

Financial Statements

Saginaw Symphony Association

Year Ended June 30, 2024
with Independent Accountant's Review Report
(with Summarized Comparative
Information for 2023)

Saginaw Symphony Association

Financial Statements

Year Ended June 30, 2024

(with Summarized Comparative Information for 2023)

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August 21, 2024

Overview and Outlook

Fiscal Year 2024 was the Saginaw Symphony Association's best season for concert revenue since the coronavirus pandemic due to increased spending that allowed our Maestro to offer bold and exciting concert programming that resulted in the increased revenue.

Total operating revenue increased \$79,379, or 19.3%, primarily due to concert sponsors increasing by \$51,500 and single ticket sales by \$33,300. Total concert ticket sales were up \$42,673, or 49.1% compared to the prior fiscal year.

Total expenses increased \$74,892, or 16.5%, primarily from licensing fees, a projectionist, and equipment rentals required for the Star Trek movie performance that were not fully funded. Musician costs increased \$13,823 this season and the orchestra also incurred expenses in the amount of \$11,768 for performing at the 2024 CHL Memorial Cup's opening ceremonies.

The Association's fiscal year ended with a net loss from operations of \$36,822 compared to a net loss from operations of \$41,309 the prior fiscal year. The Association hasn't replaced lost fundraising revenue since the pandemic and that continues to be the main reason for the operating losses. A fundraiser development committee is working on a new fundraiser scheduled for May 2025.

Additional recurring revenue needs to be generated to return to profitability. The Association's goals are to plan and organize a successful new fundraiser, increase total ticket sales by at least \$10,000, increase corporate donations through our Build Your Own Sponsorship program, conduct a major mailing of our new season's brochure to attract new season ticket subscribers, and to focus marketing efforts on increasing single ticket sales for each of our six concerts.

This season's concerts will feature six guest soloists, and the orchestra will be performing two concerts at Saginaw Valley State University's Malcolm Field Theatre. This will give the Association new opportunities to fulfill our mission of creating magical and memorable experiences through the power of symphonic music and to reach a wider geographic audience in a more intimate concert setting with a smaller number of musicians on stage.

Thank you to our donors, sponsors, season ticket subscribers, single ticket buyers, board of directors, and staff for their vital support during this amazing 88th season, ***A Journey through Time and Space!***

All the best,



Cameron Massey
Executive Director

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, 2024, 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 2023 financial statements and in our conclusion dated September 5, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2023 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, 2023, for it to be consistent with the reviewed financial statements from which it has been derived.

Supplementary Information

The supplementary information included in the Overview and Outlook letter 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. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Andrews Hooper Pavlik PLC

Saginaw, Michigan
August 21, 2024

Saginaw Symphony Association

Statement of Financial Position

June 30, 2024

(with Summarized Comparative Information for 2023)

	June 30	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 204,052	\$ 241,649
Accounts receivable	3,177	2,645
Grants receivable	-	2,925
Pledges receivable – current portion	-	35,000
Accrued interest receivable	720	816
Prepaid expenses	1,229	218
Total current assets	209,178	283,253
Investments	99,903	99,680
Beneficial interest in endowment fund	41,632	36,685
Perpetual trust held by third party	645,713	603,658
Equipment	41,370	41,370
Accumulated depreciation	(40,989)	(40,659)
Net equipment	381	711
Right-of-use asset	58,784	84,301
Total assets	\$ 1,055,591	\$ 1,108,288
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 1,537	\$ 3,357
Accrued payroll and payroll taxes	7,054	5,890
Deferred revenue – tickets	-	2,372
Lease liability – current portion	48,847	41,556
Total current liabilities	57,438	53,175
Lease liability – noncurrent portion	12,737	45,545
Net assets:		
Without donor restrictions:		
Undesignated	221,811	240,269
Board-designated – Rennert Trust	27,500	45,000
Board-designated – Youth Orchestra	1,189	7,000
SCF Agency Fund	41,632	36,685
Total without donor restrictions	292,132	328,954
With donor restrictions	693,284	680,614
Total net assets	985,416	1,009,568
Total liabilities and net assets	\$ 1,055,591	\$ 1,108,288

See independent accountant's review report and accompanying notes.

Saginaw Symphony Association

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2024

(with Summarized Comparative Information for 2023)

	Year Ended June 30, 2024			Year Ended June 30, 2023
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue				
Contributions	\$ 18,576	\$ -	\$ 18,576	\$ 22,358
Grants and trusts	10,846	57,500	68,346	76,114
Concerts and activities	168,744	90,250	258,994	176,007
Youth orchestra	13,978	1,718	15,696	25,412
Fundraising	-	-	-	16,170
Endowment and investment income, net	84,706	-	84,706	75,302
Miscellaneous	800	-	800	755
In-kind contributions (non-cash)	14,100	-	14,100	11,206
Perpetual trust net change	-	42,055	42,055	24,884
Net assets released from restrictions	178,853	(178,853)	-	-
Total support and revenue	490,603	12,670	503,273	428,208
Expenses				
Program services:				
Concerts and activities	406,935	-	406,935	328,151
Youth orchestra	23,892	-	23,892	22,824
Total program services	430,827	-	430,827	350,975
Supporting services:				
Management and general	96,598	-	96,598	98,252
Fundraising	-	-	-	3,306
Total supporting services	96,598	-	96,598	101,558
Total expenses	527,425	-	527,425	452,533
Change in net assets	(36,822)	12,670	(24,152)	(24,325)
Total net assets at beginning of year	328,954	680,614	1,009,568	1,033,893
Total net assets at end of year	\$ 292,132	\$ 693,284	\$ 985,416	\$ 1,009,568

See independent accountant's review report and accompanying notes.

Saginaw Symphony Association

Statement of Functional Expenses

Year Ended June 30, 2024
(with Summarized Comparative Information for 2023)

Expenses	Year Ended June 30, 2024						Year Ended June 30, 2023
	Program Services			Supporting Services			
	Concerts and Activities	Youth Orchestra	Total	Management and General	Total		
	Total						
Staff salaries	\$ 54,944	\$ 5,192	\$ 60,136	\$ 46,091	\$ 106,227	\$ 108,254	
Payroll taxes	4,203	397	4,600	3,525	8,125	8,663	
Pension expenses	938	-	938	-	938	900	
Auditing and accounting	-	-	-	9,200	9,200	8,894	
Fees and memberships	2,085	-	2,085	1,323	3,408	3,563	
Insurance	-	-	-	6,990	6,990	5,947	
Office expenses	-	-	-	8,284	8,284	9,210	
Communications	-	150	150	3,494	3,644	3,624	
Office supplies	-	150	150	1,066	1,216	2,522	
Supplies and equipment	-	-	-	323	323	1,974	
Outside services	-	8,894	8,894	217	9,111	10,788	
Bank charges/service fees	-	235	235	1,208	1,443	2,202	
Staff education	-	-	-	3,844	3,844	1,625	
Transportation/mileage	-	-	-	1,453	1,453	765	
Postage and shipping	-	-	-	942	942	373	
Building rent	-	1,200	1,200	3,840	5,040	5,160	
Hospitality	-	710	710	1,175	1,885	1,179	
Board expenses	-	-	-	2,045	2,045	2,191	
Miscellaneous	-	-	-	190	190	70	
Depreciation	-	-	-	330	330	330	
Music director	55,793	-	55,793	1,058	56,851	56,920	
Orchestra services	126,509	-	126,509	-	126,509	112,686	
Guest artists	9,192	-	9,192	-	9,192	2,200	
Concert venue rental	40,000	3,300	43,300	-	43,300	43,300	
Comp ticket fees	1,106	-	1,106	-	1,106	618	
Other concert expenses	63,563	3,634	67,197	-	67,197	21,118	
Special events	15,784	-	15,784	-	15,784	8,633	
Advertising and marketing	32,818	30	32,848	-	32,848	25,518	
NYC raffle expenses	-	-	-	-	-	3,306	
Total	\$ 406,935	\$ 23,892	\$ 430,827	\$ 96,598	\$ 527,425	\$ 452,533	
 Percent of total	 <u>77.15%</u>	 <u>4.53%</u>	 <u>81.68%</u>	 <u>18.32%</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, 2024
(with Summarized Comparative Information for 2023)

	Year Ended June 30	
	2024	2023
Operating activities		
Change in net assets	\$ (24,152)	\$ (24,325)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	330	330
Amortization of right-of-use asset	43,941	40,409
Reclassify investments to cash and cash equivalents	-	75,624
Perpetual trust held by third party net change	(42,055)	(24,884)
Changes in operating assets and liabilities:		
Accounts receivable	(532)	(645)
Grants receivable	2,925	(450)
Pledges receivable	35,000	20,000
Accrued interest receivable	96	(816)
Prepaid expenses	(1,011)	928
Accounts payable	(1,820)	2,695
Accrued payroll and payroll taxes	1,164	(1,552)
Deferred revenue – tickets	(2,372)	847
Lease liability	(43,941)	(37,609)
Net cash from operating activities	(32,427)	50,552
Investing activities		
Purchases of investments	(100,732)	(376,311)
Maturities of investments	100,509	201,007
Purchase of equipment	-	(550)
Change in beneficial interest in endowment fund	(4,947)	1,616
Net cash from investing activities	(5,170)	(174,238)
Net change in cash and cash equivalents	(37,597)	(123,686)
Cash and cash equivalents at beginning of year	241,649	365,335
Cash and cash equivalents at end of year	\$ 204,052	\$ 241,649
Noncash information		
Lease liability arising from obtaining right-of-use asset	\$ 18,424	\$ 124,710

See independent accountant's review report and accompanying notes.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

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 on 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, 2024

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, 2024 and 2023 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, 2021 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, 2023, 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 consist 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, 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 certificate of deposit was paid monthly until maturity on August 21, 2023. Interest on SCHWAB Bank and Wells Fargo Bank certificates of deposit is accrued monthly and paid upon maturity.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

2. Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivables are stated at amortized cost net of the allowance for credit losses. Amortized cost is the principal balance outstanding net of charge-offs. The allowance for credit losses is an estimate of amounts that may not be collectible. The Association determines the need for an allowance for credit losses based on an evaluation of the accounts receivable. In determining the amount of the allowance as of the statement of financial position date, the Association develops a loss rate based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged off against the allowance when the receivable is deemed uncollectible. There were no accounts receivable balances charged off during the years ended June 30, 2024 and 2023, and there was no allowance for credit losses as of June 30, 2024 and 2023.

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. There were no pledges receivable at June 30, 2024 and \$35,000 at June 30, 2023.

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, on 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 and the amount is reported as perpetual trust net change.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

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 an office copier. 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 for the theatre space and five years for the office copier 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 and office expenses 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, 2024

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, 2024 and 2023 are shown in Note 10. There were no liabilities measured at fair value as of June 30, 2024 and 2023.

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, 2024

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the statement of activities and changes in net assets as net assets released from restrictions.

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 on 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

Subsequent Events

Management has evaluated subsequent events through August 21, 2024, which is the date the financial statements were available to be issued. Management is not aware of material subsequent events that could have a negative impact on the financial statements.

3. Investments

There was \$99,903 in a certificate of deposit as of June 30, 2024 and \$99,680 in a certificate of deposit as of June 30, 2023. Investment income is included in endowment and investment income, net, on the statement of activities and changes in net assets and was from interest earned on certificates of deposit held at SCHWAB Bank and Wells Fargo Bank (matured on May 1, 2024). The SCHWAB Bank certificate of deposit has a maturity date of April 29, 2025.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

4. Pledges Receivable

Pledges receivable of \$35,000 at June 30, 2023 were collected during the year ending June 30, 2024. There were no pledges receivable at June 30, 2024.

5. In-Kind Contributions

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

	<u>2024</u>	<u>2023</u>	<u>Usage</u>
Advertising and promotion	\$ 10,000	\$10,000	Concerts
Music arrangements	4,100	–	Concerts
New York City raffle	–	1,000	Fundraising
Other concert expenses	–	206	Orchestra hospitality
Total in-kind contributions	<u>\$ 14,100</u>	<u>\$11,206</u>	

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. Music arrangements were for services to arrange several pieces of music for the orchestra that were performed by guest artists at the Holiday Pops concert and recognized at fair value as determined by the donor on the date of the contribution. 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. 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 services activities. No in-kind contributions were restricted. In-kind contributions (non-cash) are offset by like amounts included on 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 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 2.850% based on the daily Treasury par yield curve rates on July 1, 2022 for 3 years, and the weighted-average remaining lease term is 12 months as of June 30, 2024. Total lease expense related to these leases amounted to \$43,300 for the year ended June 30, 2024 and June 30, 2023, and is included in concert venue rental on the statement of

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

6. Leases (continued)

functional expenses. Total right-of-use assets and lease liabilities were initially recorded on July 1, 2022 and totaled \$124,710, which was the present value of the lease agreements. The right-of-use asset totaled \$42,745 as of June 30, 2024 and \$84,301 as of June 30, 2023 and the lease liability totaled \$45,545 as of June 30, 2024 and \$87,101 as of June 30, 2023. Right-of-use assets and lease liabilities are recorded on the statement of financial position.

During the year ended June 30, 2024, the Association leased an office copier under an operating lease agreement expiring December 8, 2028. The agreement calls for monthly payments of \$326. Payments for this lease totals \$20,538.

The weighted-average risk-free rate is 4.375% based on the daily Treasury par yield curve rates at October 1, 2023 for 5 years and the weighted-average remaining lease term is 54 months as of June 30, 2024. Total lease expense related to this lease amounted to \$2,934 for the year ended June 30, 2024 and is included in office expenses on the statement of functional expenses. Total right-of-use asset and lease liability were initially recorded on October 1, 2023 and totaled \$18,424, which was the present value of the lease agreement. Right-of-use asset and lease liability totaled \$16,039 as of June 30, 2024 and are recorded on the statement of financial position.

Future minimum payments under the operating leases consisted of the following as of June 30:

	<u>Theatre Space</u>	<u>Office Copier</u>	<u>Total</u>
2025	\$46,101	\$ 3,912	\$50,013
2026	–	3,912	3,912
2027	–	3,912	3,912
2028	–	3,912	3,912
2029	–	1,956	1,956
Total lease payments	46,101	17,604	\$63,705
Imputed interest	(556)	(1,565)	(2,121)
Present value of lease liability	<u>\$45,545</u>	<u>\$16,039</u>	<u>\$61,584</u>

The Association leased a copier under an operating lease agreement for the year ended June 30, 2024 and 2023. The lease expense totaled \$1,106 for the year ended June 30, 2024 and \$4,424 for the year ended June 30, 2023. This copier lease expired during the year ended June 30, 2024 and was not recorded on the statement of financial position because it was deemed insignificant last fiscal year.

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

7. Building Rent

The Association has agreed to pay \$250 per month to rent office and music library 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. The Association rents a storage unit at \$70 per month on a quarter-to-quarter basis. The building and storage unit rent expense totaled \$5,040 for the year ended June 30, 2024 and \$5,160 for the year ended June 30, 2023 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 \$32,848 for the year ended June 30, 2024 and \$25,518 for the year ended June 30, 2023. This includes \$10,000 in 2024 and 2023 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 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 following represents the Association's financial assets at June 30:

	2023	2022
Financial assets at end of year:		
Cash and cash equivalents	\$ 204,052	\$ 241,649
Accounts receivable	3,177	2,645
Grants receivable	–	2,925
Pledges receivable	–	35,000
Accrued interest receivable	720	816
Investments	99,903	99,680
Beneficial interest in endowment fund	41,632	36,685
Perpetual trust held by third party	645,713	603,658
Total financial assets at end of year	995,197	1,023,058

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

9. Availability and Liquidity of Financial Assets (continued)

Less amounts not available to be used within one year:			
Accounts receivable due after one year	\$ 1,000	\$	1,000
Beneficial interest in endowment fund	41,632		36,685
Perpetual trust held by third party	645,713		603,658
Board-designated funds to be used beyond one year	–		32,000
Total amounts not available to be used within one year	688,345		673,343
Financial assets available to meet cash needs for general expenditures within one year	\$ 306,852	\$	349,715

The Association’s liquidity goal is to maintain financial assets to meet 120 days of operating expenses (approximately \$56,000) 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 current Net Assets Policy establishes that undesignated net assets shall not drop below \$100,000. The Association had \$221,811 (\$240,269 as of June 30, 2023) in net assets without donor restrictions and \$27,500 (\$45,000 as of June 30, 2023) in Rennert Trust board-designated net assets without donor restrictions reported on the statement of financial position as of June 30, 2024.

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)
2024				
Certificates of deposit	\$ 99,903	\$ 99,903	\$ –	\$ –
Beneficial interest in endowment fund	41,632	–	–	41,632
Perpetual trust held by a third party	645,713	–	–	645,713
	\$ 787,248	\$ 99,903	\$ –	\$ 687,345
2023				
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
	\$ 815,647	\$ 175,304	\$ –	\$ 640,343

See independent accountant’s review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

10. Fair Value Measurements (continued)

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:

	2024	2023
Balance beginning of the year	\$ 603,658	\$ 578,774
Investment income	16,549	21,889
Administrative expenses	(11,945)	(9,419)
Disbursements from trust	(23,351)	(22,836)
Net realized and unrealized gains	60,802	35,250
Balance end of the year	\$ 645,713	\$ 603,658

11. Net Assets Classification

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

	2024	2023
Specific purpose:		
Concerts and activities	\$ 42,250	\$ 69,000
Youth orchestra	5,321	7,956
	47,571	76,956
Endowment funds:		
Perpetual trust endowment	645,713	603,658
Total net assets with donor restrictions	\$ 693,284	\$ 680,614

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

	2024	2023
Undesignated	\$ 221,811	\$ 240,269
Board-designated	28,689	52,000
SCF Agency Fund	41,632	36,685
Total net assets without donor restrictions	\$ 292,132	\$ 328,954

See independent accountant's review report.

Saginaw Symphony Association

Notes to Financial Statements

June 30, 2024

11. Net Assets Classification (continued)

Board-designated net assets were reserved for Rennert Trust and Youth Orchestra at June 30, 2024 and 2023. The \$27,500 designated for Rennert Trust at June 30, 2024 and \$45,000 at June 30, 2023 represents the remaining balance from the bequest by Patricia G. Rennert in fiscal year 2018 of \$150,000. These funds will be used in fiscal year 2025 to support classical concerts and guest artists.

The designated amounts of \$1,189 at June 30, 2024 and \$7,000 at June 30, 2023 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>2024</u>	<u>2023</u>
Specific purpose:		
Concerts and activities	\$174,500	\$123,250
Fundraising	–	2,500
Youth orchestra	4,353	6,185
Total net assets released from net assets with donor restrictions	<u>\$178,853</u>	<u>\$131,935</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, \$1,275,125 at June 30, 2024 and \$1,168,765 at June 30, 2023, is included on 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, 2024

12. Endowment Funds with Saginaw Community Foundation (continued)

The remaining agency fund portion of the assets, \$41,632 at June 30, 2024 and \$36,685 at June 30, 2023, is included as beneficial interest in endowment fund on 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, on the statement of activities and changes in net assets.

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

	<u>2024</u>	<u>2023</u>
Endowment net assets without donor restrictions at beginning of year	\$36,685	\$38,301
Contributions	—	—
Investment income	748	870
Administrative expenses	(381)	(429)
Net realized and unrealized gains (losses)	4,580	(2,057)
Endowment net assets without donor restrictions at end of year	<u>\$41,632</u>	<u>\$36,685</u>

These endowment net assets are shown separately on 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 each year.

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, 2024 appears on page 1. Our report on our review of the basic financial statements for June 30, 2023 was dated September 5, 2023. 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 2024 other supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. The 2023 summarized other supplementary information was subjected to the review procedures applied in our review of the basic financial statements for June 30, 2023. 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 21, 2024

Saginaw Symphony Association

Schedule of Operating Revenue and Expenses

Year Ended June 30, 2024

(with Summarized Comparative Information for 2023)

	Year Ended June 30, 2024		Year Ended June 30, 2023
	Operating Budget	Without Donor Restrictions	Without Donor Restrictions
Support and revenue			
Contributions	\$ 17,750	\$ 18,576	\$ 22,358
Grants and trusts	78,500	78,346	76,114
Concerts and activities	276,300	275,744	185,507
Youth orchestra	18,000	18,331	23,812
Fundraising	-	-	16,170
Endowment income, net	70,000	73,298	71,221
Investment income, net	12,250	11,408	4,081
Miscellaneous	700	800	755
In-kind contributions (non-cash)	14,000	14,100	11,206
Total support and revenue	487,500	490,603	411,224
Expenses			
Concerts and activities	399,955	392,835	317,945
Youth orchestra	23,400	23,892	22,824
Management and general	90,145	96,598	98,252
Fundraising	-	-	2,306
In-kind expenses (non-cash)	14,000	14,100	11,206
Total expenses	527,500	527,425	452,533
Change in net assets	\$ (40,000)	\$ (36,822)	\$ (41,309)

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

Saginaw Symphony Association

Schedule of Fundraising Revenue and Expenses

Year Ended June 30, 2024
 (with Summarized Comparative Information for 2023)

	Year Ended June 30, 2024	Year Ended June 30, 2023
	Fundraising Budget and Actual	Fundraising Actual
Revenue		
Raffle ticket sales	\$ -	\$ 13,670
Contributions	-	2,500
Total revenue	-	16,170
In-kind contributions (non-cash)	-	1,000
Total revenue and in-kind contributions	-	17,170
Expenses		
Printing services	-	161
Raffle prizes	-	3,000
Service fees	-	95
Other expenses	-	50
Total expenses	-	3,306
Revenue over expenses	\$ -	\$ 13,864

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