

Financial Statements

Saginaw Symphony Association

*Year Ended June 30, 2023  
with Independent Accountant's Review Report  
(with Summarized Comparative  
Information for 2022)*

Saginaw Symphony Association

Financial Statements

Year Ended June 30, 2023

(with Summarized Comparative Information for 2022)

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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, 2023, 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 2022 financial statements and in our conclusion dated August 23, 2022, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 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, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

*Andrews Hooper Paulik PLC*

Saginaw, Michigan  
September 5, 2023

# Saginaw Symphony Association

## Statement of Financial Position

June 30, 2023

(with Summarized Comparative Information for 2022)

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 241,649	\$ 365,335
Accounts receivable	2,645	2,000
Grants receivable	2,925	2,475
Pledges receivable – current portion	35,000	20,000
Accrued interest receivable	816	-
Prepaid expenses	218	1,146
Total current assets	283,253	390,956
Investments	99,680	-
Pledges receivable – noncurrent portion	-	35,000
Beneficial interest in endowment fund	36,685	38,301
Perpetual trust held by third party	603,658	578,774
Equipment	41,370	40,820
Accumulated depreciation	(40,659)	(40,329)
Net equipment	711	491
Right-of-use asset	84,301	-
Total assets	\$ 1,108,288	\$ 1,043,522
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 3,357	\$ 662
Accrued payroll and payroll taxes	5,890	7,442
Deferred revenue – tickets	2,372	1,525
Lease liability – current portion	41,556	-
Total current liabilities	53,175	9,629
Lease liability – noncurrent portion	45,545	-
Net assets:		
Without donor restrictions:		
Undesignated	240,269	261,700
Board-designated – Rennert Trust	45,000	64,500
Board-designated – Youth Orchestra	7,000	5,762
SCF Agency Fund	36,685	38,301
Total without donor restrictions	328,954	370,263
With donor restrictions	680,614	663,630
Total net assets	1,009,568	1,033,893
Total liabilities and net assets	\$ 1,108,288	\$ 1,043,522

*See independent accountant's review report and accompanying notes.*

## Saginaw Symphony Association

### Statement of Activities and Changes in Net Assets

Year Ended June 30, 2023

(with Summarized Comparative Information for 2022)

	Year Ended June 30, 2023			Year Ended June 30, 2022
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and revenue</b>				
Contributions	\$ 22,358	\$ -	\$ 22,358	\$ 25,639
Grants and trusts	12,614	63,500	76,114	194,255
Concerts and activities	125,757	50,250	176,007	228,359
Youth orchestra	17,627	7,785	25,412	21,516
Fundraising	13,670	2,500	16,170	16,276
Endowment and investment income, net	75,302	-	75,302	61,588
Miscellaneous	755	-	755	2,905
In-kind contributions (non-cash)	11,206	-	11,206	10,267
Perpetual trust net change	-	24,884	24,884	(111,896)
Net assets released from restrictions	131,935	(131,935)	-	-
Total support and revenue	411,224	16,984	428,208	448,909
<b>Expenses</b>				
Program services:				
Concerts and activities	328,151	-	328,151	410,863
Youth orchestra	22,824	-	22,824	23,953
Total program services	350,975	-	350,975	434,816
Supporting services:				
Management and general	98,252	-	98,252	76,534
Fundraising	3,306	-	3,306	18,341
Total supporting services	101,558	-	101,558	94,875
Total expenses	452,533	-	452,533	529,691
Change in net assets	(41,309)	16,984	(24,325)	(80,782)
Total net assets at beginning of year	370,263	663,630	1,033,893	1,114,675
Total net assets at end of year	\$ 328,954	\$ 680,614	\$ 1,009,568	\$ 1,033,893

*See independent accountant's review report and accompanying notes.*

# Saginaw Symphony Association

## Statement of Functional Expenses

Year Ended June 30, 2023  
(with Summarized Comparative Information for 2022)

Expenses	Year Ended June 30, 2023						Year Ended June 30, 2022
	Program Services			Supporting Services			
	Concerts and Activities	Youth Orchestra	Total	Management and General	Fundraising	Total	
Staff salaries	\$ 55,239	\$ 5,262	\$ 60,501	\$ 47,753	\$ -	\$ 108,254	\$ 106,233
Payroll taxes	4,431	402	4,833	3,830	-	8,663	7,968
Pension expenses	900	-	900	-	-	900	900
Auditing and accounting	-	-	-	8,894	-	8,894	8,596
Fees and memberships	2,064	225	2,289	1,274	-	3,563	2,660
Insurance	-	-	-	5,947	-	5,947	5,709
Office expenses	-	-	-	9,210	-	9,210	6,815
Communications	-	150	150	3,474	-	3,624	3,474
Office supplies	-	415	415	2,107	-	2,522	2,324
Supplies and equipment	-	-	-	1,974	-	1,974	283
Outside services	-	9,515	9,515	1,273	-	10,788	9,436
Bank charges/service fees	-	338	338	1,864	-	2,202	2,093
Staff education	-	-	-	1,625	-	1,625	-
Transportation/mileage	-	-	-	765	-	765	413
Postage and shipping	-	-	-	373	-	373	1,035
Building rent	-	1,320	1,320	3,840	-	5,160	3,840
Hospitality	-	632	632	547	-	1,179	1,876
Board expenses	-	-	-	2,191	-	2,191	2,070
Grant expenses	-	-	-	50	-	50	50
Miscellaneous	-	9	9	11	-	20	274
Depreciation	-	-	-	330	-	330	220
Music director	56,000	-	56,000	920	-	56,920	53,152
Orchestra services	112,686	-	112,686	-	-	112,686	146,440
Guest artists	2,200	-	2,200	-	-	2,200	9,333
Concert venue rental	40,300	3,000	43,300	-	-	43,300	41,210
Comp ticket fees	-	-	-	-	-	-	8,218
Concert ticket fees	618	-	618	-	-	618	-
Other concert expenses	19,562	1,556	21,118	-	-	21,118	38,111
Special events	8,633	-	8,633	-	-	8,633	11,828
Advertising and marketing	25,518	-	25,518	-	-	25,518	38,171
Holiday Housewalk	-	-	-	-	-	-	16,959
NYC raffle expenses	-	-	-	-	3,306	3,306	-
<b>Total</b>	<b>\$ 328,151</b>	<b>\$ 22,824</b>	<b>\$ 350,975</b>	<b>\$ 98,252</b>	<b>\$ 3,306</b>	<b>\$ 452,533</b>	<b>\$ 529,691</b>
Percent of total	<u>72.52%</u>	<u>5.04%</u>	<u>77.56%</u>	<u>21.71%</u>	<u>0.73%</u>	<u>100.00%</u>	

See independent accountant's review report and accompanying notes.

# Saginaw Symphony Association

## Statement of Cash Flows

Year Ended June 30, 2023  
(with Summarized Comparative Information for 2022)

	<b>Year Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Change in net assets	\$ (24,325)	\$ (80,782)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	330	220
Amortization of right-of-use asset	40,409	-
Reclassify investments to cash and cash equivalents	75,624	250,831
Perpetual trust held by third party net change	(24,884)	111,896
Changes in operating assets and liabilities:		
Accounts receivable	(645)	1,160
Grants receivable	(450)	1,462
Pledges receivable	20,000	(40,000)
Accrued interest receivable	(816)	1,146
Prepaid expenses	928	(828)
Accounts payable	2,695	(5,598)
Accrued payroll and payroll taxes	(1,552)	2,239
Deferred revenue – tickets	847	(1,249)
Lease liability	(37,609)	-
Net cash from operating activities	<b>50,552</b>	240,497
<b>Investing activities</b>		
Purchases of investments	(376,311)	(401,209)
Maturities of investments	201,007	150,378
Purchase of equipment	(550)	-
Change in beneficial interest in endowment fund	1,616	(761)
Net cash from investing activities	<b>(174,238)</b>	(251,592)
Net change in cash and cash equivalents	<b>(123,686)</b>	(11,095)
Cash and cash equivalents at beginning of year	<b>365,335</b>	376,430
Cash and cash equivalents at end of year	<b>\$ 241,649</b>	\$ 365,335
<b>Noncash information</b>		
Lease liability arising from obtaining right-of-use asset	\$ 124,710	\$ -

*See independent accountant's review report and accompanying notes.*



# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### **1. Description of the Organization and Nature of Activities**

The Saginaw Symphony Association (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, 2023

### **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, 2023 and 2022 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, 2020 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, 2022, presented for comparative purposes, is not intended to be a complete financial statement presentation.

#### **Cash and Cash Equivalents**

The Association maintains three 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 and a checking account at a local credit union, a WCMA money account held at Merrill Lynch, 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 are recorded at cost when purchased. All investments are expected to be held to maturity. Interest on Wildfire Credit Union certificates of deposit is paid monthly. Interest on Wells Fargo Bank certificate of deposit is accrued monthly and paid upon maturity.

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### **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, 2023

### **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.

#### **Leases**

Leases are classified as operating leases at the lease commencement date. The Association leases theatre space for the orchestra's rehearsals and concerts and the youth orchestra's concerts, and rehearsal space for the youth orchestra. The Association records leases on the statement of financial position in the form of a lease liability for the present value of future minimum payments under the lease terms and right-of-use asset equal to the lease liability and any impairment of the right-of-use asset. The risk-free rate used in determining the lease liability is based on the average daily Treasury par yield curve rates for three years as of the date of commencement or renewal. The Association does not record leases on the statement of financial position that are classified as short term (less than one year) or that are deemed insignificant.

At lease inception, the Association determines the lease term by considering the minimum lease term and all optional renewal periods that the Association is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis and any impairment of the right-of-use asset. Lease expenses are included in concert venue rental on the statement of functional expenses.

#### **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 certificates of deposit that were invested with the same local credit union and a national brokerage company. 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.

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 2. Significant Accounting Policies (continued)

#### 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.

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, 2023 and 2022 are shown in Note 10. There were no liabilities measured at fair value as of June 30, 2023 and 2022.

#### 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

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 2. Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

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.

#### Risk and Uncertainties

The Association continues to deal with the negative impact the coronavirus pandemic has had on the Association's operations during the past three fiscal years:

Operations Impact: During fiscal year 2023, the Association's concert ticket sales decreased \$13,545 (13%), compared to the prior season. Since the 2019 fiscal year, the Association has lost over \$32,000 (40%) in season ticket sales. The Association also lost fundraising revenue because the Holiday Housewalk fundraiser was not able to be restarted after the pandemic. Additional revenue needs to be generated to start reducing the current and projected fiscal year deficits.

The Association's fiscal year ended with a net loss from operations (without donor restrictions) of \$41,309 compared to a net income from operations (without donor restrictions) of \$15,892 the prior fiscal year.

Financial Statement Impact: During fiscal year 2023, total revenue without donor restrictions decreased \$134,359 (25%) primarily from a \$60,000 pledge that was recorded last fiscal year, no federal grants during the current fiscal year, and a decrease in concert ticket sales. Total expenses decreased \$77,158 (15%) primarily from reduced orchestra and concert-related expenses, less guest artists, and Temple Theatre ticket processing fees were passed on to ticket buyers. Also, a marketing services contract was not renewed and there was a decrease in fundraising expenses of \$15,035 due to the Holiday Housewalk being discontinued.

In July 2023, the Association's staff and volunteers conducted a major mailing of the Association's new season's brochure and season ticket order form to reintroduce the orchestra to the residents of Saginaw and Bay City. This season's concerts have several exciting surprises, and the Association is looking forward to getting new patrons to the Temple Theatre and increasing ticket revenue. A committee is also working on a new fundraiser tentatively scheduled for May 2024.

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 2. Significant Accounting Policies (continued)

#### Risk and Uncertainties (continued)

Future Plans: Due to projected losses of \$40,000 to \$60,000 for each of the next two seasons, the board of directors and staff developed a 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 contributions for smaller Association events, concert program underwriting, and program book ads
4. Increase concert sponsorships over the next four (4) seasons
5. Develop a new fundraiser to replace Holiday Housewalk

#### 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 – Executive Director	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

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 2. Significant Accounting Policies (continued)

#### Subsequent Events

Management has evaluated subsequent events through September 5, 2023, which is the date the financial statements were available to be issued, and except for the impact of 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.

On August 16, 2023, the board of directors approved a 60-month lease for a new copier under an operating lease agreement. Monthly lease payments are \$325.

### 3. Investments

There was \$99,680 in a certificate of deposit as of June 30, 2023 and no investments at June 30, 2022. 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 certificates of deposit held at Wells Fargo Bank and a local credit union. A certificate of deposit with a maturity date of August 21, 2023 is included as cash and cash equivalents as of June 30, 2023 and two certificates of deposit with a maturity date of August 20, 2022 are included in cash and cash equivalents as of June 30, 2022, because they are/were due to mature within three months or less from fiscal year end.

### 4. Pledges Receivable

Pledges receivable of \$35,000 at June 30, 2023 are scheduled to be collected during the year ending June 30, 2024.

### 5. In-Kind Contributions

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

	<u>2023</u>	<u>2022</u>	<u>Usage</u>
Advertising and promotion	\$ 10,000	\$ 5,000	Concerts
New York City raffle	1,000	–	Fundraising
Holiday Housewalk	–	5,040	Fundraising
Supplies and equipment	–	196	Office equipment
Other concert expenses	206	31	Orchestra hospitality
Total in-kind contributions	<u>\$11,206</u>	<u>\$10,267</u>	

*See independent accountant's review report.*



# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 5. In-Kind Contributions (continued)

Advertising and promotion were for TV and radio promotional services and recognized at fair value as determined by the donors on the date of the contributions. New York City raffle was donated airfare that was awarded to the raffle grand prize winner and recognized at fair value as determined by the donor on the date of the contribution. 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. Leases

The Association leases theatre space under two separate operating leases with the TempleArts expiring June 30, 2025. The agreements call for payments of \$7,500 per concert for rental of the Temple Theatre for five concerts and rehearsals for the 2022-2023 season, \$8,000 for the 2023-2024 season, and \$8,500 for the 2024-2025 season. The Association has also agreed to pay \$1,000 for rental of the Temple Theatre for the Saginaw Bay Youth Orchestra's same-day rehearsal and concert after each of three, 7-week rehearsal sessions for fiscal year 2023, \$1,100 for fiscal year 2024, and \$1,200 for fiscal year 2025. Payments for these two leases totals \$129,900.

The weighted-average risk-free rate is 2.85% was based on the daily Treasury par yield curve rates on July 1, 2022 for 3 years, and the weighted-average remaining lease term is 24 months as of June 30, 2023. Total lease expense related to these leases amounted to \$43,300 for the year ended June 30, 2023 and \$41,210 for the year ended June 30, 2022, and is included in concert venue rental on the statement of functional expenses. Total right-of-use assets and lease liabilities were initially recorded on July 1, 2022 and totaled \$124,710, which is the present value of the lease agreements. The right-of-use asset total \$84,301 as of June 30, 2023 and the lease liability totaled \$87,101. Future minimum payments under the operating leases consisted of the following as of June 30:

2024	\$43,300
2025	46,100
Total lease payments	<u>89,400</u>
Imputed interest	<u>(2,299)</u>
Present value of lease liability	<u><u>\$87,101</u></u>

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### **6. Leases (continued)**

The Association leased a copier under an operating lease agreement for the years ended June 30, 2023 and 2022. The lease expense totaled \$5,403 for the year ended June 30, 2023 and \$4,424 for the year ended June 30, 2022. The future minimum lease payments under the operating lease agreement at June 30, 2023 are \$1,106 for the year ending June 30, 2024.

The Association did not record the copier lease on the statement of financial position because it was deemed insignificant.

### **7. Building Rent**

The Association has agreed to pay \$250 per month to rent office space at the Temple Theatre. The Association also agreed to pay \$60 per rehearsal session for rental of Arbury Hall A102 at Saginaw Valley State University for the Saginaw Bay Youth Orchestra's weekly rehearsals during fiscal year 2023. The Association rents a storage unit at \$70 per month on a quarter-to-quarter basis. The building and storage unit rent expense totaled \$5,160 for the year ended June 30, 2023 and \$3,840 for the year ended June 30, 2022 and are included in building rent on the statement of functional expenses.

The Association did not record these rental agreements on the statement of financial position because they are considered short-term or were deemed insignificant.

### **8. Advertising and Marketing**

Advertising and marketing expenses are expensed as incurred and totaled \$25,518 for the year ended June 30, 2023 and \$38,171 for the year ended June 30, 2022. This includes \$10,000 in 2023 and \$5,000 in 2022 of in-kind promotional media services donated by the Association's media sponsors.

### **9. Availability and Liquidity of Financial Assets**

From mid-July through October, the Association collects season ticket sales for the new concert season. Along with concert sponsor revenue, single concert ticket sales, contributions, and various other revenue, the Association builds up cash reserves through December. With three concert performances in February, March, and April, 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.

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 9. Availability and Liquidity of Financial Assets (continued)

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

	2023	2022
Financial assets at end of year:		
Cash and cash equivalents	\$ 241,649	\$ 365,335
Accounts receivable	2,645	2,000
Grants receivable	2,925	2,475
Pledges receivable	35,000	55,000
Accrued interest receivable	816	–
Investments	99,680	–
Beneficial interest in endowment fund	36,685	38,301
Perpetual trust held by third party	603,658	578,774
Total financial assets at end of year	1,023,058	1,041,885
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
Beneficial interest in endowment fund	36,685	38,301
Perpetual trust held by third party	603,658	578,774
Board-designated funds to be used beyond one year	32,000	51,262
Total amounts not available to be used within one year	673,343	704,337
Financial assets available to meet cash needs for general expenditures within one year	\$ 349,715	\$ 337,548

The Association's liquidity goal is to maintain financial assets to meet 120 days of operating expenses (approximately \$53,000) 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 and makes deposits into a high-yield cash account at a national brokerage company if sufficient funds are available and will not be needed for current expenses, liabilities, or other obligations.

The Association is still dealing with the negative effect of the coronavirus pandemic on ticket sales and fundraising revenue during the last three fiscal years. The board of directors needs to raise at least \$50,000 in additional new recurring revenue for each of the next two 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.

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 9. Availability and Liquidity of Financial Assets (continued)

The current Net Assets Policy establishes that undesignated net assets shall not drop below \$100,000. The Association had \$240,269 (\$261,700 as of June 30, 2022) in net assets without donor restrictions and \$45,000 (\$64,500 as of June 30, 2022) in Rennert Trust board-designated net assets without donor restrictions reported in the statement of financial position as of June 30, 2023.

### 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)
<b>2023</b>				
Certificates of deposit	\$175,304	\$175,304	\$ –	\$ –
Beneficial interest in endowment fund	36,685	–	–	36,685
Perpetual trust held by a third party	603,658	–	–	603,658
	<u>\$815,647</u>	<u>\$175,304</u>	<u>\$ –</u>	<u>\$640,343</u>
<b>2022</b>				
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>

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.

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 10. Fair Value Measurements (continued)

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:

	<b>2023</b>	<b>2022</b>
Balance beginning of the year	<b>\$ 578,774</b>	\$ 690,670
Investment income	<b>21,889</b>	23,811
Administrative expenses	<b>(9,419)</b>	(11,576)
Disbursements from trust	<b>(22,836)</b>	(23,378)
Net realized and unrealized gains (losses)	<b>35,250</b>	(100,753)
Balance end of the year	<b>\$ 603,658</b>	\$ 578,774

### 11. Net Assets Classification

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

	<b>2023</b>	<b>2022</b>
Specific purpose:		
Concerts and activities	<b>\$ 69,000</b>	\$ 78,500
Youth orchestra	<b>7,956</b>	6,356
	<b>76,956</b>	84,856
Endowment funds:		
Perpetual trust endowment	<b>603,658</b>	578,774
Total net assets with donor restrictions	<b>\$ 680,614</b>	\$ 663,630

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

	<b>2023</b>	<b>2022</b>
Undesignated	<b>\$ 240,269</b>	\$ 261,700
Board-designated	<b>52,000</b>	70,262
SCF Agency Fund	<b>36,685</b>	38,301
Total net assets without donor restrictions	<b>\$ 328,954</b>	\$ 370,263

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 11. Net Assets Classification (continued)

Board-designated net assets were reserved for Rennert Trust and Youth Orchestra at June 30, 2023 and 2022. The \$45,000 designated for Rennert Trust at June 30, 2023 and \$64,500 at June 30, 2022 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: \$20,000 in fiscal year 2024 for concert and guest artist support and \$25,000 will be added to the endowment fund as a match for a future endowment campaign.

The designated amounts of \$7,000 at June 30, 2023 and \$5,762 at June 30, 2022 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 as needed.

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

	<u>2023</u>	<u>2022</u>
Specific purpose:		
Concerts and activities	<b>\$123,250</b>	\$137,363
Management and general	–	46,273
Fundraising	<b>2,500</b>	8,000
Youth orchestra	<b>6,185</b>	1,960
Total net assets released from net assets with donor restrictions	<b><u>\$131,935</u></b>	<u>\$193,596</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, \$1,168,765 at June 30, 2023 and \$1,144,411 at June 30, 2022, is included in the statement of financial position of the SCF. The Association does not exercise any control over the principal of the funds; however, 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.

*See independent accountant's review report.*

# Saginaw Symphony Association

## Notes to Financial Statements

June 30, 2023

### 12. Endowment Funds with Saginaw Community Foundation (continued)

The remaining agency fund portion of the assets, \$36,685 at June 30, 2023 and \$38,301 at June 30, 2022, 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.

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

	<u>2023</u>	<u>2022</u>
Endowment net assets without donor restrictions at beginning of year	<b>\$38,301</b>	\$37,540
Contributions	—	—
Investment income	<b>870</b>	1,092
Administrative expenses	<b>(429)</b>	(394)
Net realized and unrealized gains (losses)	<b>(2,057)</b>	63
Endowment net assets without donor restrictions at end of year	<b><u>\$36,685</u></b>	<b><u>\$38,301</u></b>

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.

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, 2023 appears on page 1. Our report on our review of the basic financial statements for June 30, 2022 was dated August 23, 2022. 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 2023 other supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. The 2022 summarized other supplementary information was subjected to the review procedures applied in our review of the basic financial statements for June 30, 2022. 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  
September 5, 2023



# Saginaw Symphony Association

## Schedule of Operating Revenue and Expenses

Year Ended June 30, 2023

(with Summarized Comparative Information for 2022)

	Year Ended June 30, 2023		Year Ended June 30, 2022
	Operating Budget	Without Donor Restrictions	Without Donor Restrictions
<b>Support and revenue</b>			
Contributions	\$ 24,000	\$ 22,358	\$ 25,639
Grants and trusts	76,500	76,114	185,955
Concerts and activities	187,000	185,507	226,397
Youth orchestra	23,450	23,812	16,556
Fundraising	13,500	16,170	16,276
Endowment income, net	67,000	71,221	59,139
Investment income, net	3,800	4,081	2,449
Miscellaneous	750	755	2,905
In-kind contributions (non-cash)	11,000	11,206	10,267
Total support and revenue	407,000	411,224	545,583
<b>Expenses</b>			
Concerts and activities	321,740	317,945	405,832
Youth orchestra	22,200	22,824	23,953
Management and general	89,560	98,252	76,338
Fundraising	2,500	2,306	13,301
In-kind expenses (non-cash)	11,000	11,206	10,267
Total expenses	447,000	452,533	529,691
Change in net assets	\$ (40,000)	\$ (41,309)	\$ 15,892

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

## Saginaw Symphony Association

### Schedule of Fundraising Revenue and Expenses

Year Ended June 30, 2023  
(with Summarized Comparative Information for 2022)

	<b>Year Ended June 30, 2023</b>		<b>Year Ended June 30, 2022</b>
	<b>Fundraising Budget</b>	<b>NYC Trip Raffle</b>	<b>Fundraising Actual</b>
<b>Revenue</b>			
Ticket sales	\$ -	\$ -	\$ 2,355
Event sponsors	-	-	8,000
Watch parties	-	-	3,185
Raffle ticket sales	13,500	13,670	2,270
Contributions	-	2,500	466
Total revenue	13,500	16,170	16,276
In-kind contributions (non-cash)	1,000	1,000	5,040
Total revenue and in-kind contributions	14,500	17,170	21,316
<b>Expenses</b>			
Printing services	350	161	559
Raffle prizes	3,000	3,000	-
Recording/production/editing/streaming	-	-	5,900
Staff salaries and payroll taxes	-	-	1,382
Advertising and marketing	-	-	480
Supplies	-	-	2,901
Service fees	100	95	681
Other expenses	50	50	1,398
Auction items (non-cash)	-	-	5,040
Total expenses	3,500	3,306	18,341
Revenue over expenses	\$ 11,000	\$ 13,864	\$ 2,975

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