

**Report of Independent Accountants and
Financial Statements for**

ASSOCIATION OF CALIFORNIA SYMPHONY ORCHESTRAS
(A Not-for-Profit Corporation)

Years Ended September 30, 2023 and 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Association of California Symphony Orchestras
Los Angeles, California

We have reviewed the accompanying financial statements of Association of California Symphony Orchestras (a not-for-profit corporation), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 company 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 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.

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.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

January 12, 2024

ASSOCIATION OF CALIFORNIA SYMPHONY ORCHESTRAS**(A Not-for-Profit Corporation)**

Statements of Financial Position

September 30, 2023 and 2022

	2023 <u>(Unaudited)</u>	2022 <u>(Unaudited)</u>
ASSETS		
ASSETS:		
Cash and equivalents	\$ 237,244	\$ 195,898
Investments	455,273	429,069
Grants receivable	30,751	50,000
Accounts receivable	1,561	-
Prepaid expenses and deposits	<u>5,323</u>	<u>2,627</u>
TOTAL ASSETS	<u>\$ 730,152</u>	<u>\$ 677,594</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 2,327	\$ -
Deferred membership revenue	<u>29,204</u>	<u>54,085</u>
Total liabilities	31,531	54,085
NET ASSETS:		
Without donor restrictions:		
Undesignated	213,348	184,878
Board designated operating reserve	<u>455,273</u>	<u>429,069</u>
Total net assets without donor restrictions	668,621	613,947
With donor restrictions	<u>30,000</u>	<u>9,562</u>
Total net assets	<u>698,621</u>	<u>623,509</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 730,152</u>	<u>\$ 677,594</u>

See independent accountants' review report and notes to these financial statements

ASSOCIATION OF CALIFORNIA SYMPHONY ORCHESTRAS.
(A Not-for-Profit Corporation)
 Statements of Activities
 Years Ended September 30, 2023 and 2022

	2023 (Unaudited)			2022 (Unaudited)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, SUPPORT AND GAINS:						
Support:						
Membership dues, net	\$ 92,028	\$ -	\$ 92,028	\$ 82,812	\$ -	\$ 82,812
Government grants	40,000	37,510	77,510	50,000	57,166	107,166
COVID relief and ERC credits	49,975	-	49,975	72,126	-	72,126
Foundation grants	30,000	30,000	60,000	25,000	-	25,000
Conference sponsorships	58,022	-	58,022	34,550	-	34,550
Other contributions	49,054	-	49,054	48,439	-	48,439
Donated goods and services	10,741	-	10,741	7,598	-	7,598
Net assets released from restriction	47,072	(47,072)	-	52,789	(52,789)	-
Total support	376,892	20,438	397,330	373,314	4,377	377,691
Program revenues - including conference registration and	91,508	-	91,508	26,075	-	26,075
Investment and other income:						
Interest and dividends	12,073	-	12,073	20,691	-	20,691
Realized gains (losses)	39,486	-	39,486	(254,939)	-	(254,939)
Unrealized gains (losses)	(19,024)	-	(19,024)	160,634	-	160,634
Less: investment management fees	(6,331)	-	(6,331)	(5,801)	-	(5,801)
Other	286	-	286	1,805	-	1,805
Total investment and other income	26,490	-	26,490	(77,610)	-	(77,610)
Total support, revenues, and gains (losses)	494,890	20,438	515,328	321,779	4,377	326,156
EXPENSES BY FUNCTION:						
Program services:						
Classical music support and advocacy	299,426	-	299,426	191,199	-	191,199
Management and general	85,420	-	85,420	55,925	-	55,925
Development	55,370	-	55,370	72,898	-	72,898
Total expenses	440,216	-	440,216	320,022	-	320,022
CHANGE IN NET ASSETS	54,674	20,438	75,112	1,757	4,377	6,134
NET ASSETS, BEGINNING OF YEAR	613,947	9,562	623,509	612,190	5,185	617,375
NET ASSETS, END OF YEAR	\$ 668,621	\$ 30,000	\$ 698,621	\$ 613,947	\$ 9,562	\$ 623,509

See independent accountants' review' report and notes to these financial statements

ASSOCIATION OF CALIFORNIA SYMPHONY ORCHESTRAS

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Statements of Functional Expenses

Years Ended September 30, 2023 and 2022

	2023 (Unaudited)				2022 (Unaudited)			
	Program	Management			Program	Management		
	Services	and General	Development	Total	Services	and General	Development	Total
Salaries and wages	\$ 107,943	\$ 47,353	\$ 37,506	\$ 192,802	\$ 79,540	\$ 32,602	\$ 46,790	\$ 158,932
Employee benefits	6,207	2,723	2,157	11,087	5,948	2,438	3,499	11,885
Payroll taxes	8,705	3,819	3,024	15,548	6,085	2,494	3,579	12,158
Total personnel	122,855	53,895	42,687	219,437	91,573	37,534	53,868	182,975
Consultants and outside services	25,287	12,742	-	38,029	45,462	4,129	-	49,591
Occupancy	8,859	1,748	1,049	11,656	5,833	2,391	3,432	11,656
Telecommunications	861	378	299	1,538	1,114	457	655	2,226
Information technology	7,913	3,472	2,750	14,135	7,334	3,006	4,314	14,654
Office supplies and expense	1,068	468	371	1,907	1,400	574	824	2,798
Printing and postage	3,509	693	416	4,618	3,855	813	1,100	5,768
Insurance	-	4,287	-	4,287	1,882	772	1,107	3,761
Dues and subscriptions	3,624	-	-	3,624	2,621	-	-	2,621
Conferences and workshops	114,763	-	7,798	122,561	18,065	-	7,598	25,663
Travel and mileage	6,273	-	-	6,273	9,583	-	-	9,583
Board related	-	1,858	-	1,858	-	2,785	-	2,785
Bank and credit card fees	-	5,879	-	5,879	-	3,464	-	3,464
Other	4,414	-	-	4,414	2,477	-	-	2,477
	<u>\$ 299,426</u>	<u>\$ 85,420</u>	<u>\$ 55,370</u>	<u>\$ 440,216</u>	<u>\$ 191,199</u>	<u>\$ 55,925</u>	<u>\$ 72,898</u>	<u>\$ 320,022</u>

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ASSOCIATION OF CALIFORNIA SYMPHONY ORCHESTRAS

(A Not-for-Profit Corporation)

Statements of Cash Flows

Years Ended September 30, 2023 and 2022

	2023 <u>(Unaudited)</u>	2022 <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 75,112	\$ 6,134
Net realized and unrealized losses on investments	(14,131)	100,104
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Changes in operating accounts:		
(Increase) decrease in receivables	17,689	(41,489)
(Increase) decrease in prepaid expenses and deposits	(2,695)	(1,877)
Increase (decrease) in accounts payable and accrued expenses	2,327	(2,790)
Increase (decrease) in deferred revenue	<u>(24,882)</u>	<u>(17,849)</u>
Net cash provided by operating activities	53,420	42,233
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales and maturities of marketable securities	433,230	782,927
Purchases and reclassifications of marketable securities	<u>(445,304)</u>	<u>(803,619)</u>
Net cash used in investing activities	<u>(12,074)</u>	<u>(20,692)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	41,346	21,541
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>195,898</u>	<u>174,357</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 237,244</u></u>	<u><u>\$ 195,898</u></u>
 SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for:		
Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent accountants' review report and notes to these financial statements

ASSOCIATION OF CALIFORNIA SYMPHONY ORCHESTRAS
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended September 30, 2023 and 2022 (unaudited)

1. THE ORGANIZATION

Association of California Symphony Orchestras (the Association) is headquartered in Los Angeles and its membership is comprised of approximately 130 orchestras organized for the purpose of sharing information and services through workshops, conferences, and newsletters. Primary revenue sources are member dues and participant fees, grants from private foundations and government agencies, and individual donations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Association considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long term purposes, such as the board designated operating reserve, are excluded from this definition.

Grants and Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. There were conditional promises to give of \$16,800 as of September 30, 2023.

As of September 30, 2023 and 2022, management believes all such amounts to be collectible; accordingly, no allowance for doubtful accounts was deemed necessary.

Investments

The Association records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Association's investments at September 30, 2023 and 2022 are considered Level 1 investments according to the fair value hierarchy.

Furniture and Equipment

Furniture and equipment are stated at cost at the date of purchase, or, for donated assets, at fair value as of the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives range from three to seven years. The Association's policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred.

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As of September 30, 2023 and 2022, furniture and equipment of \$4,328 were fully depreciated but still in service. As such, no depreciation was incurred during the years ended September 30, 2023 and 2022.

Intangible Assets

Cloud computing arrangements are accounted for in accordance with Subtopic 350-40, wherein an intangible asset is recognized for a software license and, to the extent that the payments attributable to the software license are made over time, a liability also is recognized. If a cloud computing arrangement does not include a software license, the Association accounts for the arrangement as a service contract and expenses costs as incurred.

Net Assets

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

Net assets without donor restrictions - net assets available for use in general operations and not subject to donor or grantor-imposed restrictions. The board of directors has designated net assets for an operating reserve from the balance of net assets without donor restrictions.

Net assets with donor restrictions - net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

The Association reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Association reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Concentrations of Risk

The Association manages deposit concentration risk by placing cash, money market accounts, and investments with financial instruments we believe to be creditworthy. At times, amounts on deposit may exceed insured limits (\$250,000 per financial institution by the FDIC) or include uninsured investments in money market mutual funds. To date, the Association has not experienced credit losses in any of these accounts.

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Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from members, governmental agencies, and foundations supportive of our mission.

Investments are made by investment managers whose performance is monitored by The Association's Internal Affairs Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Internal Affairs Committee believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

For the year ended September 30, 2023, approximately 26% of total support was provided from two grantors. There may be significant adverse consequences to operations if the level of funding from this government agency were to decrease.

Revenue Recognition

Dues revenue is recognized evenly over the membership period. As a practical expedient and as the membership period coincides with the fiscal year, all performance obligations associated with membership dues are deemed to have been satisfied as of fiscal year end. Membership dues received in advance are deferred to the subsequent period.

Contributions are recognized when unconditionally promised. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. It is Association policy that conditional promises to give (certain grant awards) that span multiple fiscal years and require matching for which dues revenue satisfy the requirement, that such awards received in the last half of a fiscal year are deemed to not be matched (the condition met) until the first quarter of the subsequent fiscal year, which is when substantially all dues revenue is received. As such, certain conditional promises to give awarded in the last half of a fiscal year will not be recognized until the following fiscal year when the match is deemed to occur and the condition met.

In-Kind Donations

Contributed nonfinancial assets during the years ended September 30, 2023 and 2022 was a donated cruise certificate for two people to be used in a fundraising auction. Such in-kind gift was recorded at the estimated fair value of the certificate received at the date of donation of \$7,800 and \$7,600, respectively, based upon information provided by the third-party provider. The Association does not sell donated gifts-in-kind.

In-kind services are recognized as contributions per generally accepted accounting principles (GAAP) if the services (1) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated services recognized in the accompanying financial statements, and donated for the Association' were comprised as follows for the year ended September 30, 2023:

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	2023
<u>Type of donated specialized service</u>	<u>(unaudited)</u>
Digital program services	\$ 1,625
Printing services	316
Research	<u>1,000</u>
Total	<u>\$ 2,941</u>

There were no contributed services meeting the above revenue recognition criteria during the year ended September 30, 2022.

In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Expenses

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires The Association to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Significant estimates included the allocation of time spent by management and staff on different functions during the fiscal year. No official record keeping of time is maintained and compensation and related costs were allocated using management's judgment and understanding of job descriptions.

Income Taxes

The Association is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. 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. Tax years including the year ended September 30, 2023 and earlier are subject to examinations by tax authorities. The Association has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

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Subsequent Events

Management has evaluated subsequent events through January 12, 2024, the date on which the financial statements were available to be issued and determined that no additional adjustments to or disclosures in the financial statements are deemed necessary.

3. AVAILABILITY AND LIQUIDITY

The following represents the Association's financial assets as of September 30, 2023 and 2022:

	2023 (<u>unaudited</u>)	2022 (<u>unaudited</u>)
Financial assets at year-end:		
Cash and cash equivalents	\$ 237,244	\$ 195,898
Receivables	<u>32,312</u>	<u>50,000</u>
Total financial assets	269,556	245,898
Less amounts not available to be used within one year		
- Net assets with donor restrictions	<u>(30,000)</u>	<u>(9,562)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 239,556</u>	<u>\$ 236,336</u>

In addition to the available financial assets, the Board of Directors has designated and funded an operating reserve of \$455,273.

4. LEASE COMMITMENTS

Office space is rented under a month-to-month sub lease for \$375 per month. Total rent expense for the years ended September 30, 2023 and 2022 was \$11,656, respectively.

5. RETIREMENT PLAN

The Association sponsors a SIMPLE IRA defined contribution retirement plan for eligible employees who have been employed for one full year and earned \$5,000 or more in compensation during the respective fiscal year. The plan allows matching contributions of up to 3% of the eligible employee's compensation. During the years ended September 30, 2023 and 2022, the Association contributed \$3,300 and \$3,000, respectively, in matching contributions to the plan.

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6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of September 30, 2023 and 2022:

	2023	2022
<u>Restriction</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
Time restricted	\$30,000	\$ 9,562

Net assets released from donor restrictions during the years ended September 30, 2023 and 2022 are as follows:

	2023	2022
<u>Restriction</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
Passage of time	\$ 24,562	\$ 45,623
Event sponsorship	15,000	-
Arts internships	<u>7,510</u>	<u>7,166</u>
Total net assets released from restriction	<u>\$ 47,072</u>	<u>\$ 52,789</u>

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Association reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that The Association can access at the measurement date, such as equity securities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs (such as certificates of deposit and corporate debt).

Level 3 – Unobservable inputs for the asset or liability. In these situations, The Association develop inputs using the best information available in the circumstances (such as private equity securities).

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within

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different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The Association measures fair value using Level 1 inputs when available because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents assets measured at fair value on a recurring basis as of September 30, 2023 and 2022 (all investment assets presented below are considered Level 1 investments):

	2023 (unaudited)	2022 (unaudited)
Long-term cash for investment purposes	\$ 1,349	\$ 44,726
Equities and exchange traded funds	309,794	189,135
Fixed income	6,610	8,414
Equity mutual funds	137,520	186,794
Total investments, at fair value	\$455,273	\$429,069