	(1,687)
Pledges receivable	(40,000)	20,000
Accrued interest receivable	1,146	219
Prepaid expenses	(828)	(318)
Accounts payable	(5,598)	5,785
Accrued payroll and payroll taxes	2,239	(969)
Deferred revenue – ticket sales	(1,249)	(6,761)
Refundable advance	-	(4,704)
Net cash from operating activities	240,497	147,503
Investing activities		
Purchases of investments	(401,209)	(139,896)
Maturities of investments	150,378	139,896
Change in beneficial interest in endowment fund	(761)	(5,948)
Net cash from investing activities	(251,592)	(5,948)
Net change in cash and cash equivalents	(11,095)	141,555
Cash and cash equivalents at beginning of year	376,430	234,875
Cash and cash equivalents at end of year	\$ 365,335	\$ 376,430

See independent accountant's review report and accompanying notes.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

1. Description of the Organization and Nature of Activities

The Saginaw Symphony Association (the “Association”), doing business as the Saginaw Bay Symphony Orchestra, is a not-for-profit association incorporated in Saginaw, Michigan in 1935 as the Saginaw Civic Symphony Association. The Association's offices and concert venue are located in the historic Temple Theatre in downtown city of Saginaw. The Association offers five live concerts per season, organizes and conducts an annual fundraiser, and provides youth music education programs and youth concerts to the residents of Saginaw, Bay, and Midland counties and the mid-Michigan area. The Association’s support comes primarily from ticket sales, contributions, endowment income, grants, and fundraising.

2. Significant Accounting Policies

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association’s management and the board of directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Income Tax Status

The Association is tax-exempt under Internal Revenue Code Section 501(c)(3) and is required to operate in conformity with the Internal Revenue Code to maintain this qualification. The Association has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

See independent accountant’s review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

2. Significant Accounting Policies (continued)

Income Tax Status (continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Association and has determined that as of June 30, 2022 and 2021 there were no material uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Generally, tax years from June 30, 2019 through the current year remain open to examination by the Internal Revenue Service. The Association does not believe that the results from any examination of these open years would have a material adverse effect on the Association.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Comparative Financial Information

The financial information for the year ended June 30, 2021, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Cash and Cash Equivalents

The Association maintains two cash accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash equivalents consists of cash held in a high-yield deposit account at a local credit union and investments that are recorded at cost when purchased and are due within three months or less from the statement of financial position date.

Investments

Investments in certificates of deposit and U.S. Treasury notes are recorded at cost when purchased. All investments are expected to be held to maturity. Interest on certificates of deposit is paid monthly. Interest on government securities is accrued monthly and paid every six months for U.S. Treasury notes.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

2. Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable is stated at unpaid balances. Management believes all accounts receivable are collectible and therefore there is no allowance for doubtful accounts. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms.

It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. There were no accounts receivable charged off during the fiscal year.

Pledges Receivable

The Association recognizes pledges receivable at fair value. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management.

Beneficial Interest in Endowment Fund

Beneficial interest in endowment fund consists of amounts held and invested by the Saginaw Community Foundation (SCF) under an agency account agreement. This account contains donations approved and directed by the board of directors to be made to the SCF from net assets without donor restrictions. The beneficial interest is reported at the fair market value of the fund as determined by the SCF. Investment income of the fund, net of expenses, and any net realized and unrealized gains and losses, are included in endowment and investment income, net, in the statement of activities and changes in net assets.

Perpetual Trust Held by Third Party

The Association is the beneficiary of the income from a trust held in perpetuity by an independent trustee. The Association has an irrevocable right to receive the income earned on the trust assets but will never receive the invested asset value of the trust. The income distributed to the Association shall be used for the benefit of the Saginaw Symphony Association. The fair value of the investments held by the trust is included in net assets with donor restrictions. The statement of activities and changes in net assets reflects the change in the fair market value that occurs as a result of market fluctuations in addition to undistributed current earnings. The amount is reported as perpetual trust net change.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

2. Significant Accounting Policies (continued)

Equipment

Acquired assets are stated at cost and donated assets at fair market value. Expenditures for new acquisitions, renewals and betterments, which increase productive capacity or prolong service lives of the equipment, are capitalized. Maintenance and repairs that do not enhance the value or extend the useful life are expensed as incurred. Depreciation is calculated by the straight-line method over five or ten years.

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and pledges receivable. The Association maintains its available cash in a long-established local credit union. The concentration of credit risk for investments consists of reserve funds that have been invested in U.S. Treasury notes and certificates of deposit that were invested with the same local credit union. The Association invests its reserve funds in safer investments with lower rates of return. The concentration of credit risk with respect to pledges receivable is limited due to the donors being long-time donors of the Association.

Fair Value Measurements

Fair value is the exchange 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. In determining fair value, the Association uses various methods, including market, income, and cost approaches. Based on these approaches, the Association often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Based on the observability of the inputs used in the valuation techniques, financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access at the measurement date.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

2. Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In determining the appropriate levels, the Association performs an analysis of the assets and liabilities that are subject to the fair value standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on quoted prices are classified as Level 1 and significant unobservable inputs are classified as Level 3. The fair value of these assets as of June 30, 2022 and 2021 are shown in Note 10. There were no liabilities measured at fair value as of June 30, 2022 and 2021.

Revenue Recognition

Contributions or pledges from donors that are in substance unconditional, are recognized by the Association as net assets without donor restrictions. All donor-stipulated contributions are reported as net assets with donor restrictions depending on the nature of the stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities and changes in net assets as net assets released from restrictions.

The Association defers income from pre-season ticket sales at year end. The income is recorded as revenue in the following fiscal year which corresponds to the new concert season.

Risk and Uncertainties

The coronavirus pandemic continued to have a negative impact on the Association's operations as follows:

Operations Impact: During fiscal year 2022, the Association lost one-third of its season ticket sales, over \$20,000, compared to the last full 2018-2019 concert season. The pandemic also had a major impact on fundraising efforts because they had to be done virtually for the past two years. Since the 2019 fiscal year, the Association also lost over \$35,000 in fundraising revenue and needs new revenue sources to replace it. With much-needed help from the Shuttered Venue Operators Grant (see next page), the Association's fiscal year ended with a net income from operations (without donor restrictions) of \$15,892.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

2. Significant Accounting Policies (continued)

Risk and Uncertainties (continued)

Financial Statement Impact: During fiscal year 2022, total revenue without donor restrictions increased \$197,773 (56.9%) primarily from concert ticket sales, the Wickes Foundation and Shuttered Venue Operators grants, concert sponsorships, and endowment income. Total expenses increased \$193,883 (57.7%) primarily from concert-related expenses associated with performing five live concerts and an outdoor kick-off concert this season.

Shuttered Venue Operators Grant (SVOG): The Association received grant proceeds from the U.S. Small Business Administration in the amount of \$44,730 on July 14, 2021. The SVOG program was established in Section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act). The Association qualified for the third priority round of awarded grants for businesses/venues that suffered a 25% or greater earned revenue loss between one quarter of 2019 and the corresponding quarter of 2020. Allowable uses of the funds include payroll, rent, payments to independent contractors, operating leases, insurance, and utilities. These grant funds were used for payroll, Music Director's contract payments, office rent, and copier operating lease payments from January 1, 2021 through December 31, 2021.

Future Plans: Due to projected losses of \$40,000 to \$60,000 for each of the next three seasons, the board of directors and staff developed a 3-year Covid Recovery Plan to address five main issues:

1. Increase total ticket sales by at least \$10,000 each season
2. Develop new campaigns to increase online donations throughout the season
3. Promote the new Build Your Own Sponsorship package to create corporate sponsorships for smaller Association events and concert program underwriting
4. Increase concert sponsorships over the next five (5) seasons
5. Develop a new fundraiser to replace Holiday Housewalk

The board approved the plan on May 25, 2022. The revenue goals and progress will be monitored monthly to keep all board members updated on the plan. Quarterly updates will review the overall progress of the plan and address any issues or concerns that may arise.

The long-running annual Holiday Housewalk fundraiser has been permanently canceled due to the pandemic. The Association's first concert of the new season is scheduled for October 22, 2022.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

2. Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities and in-kind expenses have been allocated among the program services and supporting services benefited and are summarized on a functional basis in the statement of activities and changes in net assets. These allocations are based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. All other expenses are directly charged to the functions they benefit. The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Staff salaries – CEO and Communications Assistant	Concert expenses divided by total expenses with balance to management and general
Staff salaries – Other	Time and effort
Payroll taxes	Same percentage as salaries
Fees and Memberships – Orchestra league dues	Concert expenses divided by total expenses with balance to management and general
Communications	Estimated usage for youth orchestra
Office supplies	Estimated usage for youth orchestra

Subsequent Events

Management has evaluated subsequent events through August 23, 2022, which is the date the financial statements were available to be issued, and except for the coronavirus pandemic discussed in Note 2, Risk and Uncertainties, is not aware of any other material subsequent events that could have a negative impact on the financial statements.

3. Investments

There were no investments as of June 30, 2022 and 2021. Investment income is included in endowment and investment income, net, in the statement of activities and changes in net assets and was from interest earned on a U.S. Treasury note and certificates of deposit held at a local credit union. Two certificates of deposit with a maturity date of August 20, 2022 are included as cash and cash equivalents as of June 30, 2022 and a U.S. Treasury note with a maturity date of August 15, 2021 is included in cash and cash equivalents as of June 30, 2021, because they are/were due to mature within three months or less from fiscal year end.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

4. Pledges Receivable

Pledges receivable at June 30, 2022 are scheduled to be collected as follows:

Year ending June 30, 2023	\$20,000
Year ending June 30, 2024	<u>35,000</u>
Total pledges receivable	<u>\$55,000</u>

5. In-Kind Contributions

The Association's in-kind contributions consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Usage</u>
Advertising	\$ 5,000	\$3,753	Concerts
Holiday Housewalk	5,040	3,201	Fundraising
Culinary concert	–	1,051	Fundraising
Supplies and equipment	196	–	Office equipment
Other concert expenses	31	–	Amadeus concert
Total in-kind contributions	<u>\$10,267</u>	<u>\$8,005</u>	

Advertising and Culinary concert were for TV promotion services and recognized at fair value as determined by the donor on the date of the contributions. Holiday Housewalk were donated prizes that were raffled off and recognized at fair value as determined by the donors on the date of the contributions. Supplies and equipment were valued at depreciated cost and other concert expenses were valued at actual cost.

The Association used all of these contributed goods and services during the fiscal year for its own program or supporting services activities. No in-kind contributions were restricted. In-kind contributions (non-cash) are offset by like amounts included in the statement of activities and changes in net assets and statement of functional expenses.

6. Building Rent

The Association has agreed to pay \$250 per month on a month-to-month basis to rent office space at the Temple Theatre. The Association rents a storage unit at \$70 per month on a month-to-month rental agreement. The building and storage unit rent expense for the year ended June 30, 2022 and 2021 amounted to \$3,840.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

7. Equipment Leases

The Association leased a copier under an operating lease agreement for the year ended June 30, 2022 and 2021. The lease expense totaled \$4,424 for the year ended June 30, 2022 and 2021. The future minimum lease payments under the operating lease agreement at June 30, 2022 are as follows:

Year ending June 30, 2023	\$ 4,424
Year ending June 30, 2024	1,106
Total lease payments remaining	<u>\$ 5,530</u>

8. Advertising and Marketing

Advertising and marketing expenses are expensed as incurred and totaled \$38,171 for the year ended June 30, 2022 and \$24,506 for the year ended June 30, 2021. This includes \$5,000 in 2022 and \$3,753 in 2021 of in-kind promotion services donated by the Association's media sponsor.

9. Availability and Liquidity of Financial Assets

The following represents the Association's financial assets at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at end of year:		
Cash and cash equivalents	\$ 365,335	\$ 376,430
Accounts receivable	2,000	3,160
Grants receivable	2,475	3,937
Pledges receivable	55,000	15,000
Accrued interest receivable	-	1,146
Beneficial interest in endowment fund	38,301	37,540
Perpetual trust held by third party	578,774	690,670
Total financial assets at end of year	<u>1,041,885</u>	<u>1,127,883</u>
Less amounts not available to be used within one year:		
Accounts receivable due after one year	1,000	1,000
Pledges receivable due after one year	35,000	15,000
Beneficial interest in endowment fund	38,301	37,540
Perpetual trust held by third party	578,774	690,670
Board-designated funds to be used beyond one year	51,262	77,659
Total amounts not available to be used within one year	<u>704,337</u>	<u>821,869</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 337,548</u>	<u>\$ 306,014</u>

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

9. Availability and Liquidity of Financial Assets (continued)

From mid-May through October, the Association collects season ticket sales for the new concert season. Along with concert sponsor revenue, single concert ticket sales, contributions, various other revenue, and proceeds from the Holiday Housewalk fundraiser, the Association builds up cash reserves through December. With three concert performances in February, April, and May, the Association relies heavily on these cash reserves to cover its general expenditures, liabilities, and other obligations during the last six months of the fiscal year.

The Association's liquidity goal is to maintain financial assets to meet 120 days of operating expenses (approximately \$50,000) plus \$50,000 to cover expenses related to the next concert performance. As part of its liquidity plan, surplus funds are invested in a high-yield deposit account at a local credit union and funds are transferred to and from the operating checking account as needed. The Association also invests in short-term certificates of deposit if sufficient funds are available and will not be needed for current expenses, liabilities, or other obligations.

The board approved a 3-year Covid Recovery Plan on May 25, 2022 (see Note 2, Risk and Uncertainties, Future Plans). With the negative effect of the COVID-19 pandemic on ticket sales and fundraising revenue during the last three fiscal years, the board of directors needs to raise at least \$40,000 in additional new recurring revenue for each of the next three seasons to meet or exceed projected expenses. The board fully understands that if they do not accomplish this goal, it will result in operating deficits that will decrease undesignated net assets.

The current Net Assets Policy establishes that undesignated net assets shall not drop below \$100,000. The Association had \$261,700 (\$223,672 as of June 30, 2021) in net assets without donor restrictions and \$64,500 (\$80,000 as of June 30, 2021) in Rennert Trust board-designated net assets without donor restrictions reported in the statement of financial position as of June 30, 2022.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

10. Fair Value Measurements

Fair value of assets measured on a recurring basis as of June 30 is as follows:

	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2022				
Certificates of deposit	\$250,831	\$250,831	\$ –	\$ –
Beneficial interest in endowment fund	38,301	–	–	38,301
Perpetual trust held by a third party	578,774	–	–	578,774
	<u>\$867,906</u>	<u>\$250,831</u>	<u>\$ –</u>	<u>\$617,075</u>
2021				
U.S. Treasury note	\$124,946	\$124,946	\$ –	\$ –
Beneficial interest in endowment fund	37,540	–	–	37,540
Perpetual trust held by a third party	690,670	–	–	690,670
	<u>\$853,156</u>	<u>\$124,946</u>	<u>\$ –</u>	<u>\$728,210</u>

The Association values the beneficial interest in endowment fund at fair value based on information provided by the Saginaw Community Foundation. Activity in this fund is disclosed in Note 12.

The perpetual trust held by a third party has been valued based on amounts provided by the trust. Activity in the trust assets for the year ended June 30 is as follows:

	2022	2021
Balance beginning of the year	\$690,670	\$576,552
Investment income	23,811	16,444
Administrative expenses	(11,576)	(10,354)
Disbursements from trust	(23,378)	(25,081)
Net realized and unrealized gains (losses)	(100,753)	133,109
Balance end of the year	<u>\$578,774</u>	<u>\$690,670</u>

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

11. Net Assets Classification

Net assets with donor restrictions were as follows for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Specific purpose:		
Concerts and activities	\$ 78,500	\$ 68,238
Youth outreach	6,356	1,396
	<u>84,856</u>	69,634
Endowment funds:		
Perpetual trust endowment	578,774	690,670
Total net assets with donor restrictions	<u>\$663,630</u>	\$760,304

Net assets without donor restrictions were as follows for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Undesignated	\$261,700	\$223,672
Board-designated	70,262	93,159
SCF agency fund	38,301	37,540
Total net assets without donor restrictions	<u>\$370,263</u>	<u>\$354,371</u>

Board-designated net assets were reserved for Rennert Trust and Youth Orchestra at June 30, 2022 and 2021. The \$64,500 designated for Rennert Trust at June 30, 2022 and \$80,000 at June 30, 2021 represents the remaining balance from the bequest by Patricia G. Rennert in fiscal year 2018 of \$150,000. These funds will be used as follows: \$19,000 in fiscal year 2023, and \$20,500 in fiscal year 2024 for concert and guest artist support, expanded classical concert programming, and youth outreach. In addition, \$25,000 will be added to the endowment fund as a match for a future endowment campaign.

The designated amounts of \$5,762 at June 30, 2022 and \$13,159 at June 30, 2021 for Youth Orchestra represent the accumulated net income from operations of the Saginaw Bay Youth Orchestra since it began in 2007. These funds will be used to support the youth orchestra's operations, and program expenses.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

11. Net Assets Classification (continued)

Net assets released from net assets with donor restrictions were as follows for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Specific purpose:		
Concerts and activities	\$137,363	\$ 79,762
Management and general	46,273	11,737
Fundraising	8,000	14,500
Youth outreach	1,960	4,031
	<u>193,596</u>	110,030
Passage of time:		
Management and general	—	5,102
		<u>5,102</u>
Total net assets released from net assets with donor restrictions	<u>\$193,596</u>	<u>\$115,132</u>

12. Endowment Funds with Saginaw Community Foundation

The Association is the beneficiary under endowment fund agreements with the Saginaw Community Foundation (SCF). The endowment portion, \$1,321,400 at March 31, 2022 (the most recent value available) and \$1,357,964 at June 30, 2021, is included in the statement of financial position of the SCF. The Association does not exercise any control over the principal of the funds but, based on a formula, certain amounts of these funds are made available annually to be expended by the Association. Investment and spending policies for these endowment funds are determined solely by the SCF.

Variance power has been granted to the SCF for the assets in the endowment funds. If the Association ceases to exist or no longer performs its functions under the provisions of the agreements, the SCF shall continue to administer and disburse fund assets in a manner deemed appropriate.

The remaining agency fund portion of the assets, \$38,301 at June 30, 2022 (March 31, 2022 balance, the most recent value available) and \$37,540 at June 30, 2021, is included as beneficial interest in endowment fund in the statement of financial position of the Association. These assets represent the Association's portion of net assets without donor restrictions that were approved by the board of directors to be transferred to the SCF for endowment purposes. Investment income of the fund, net of expenses, and any net realized and unrealized gains and losses are included in endowment and investment income, net, in the statement of activities and changes in net assets.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2022

12. Endowment Funds with Saginaw Community Foundation (continued)

Changes in endowment net assets for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Endowment net assets without donor restrictions at beginning of year	\$37,540	\$31,592
Contributions	-	-
Investment income	1,092	409
Administrative expenses	(394)	(392)
Net realized and unrealized gains	63	5,931
Endowment net assets without donor restrictions at end of year	<u>\$38,301</u>	<u>\$37,540</u>

The endowment net assets activity shown above is the most recent information available from the SCF for the quarter ended March 31, 2022. Management believes that any activity incurred in these endowment net assets through June 30, 2022 would not be material to the financial statements.

These endowment net assets are shown separately in the statement of financial position as without donor restrictions, SCF agency fund, because the SCF determines the amount of spendable funds that are available for use by the Association.

See independent accountant's review report.

Independent Accountant's Review Report
on Other Supplementary Information

Board of Directors
Saginaw Symphony Association
Saginaw, Michigan

Our report on our review of the basic financial statements of Saginaw Symphony Association for the year ended June 30, 2022 appears on page 1. Our report on our review of the basic financial statements for June 30, 2021 was dated August 23, 2021. The objective of those reviews was to perform procedures to obtain limited assurance as a basis for reporting whether we were aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. The accompanying other supplementary information included in the accompanying schedules of operating revenue and expenses and fundraising revenue and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The 2022 other supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. The 2021 summarized other supplementary information was subjected to the review procedures applied in our review of the basic financial statements for June 30, 2021. We are not aware of any material modifications that should be made to the other supplementary information. We have not audited the other supplementary information and do not express an opinion on such information.

Andrews Hooper Pavlik PLC

Saginaw, Michigan
August 23, 2022

Saginaw Symphony Association

Schedule of Operating Revenue and Expenses

Year Ended June 30, 2022

(with Summarized Comparative Information for 2021)

	<u>Year Ended June 30, 2022</u>		<u>Year Ended</u> <u>June 30, 2021</u>
	<u>Operating</u> <u>Budget</u>	<u>Without Donor</u> <u>Restrictions</u>	<u>Without Donor</u> <u>Restrictions</u>
Support and revenue			
Contributions	\$ 24,800	\$ 25,639	\$ 39,186
Grants and trusts	186,100	185,955	137,551
Concerts and activities	226,500	226,397	83,388
Youth outreach	16,500	16,556	12,189
Fundraising	16,000	16,276	30,732
Endowment income, net	62,000	59,139	31,029
Investment income, net	2,500	2,449	4,578
Miscellaneous	2,600	2,905	1,152
In-kind contributions (non-cash)	10,000	10,267	8,005
Total support and revenue	<u>547,000</u>	<u>545,583</u>	<u>347,810</u>
Expenses			
Concerts and activities	401,590	405,832	206,471
Youth outreach	23,700	23,953	12,831
Management and general	83,010	76,338	88,114
Fundraising	13,700	13,301	20,387
In-kind expenses (non-cash)	10,000	10,267	8,005
Total expenses	<u>532,000</u>	<u>529,691</u>	<u>335,808</u>
Change in net assets	<u>\$ 15,000</u>	<u>\$ 15,892</u>	<u>\$ 12,002</u>

See independent accountant's review report on other summlementary information.

Saginaw Symphony Association

Schedule of Fundraising Revenue and Expenses

Year Ended June 30, 2022
(with Summarized Comparative Information for 2021)

	Year Ended June 30, 2022		Year Ended June 30, 2021
	Fundraising Budget	Holiday Housewalk	Fundraising Actual
Revenue			
Ticket sales	\$ 2,500	\$ 2,355	\$ 8,890
Event sponsors	9,000	8,000	18,000
Watch parties	2,000	3,185	2,325
Raffle ticket sales	2,000	2,270	-
Contributions	500	466	1,517
Total revenue	16,000	16,276	30,732
In-kind contributions (non-cash)	5,000	5,040	4,252
Total revenue and in-kind contributions	21,000	21,316	34,984
Expenses			
Printing services	700	559	1,665
Recording/production/editing	5,700	5,900	7,000
Staff salaries and payroll taxes	2,000	1,382	3,679
Advertising and marketing	500	480	1,921
ClickBid license and fees	500	497	1,236
Chef's fees	-	-	1,200
Musicians	-	-	500
Supplies	3,000	2,901	2,925
Service fees	500	681	681
Other expenses	800	901	631
Auction items (non-cash)	5,000	5,040	3,201
Total expenses	18,700	18,341	24,639
Revenue over expenses	\$ 2,300	\$ 2,975	\$ 10,345

See independent accountant's review report on other summlementary information.