



FONTANA CHAMBER ARTS

FINANCIAL STATEMENTS

For the Years Ended August 31, 2022 and 2021

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SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fontana Chamber Arts

Opinion

We have audited the accompanying financial statements of Fontana Chamber Arts (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fontana Chamber Arts as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Seber Tans, PLC
Kalamazoo, Michigan

January 13, 2023

**Fontana Chamber Arts
Statements of Financial Position
August 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash	\$ 226,401	\$ 163,757
Investments	203,956	218,968
Prepaid expenses	8,311	8,813
Total Current Assets	<u>438,668</u>	<u>391,538</u>
Property and Equipment		
Leasehold improvements	22,840	22,840
Equipment	42,142	42,142
	64,982	64,982
Less: accumulated depreciation	(64,752)	(64,364)
Net Property and Equipment	<u>230</u>	<u>618</u>
Other Assets		
Beneficial interest in assets held at community foundation	<u>3,517</u>	<u>3,907</u>
Total Assets	<u>\$ 442,415</u>	<u>\$ 396,063</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Other liabilities	\$ 12,138	\$ -
Deferred revenue	6,400	8,658
Total Current Liabilities	<u>18,538</u>	<u>8,658</u>
Net Assets		
Net Assets without Donor Restrictions		
Board designated	193,256	208,270
Undesignated	216,504	149,728
Total Net Assets without Donor Restrictions	<u>409,760</u>	<u>357,998</u>
Net Assets with Donor Restrictions	14,117	29,407
Total Net Assets	<u>423,877</u>	<u>387,405</u>
Total Liabilities and Net Assets	<u>\$ 442,415</u>	<u>\$ 396,063</u>

See Accompanying Notes to Financial Statements.

Fontana Chamber Arts
Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Releases and Revenue			
Support			
Grants	\$ 125,190	\$ -	\$ 125,190
Trust income	100,958	-	100,958
Annual fund	30,660	-	30,660
In-kind support	17,199	-	17,199
Special gifts	24,000	-	24,000
Program Sponsors	1,500	-	1,500
Net assets released from restrictions	14,900	(14,900)	-
Total Support and Releases	<u>314,407</u>	<u>(14,900)</u>	<u>299,507</u>
Revenue			
Winter festival ticket sales	16,359	-	16,359
Advertising and miscellaneous	7,365	-	7,365
Total Revenue	<u>23,724</u>	<u>-</u>	<u>23,724</u>
Total Support, Revenue and Reclassifications	<u>338,131</u>	<u>(14,900)</u>	<u>323,231</u>
Expenses			
Program services			
Concert expenses	174,470	-	174,470
Supporting services			
Management and general	78,998	-	78,998
Fundraising	17,888	-	17,888
Total Expenses	<u>271,356</u>	<u>-</u>	<u>271,356</u>
Operating Income (Loss)	66,775	(14,900)	51,875
Non-operating Revenue			
Loss on investments	(18,637)	(390)	(19,027)
Interest and dividends	3,624	-	3,624
Net Non-Operating Revenue	<u>(15,013)</u>	<u>(390)</u>	<u>(15,403)</u>
Change in Net Assets	51,762	(15,290)	36,472
Net Assets at Beginning of Year	<u>357,998</u>	<u>29,407</u>	<u>387,405</u>
Net Assets at End of Year	<u>\$ 409,760</u>	<u>\$ 14,117</u>	<u>\$ 423,877</u>

See Accompanying Notes to Financial Statements.

Fontana Chamber Arts
Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Releases and Revenue			
Support			
Grants	\$ 13,500	\$ 13,500	\$ 27,000
Trust income	97,167	-	97,167
Annual fund	23,255	1,400	24,655
In-kind support	17,324	-	17,324
Special gifts	100,687	-	100,687
Program sponsors	2,250	-	2,250
Net assets released from restrictions	101,097	(101,097)	-
Total Support and Releases	<u>355,280</u>	<u>(86,197)</u>	<u>269,083</u>
Revenue			
Winter festival ticket sales	6,973	-	6,973
Advertising and miscellaneous	4,550	-	4,550
Total Revenue	<u>11,523</u>	<u>-</u>	<u>11,523</u>
Total Support, Revenue and Reclassifications	<u>366,803</u>	<u>(86,197)</u>	<u>280,606</u>
Expenses			
Program services			
Concert expenses	195,915	-	195,915
Supporting services			
Management and general	62,590	-	62,590
Fundraising	16,359	-	16,359
Total Expenses	<u>274,864</u>	<u>-</u>	<u>274,864</u>
Operating Income (Loss)	91,939	(86,197)	5,742
Non-operating Revenue			
Gain on investments	4,327	737	5,064
Interest and dividends	415	-	415
Net Non-Operating Revenue	<u>4,742</u>	<u>737</u>	<u>5,479</u>
Change in Net Assets	96,681	(85,460)	11,221
Net Assets at Beginning of Year	<u>261,317</u>	<u>114,867</u>	<u>376,184</u>
Net Assets at End of Year	<u>\$ 357,998</u>	<u>\$ 29,407</u>	<u>\$ 387,405</u>

See Accompanying Notes to Financial Statements.

Fontana Chamber Arts
Statements of Cash Flows
For the Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 36,472	\$ 11,221
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	388	389
Unrealized gain on investments	15,012	(4,327)
Change in beneficial interest in assets held by Kalamazoo Community Foundation	-	(737)
Change in:		
Grants receivable	-	2,250
Accounts receivable	502	-
Prepaid expenses	390	(2,952)
Accounts payable	-	(3,844)
Other liabilities	12,138	-
Deferred revenue	(2,258)	8,576
Net Cash Provided by Operating Activities	<u>62,644</u>	<u>10,576</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments and income retained in account	<u>-</u>	<u>(150,416)</u>
Net Change in Cash	62,644	(139,840)
Cash at Beginning of Year	<u>163,757</u>	<u>303,597</u>
Cash at End of Year	<u>\$ 226,401</u>	<u>\$ 163,757</u>

See Accompanying Notes to Financial Statements.

Fontana Chamber Arts
Statement of Functional Expenses
For the Year Ended August 31, 2022

	Concert Expenses	Management and General	Fund- Raising	Total
Operating Expenses				
Compensation and benefits	\$ 80,510	\$ 52,950	\$ 9,925	\$ 143,385
Guest artist expenses	32,843	-	-	32,843
Advertising and promotion	10,570	-	3,784	14,354
Concert production	11,433	-	-	11,433
Website	8,865	4,221	985	14,071
Office rent	16,830	8,014	1,870	26,714
Professional services	-	7,075	-	7,075
Office supplies	3,709	1,766	412	5,887
Insurance	3,896	1,855	433	6,184
Professional development	-	674	-	674
Office expenses	3,711	1,767	412	5,890
Concert facilities	1,500	-	-	1,500
Telephone	603	287	67	957
Depreciation	-	389	-	389
Total Expenses	\$ 174,470	\$ 78,998	\$ 17,888	\$ 271,356

See Accompanying Notes to Financial Statements.

Fontana Chamber Arts
Statement of Functional Expenses
For the Year Ended August 31, 2021

	Concert Expenses	Management and General	Fund- Raising	Total
Operating Expenses				
Compensation and benefits	\$ 103,427	\$ 35,300	\$ -	\$ 138,727
Guest artist expenses	47,277	-	-	47,277
Advertising and promotion	8,435	-	5,130	13,565
Concert production	8,706	-	-	8,706
Website	6,461	3,877	2,584	12,922
Office rent	14,752	8,851	5,901	29,504
Professional services	-	6,900	-	6,900
Office supplies	2,933	2,433	1,173	6,539
Insurance	2,429	1,458	972	4,859
Professional development	-	824	-	824
Office expenses	1,016	2,271	407	3,694
Telephone	479	287	192	958
Depreciation	-	389	-	389
Total Expenses	\$ 195,915	\$ 62,590	\$ 16,359	\$ 274,864

See Accompanying Notes to Financial Statements.

Fontana Chamber Arts
Notes to Financial Statements
For the Years Ended August 31, 2022 and 2021

NOTE A – Summary of Significant Accounting Policies

Organization Purpose

Fontana Chamber Arts (the “Organization”) is a not-for-profit organization established to enrich the human spirit by supporting the creation and performance of high-quality chamber music within the diverse communities it serves. The Organization is dependent on foundation and trust income, grants, and individual donations for funding operations.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulate time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization’s management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash is defined as cash is checking and savings as well as all unrestricted highly liquid investments with an initial maturity of three months or less.

Concentration of Credit Risk

The Organization has significant investments held by an investment manager engaged by the Organization and are therefore subject to concentrations of credit risk. Investments are made by the investment manager and the investments are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

Fontana Chamber Arts
Notes to Financial Statements
For the Years Ended August 31, 2022 and 2021

NOTE A – Summary of Significant Accounting Policies (Continued)

The Organization has financial instruments that are subject to credit risk which include: accounts receivable, promises receivable, investments and cash that at times may exceed FDIC insurance limits. The Organization maintains its cash and investments with financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. At August 31, 2022, none of the Organization's cash deposit balances were in excess of the FDIC insured limits.

Financial Instruments

The Organization's financial instruments consist of cash, investments, grants and accounts receivable, promises to give, and current liabilities. The Organization's estimates of fair value approximate their carrying amounts.

Investments and Investment Income

Investments are stated at fair value based on quoted market prices. Unless the donor or law restricts the income or loss, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the increase or decrease in unrestricted net assets.

Accounts and Grants Receivable

The Organization utilizes the reserve method to account for bad debts based upon a percentage of the aged receivables, analysis of specific receivable balances, and prior year collection experience. Grants receivable are reviewed periodically to determine amounts which are potentially uncollectible. After reasonable attempts to collect a receivable have been unsuccessful, the amount is written off. At August 31, 2022 and 2021, management believes all receivables are fully collectible.

Contributions and Promises to Give

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give are recognized as revenue in the period the promise is made and as assets, decreases of liabilities or expenses depending on the form of the benefits to be received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on their evaluation of the status of individual accounts, past credit history with donors and the donors' current financial condition. At August 31, 2022 and 2021, management believes all promises are fully collectible.

**Fontana Chamber Arts
Notes to Financial Statements
For the Years Ended August 31, 2022 and 2021**

NOTE A – Summary of Significant Accounting Policies (Continued)

Donated Goods and Services

The Organization is the recipient of non-cash donations including gifts-in-kind, payments-in-kind, and specialized services. Fair value is determined based on estimated market price. During the year ended August 31, 2021, the value of contributed goods and services meeting requirements for recognition in the financial statements totaled approximately \$9,400. There were no contributed goods and services meeting recognition requirements during the year ended August 31, 2022. The Organization also received a subsidized rate for being a partner in the Epic Center's building during the years ended August 31, 2022 and 2021. During the years ended August 31, 2022 and 2021, the value of payments-in-kind was approximately \$17,200 and \$17,300, respectively. Additionally, the Organization receives donated services from a variety of unpaid volunteers assisting with its programs. No amounts have been recognized in the accompanying statements of activities for these services because the services received have not created or enhanced financial assets or been performed by individuals possessing specialized skills.

Property and Equipment

The Organization follows the practice of capitalizing all acquisitions of land, buildings, and equipment in excess of \$500. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset for a specific purpose. Property and equipment are depreciated using the straight-line method over their economic useful lives.

Deferred Revenue

Deferred revenue consists of ticket sales for future concerts and program book advertising.

Board Designated Net Assets

It is the policy of the Organization's Board of Directors to review its plans for future operating funds, equipment acquisitions and other reserves from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing for such items. A portion of the investment account is recorded as board designated net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll and related taxes and benefits are allocated based on time and effort. Rental expense, website expense, telephone and other office expenses are allocated based on estimated usage.

Advertising Costs

All advertising and promotional costs are expensed in the period in which they are incurred. Advertising and promotional costs totaled approximately \$14,400 and \$13,500 during the years ended August 31, 2022 and 2021, respectively.

Fontana Chamber Arts
Notes to Financial Statements
For the Years Ended August 31, 2022 and 2021

NOTE A – Summary of Significant Accounting Policies (Continued)

Income Taxes

The Internal Revenue Service has determined the Organization to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the Organization's tax positions and there are no uncertain tax positions that need to be disclosed.

Adopted Accounting Pronouncements

The Organization adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* for the Organization's August 31, 2022 year-end; which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category.

New Accounting Pronouncements Effective in Future Accounting Periods

In February 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02 *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02 as amended by ASU No. 2020-05 is effective for fiscal years beginning after December 15, 2021. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. Management is currently assessing the impact on this new standard.

NOTE B – Beneficial Interest

Amounts shown as beneficial interest in assets held at the community foundation represent monies placed with the Kalamazoo Community Foundation (KCF) under an agency endowment fund. The Organization has granted conditional variance power to KCF, whereas KCF may redirect the assets in the event the Organization ceases to exist. KCF has the ultimate authority and control over the fund and the income derived therefrom. The Organization retains a beneficial interest in the endowment fund held by the KCF. The beneficial interest in the KCF assets are recorded as net assets with donor restrictions. The income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the increase or decrease in net assets with donor restrictions. The fair value of these assets was approximately \$3,500 and \$3,900 at August 31, 2022 and 2021, respectively.

Additionally, the Organization has been named as a beneficiary organization of two other endowments held at KCF. These endowments do not meet the requirements for the Organization to recognize its rights in beneficial interests. Accordingly, the assets are not recorded in the statements of financial position. These endowments were established to act as a depository for gifts, conveyances, and other transfers KCF received directly from donors intended to benefit the Organization.

Fontana Chamber Arts
Notes to Financial Statements
For the Years Ended August 31, 2022 and 2021

NOTE C – Liquidity and Availability

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprised the following at August 31:

	2022	2021
Cash	\$ 226,401	\$ 163,757
Investments	203,950	218,968
Financial assets at August 31	<u>430,351</u>	<u>382,725</u>
Less: restricted net assets	<u>(14,117)</u>	<u>(29,407)</u>
Financial assets available for general expenditures within one year	<u>\$ 416,234</u>	<u>\$ 353,318</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations are due.

NOTE D – Financial Instruments and Fair Value Measurements

Financial accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fontana Chamber Arts
Notes to Financial Statements
For the Years Ended August 31, 2022 and 2021

NOTE D – Financial Instruments and Fair Value Measurements (Continued)

The following table summarizes the investments at readily determinable fair value at August 31, 2022:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Prices with Other Observable Inputs (Level 2)</u>	<u>Prices with Unobservable Inputs (Level 3)</u>
Investments:				
Money market accounts	\$ 139,723	\$ 139,723	\$ -	\$ -
Equities	64,233	64,233	-	-
Total Investments	<u>\$ 203,956</u>	<u>\$ 203,956</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the investments at readily determinable fair value at August 31, 2021:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Prices with Other Observable Inputs (Level 2)</u>	<u>Prices with Unobservable Inputs (Level 3)</u>
Investments:				
Money market accounts	\$ 149,501	\$ 149,501	\$ -	\$ -
Equities	69,467	69,467	-	-
Total Investments	<u>\$ 218,968</u>	<u>\$ 218,968</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE E – Donor Restricted Net Assets

Net assets with donor restrictions result from donor stipulations that contributed assets be used for specific purposes or are limited by a time or purpose restriction. At August 31, net assets with donor restrictions were being held for the following purposes:

	<u>2022</u>	<u>2021</u>
Donor restricted for specific purpose	\$ 10,600	\$ 10,600
Restricted for future year operations	-	14,900
Beneficial interest held at community foundation	3,517	3,907
	<u>\$ 14,117</u>	<u>\$ 29,407</u>

Fontana Chamber Arts
Notes to Financial Statements
For the Years Ended August 31, 2022 and 2021

NOTE F – Concentrations

Approximately 31% of the Organization's support and revenue was provided by a grant from one foundation during the year ended August 31, 2022. This grant was not received during the year ended August 31, 2021. Additionally, the Organization is named as a beneficiary of a trust fund whereby the principal is held in perpetuity by a third party and the investment income earned thereon is distributed to the Organization. Approximately 33% and 34% of the Organization's support and revenue was provided by income distributions from this trust fund during the years ended August 31, 2022 and 2021, respectively.

NOTE G – Leases

The Organization leases its office facilities under a non-cancelable operating lease expiring December 31, 2026. The lease calls for annual increases to cover its proportioned shared costs. Lease expenses paid by the Organization totaled \$9,516 and \$8,851, during the years ended August 31, 2022 and 2021, respectively. Total lease expense recorded was \$26,714 and \$29,504 during the years ended August 31, 2022, and 2021, respectively. These totals included in-kind lease expense of approximately \$17,200 and \$17,300, during the years ended August 31, 2022 and 2021, respectively.

Future minimum lease payments required under the non-cancelable agreement for years ending August 31 are as follows:

2023	\$	8,344
2024		8,592
2025		8,852
2026		9,116
2027		3,068
		<u>\$ 37,972</u>

NOTE H – Cash Flow Information

No cash was paid for interest during the years ended August 31, 2022 or 2021.

NOTE I – Subsequent Events

Management has evaluated subsequent events through January 13, 2023, the date on which the financial statements were available to be issued.