

COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.

Financial Statements and

Independent Auditor's Report

For the Year Ended
May 31, 2023

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Independent Auditor's Report

To the Board of Directors
Community Arts Music Association of Santa Barbara, Inc.
Santa Barbara, California

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Community Arts Music Association of Santa Barbara, Inc., which comprise the statement of financial position as of May 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year ended, and the related notes to financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Arts Music Association of Santa Barbara, Inc. as of May 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Community Arts Music Association of Santa Barbara, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 Community Arts Music Association of Santa Barbara, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

- 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 Community Arts Music Association of Santa Barbara, Inc.'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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Arts Music Association of Santa Barbara, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited the Community Arts Music Association of Santa Barbara, Inc.'s 2022 financial statements, and I expressed an unmodified audit opinion, on those audited financial statements in my report dated September 7, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Santa Barbara, California
September 8, 2023

COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.
Statement of Financial Position
May 31, 2023
(With comparative totals for 2022)

ASSETS:

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 210,648	\$ 248,880
Short-term investments (Note 3)	31,090	31,043
Receivables	54,976	
Prepaid expenses	<u>720</u>	
Total current assets	<u>297,434</u>	<u>279,923</u>
Investments (Note 5)	7,612,818	8,148,816
Pledges receivable (Note 4)	258,408	250,691
Right-of-use assets – operating leases (Note 6)	402,501	
Property and equipment:		
Furniture and equipment	103,356	101,799
Leasehold improvements	<u>12,083</u>	<u>12,083</u>
	115,439	113,882
Less: accumulated depreciation	<u>113,190</u>	<u>111,988</u>
Property and equipment, net	<u>2,249</u>	<u>1,894</u>
Total assets	<u>\$8,573,410</u>	<u>\$8,681,324</u>

LIABILITIES AND NET ASSETS:

Current liabilities:		
Accounts payable	\$ 29,498	\$ 30,753
Accrued salaries	57,054	54,821
Accrued vacation pay	1,374	2,405
Deferred revenue – ticket sales	129,111	
Current portion of lease liability	<u>69,016</u>	
Total current liabilities	<u>286,053</u>	<u>87,979</u>
Long-term liabilities:		
Lease liability net of current portion of \$69,016 (Note 6)	<u>346,891</u>	
Total long-term liabilities	<u>346,891</u>	<u>-</u>
Total liabilities	<u>632,944</u>	<u>87,979</u>
Net assets:		
Without donor restrictions (Note 7)	2,036,617	2,410,211
With donor restrictions (Note 7)	<u>5,903,849</u>	<u>6,183,134</u>
Total net assets	<u>7,940,466</u>	<u>8,593,345</u>
Total liabilities and net assets	<u>\$8,573,410</u>	<u>\$8,681,324</u>

See notes to financial statements.

COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.

Statement of Activities

Year ended May 31, 2023

(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue, gains and other support:		
Ticket sales	\$ 539,214	\$ 375,255
Contributions	641,731	419,071
Event income	46,263	21,107
Investment income (loss) (Note 5)	(5,998)	(206,064)
Acknowledgements	5,100	600
Net assets released from restrictions (Note 8)	594,118	698,501
Total revenue gains and other support	<u>1,820,428</u>	<u>1,308,470</u>
Direct expenses:		
Artists' fees	681,480	547,199
Season brochures	16,982	15,104
Advertising	88,329	79,081
Event expenses	156,932	71,944
Box office fees	10,817	6,812
Publications expense	40,455	22,270
Graphics and website	17,601	13,239
Concert expenses	54,807	38,372
Ticketing network service	10,708	10,675
Season promotion	692	879
Theatre rental	112,852	79,246
Consulting expenses	94,000	83,600
Subtotal	<u>1,285,655</u>	<u>968,421</u>
General operating and other expenses:		
Accounting	47,950	40,380
Credit card fees	12,527	9,759
Depreciation expense	1,202	2,991
Insurance	8,476	9,688
Office expense	30,103	25,072
Postage and mailing expense	5,640	4,917
Printing and reproduction	9,763	12,526
Payroll expenses	681,731	629,604
Rent expense	98,911	81,123
Telephone and internet services	8,621	8,612
Small equipment	1,785	3,250
Other expenses	1,658	1,468
Subtotal	<u>908,367</u>	<u>829,390</u>
Total expenses	<u>2,194,022</u>	<u>1,797,811</u>
Change in net assets without donor restrictions	<u>\$ (373,594)</u>	<u>\$ (489,341)</u>

See notes to financial statements.

COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.

Statement of Activities

Year ended May 31, 2023

(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTONS:		
Contributions:		
Restricted by time	\$ 5,081	\$ 17,242
Restricted by purpose	323,000	322,000
Permanently restricted	<u>7,717</u>	<u>69,652</u>
	335,798	408,894
Investment income (loss) (Note 5)	(20,965)	(437,131)
Net assets released from restrictions (Note 8)	<u>(594,118)</u>	<u>(698,501)</u>
Change in net assets with donor restrictions	<u>(279,285)</u>	<u>(726,738)</u>
CHANGE IN TOTAL NET ASSETS	(652,879)	(1,216,079)
NET ASSETS, BEGINNING OF YEAR	<u>8,593,345</u>	<u>9,809,424</u>
NET ASSETS, END OF YEAR	<u>\$7,940,466</u>	<u>\$8,593,345</u>

See notes to financial statements.

COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.

Statement of Cash Flows

Year ended May 31, 2023

(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (652,879)	\$ (1,216,079)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,202	2,991
Contributions restricted for long-term purposes		(61,000)
Realized and unrealized (gain) loss on investments	194,425	823,361
(Increase) decrease in operating assets:		
Receivables	(54,976)	7,000
Pledges receivable	(7,717)	(6,652)
Prepaid expenses	(720)	
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(53)	86,742
Advances received		(25,000)
Deferred revenue – ticket sales	129,111	
Lease liability	<u>13,406</u>	
Net cash used by operating activities	<u>(378,201)</u>	<u>(388,637)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,557)	
Purchase of investments	(23,474)	(670,391)
Sale of investments	<u>365,000</u>	<u>1,086,754</u>
Net cash provided by investing activities	<u>339,969</u>	<u>416,363</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of contributions restricted for long-term purposes:		
Endowment fund		<u>61,000</u>
Net cash provided by financing activities	<u>-</u>	<u>61,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,232)	88,726
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>248,880</u>	<u>160,154</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 210,648</u></u>	<u><u>\$ 248,880</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for amounts included in the measurement of lease liability	\$ 85,505	\$ -
Right-of-use assets upon ASC 842 implementation:		
Operating leases	\$ 474,625	\$ -

See notes to financial statements.

COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.
Notes to Financial Statements
Year Ended May 31, 2023

Note 1 Nature of organization

The Community Arts Music Association of Santa Barbara, Inc. (CAMA) is a non-profit corporation organized to bring high quality classical musicians from around the globe to the Santa Barbara area to perform orchestral, vocal, solo instrumental, and chamber concerts. The financial statements include the accounts of the CAMA Women's Board, an auxiliary group that promotes a public response and appreciation of concerts presented by CAMA.

Note 2 Summary of significant accounting policies

Basis of presentation

The financial statements of CAMA have been prepared in accordance with U.S. generally accepted principles (GAAP). GAAP requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes in net assets are categorized as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Donor-imposed restrictions may be 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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue recognition

Contributions

Contributions are recognized when cash, securities, or unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contracts with customers

Revenue from contracts with customers consists of a single performance obligation to transfer goods or services at a point in time. Revenue from concerts or events is recognized when the event takes place. Cash received in advance of an event is recorded as deferred revenue. Ticket purchases are made by cash or credit card, and there are generally no receivables related to the sale of tickets. Refunds may be issued if notified before the performance of the event.

Variable consideration results when a customer receives a rebate, allowance or other reduction in transaction price. Aside from refunds, which are issued before a performance takes place, variable consideration is not a factor in CAMA's contracts with customers.

Cash and equivalents

For financial statement purpose, CAMA considers all investments with a maturity at purchase of three months or less to be cash equivalents.

Investments

Investments are stated at market value. These investments are exposed to various risks, such as interest rate, market and credit risks. It is at least reasonably possible that changes within the next year could materially affect the reported amounts.

Equipment

Equipment and leasehold improvements are stated at cost and depreciated using the straight-line method over estimated useful lives of 3 to 5 years.

Leases

CAMA has entered into operating lease agreements for space and office equipment. Obligations associated with these leases have been recognized as a liability in the balance sheet based on future lease payments, discounted by the risk-free rate.

Advertising

Advertising costs are expensed when incurred and are included in functional expenses.

Income Taxes

CAMA is exempt from Federal and California income taxes. Management believes that the tax positions taken are more likely than not to be sustained upon examination. CAMA's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional expenses

The costs of providing CAMA's various programs and supporting services have been summarized on a functional basis in Note 13. Certain costs, based upon estimates by management, have been allocated among the programs and supporting services benefited. The estimates by management take into consideration personnel and space utilization.

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 certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Effective June 1, 2022, CAMA adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and cash flows arising from leases. CAMA elected the effective date transition method and the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation.

Concentration of credit risk

Financial instruments which potentially subject CAMA to concentrations of credit risk consist of cash, money market funds, and receivables. CAMA places its cash and money market funds with high credit quality financial institutions. Cash and money market funds may, at times, exceed federal insurance limits. CAMA has not experienced any losses on such accounts. With respect to receivables, CAMA performs ongoing credit evaluations and writes off uncollectible amounts as they become known.

Note 3 Short-term investments

Short-term investments consist of a certificate of deposit.

Note 4 Pledges receivable

Unconditional promises to give are expected to be realized in the following periods:

	<u>2023</u>	<u>2022</u>
Due after five years or more	\$ 321,000	\$ 321,000
Discount on pledges	<u>(62,592)</u>	<u>(70,309)</u>
	<u>\$ 258,408</u>	<u>\$ 250,691</u>

Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows discounted at rates ranging from 3% to 4%.

Note 5 Investments

Investments consist of the following:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 179,455	\$ 155,541
Mutual funds	<u>7,433,363</u>	<u>7,993,275</u>
	<u>\$7,612,818</u>	<u>\$8,148,816</u>

Note 5 Investments (Continued)
Investment income consists of the following:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 64,915	\$ 148,788	\$ 213,703	\$ 77,736	\$ 154,570	\$ 232,306
Net realized and unrealized gain (loss)	(57,043)	(137,382)	(194,425)	(266,358)	(557,003)	(823,361)
Less investment expenses	(13,870)	(32,371)	(46,241)	(17,442)	(34,698)	(52,140)
Investment income, net	<u>\$ (5,998)</u>	<u>\$ (20,965)</u>	<u>\$ (26,963)</u>	<u>\$ (206,064)</u>	<u>\$ (437,131)</u>	<u>\$ (643,195)</u>

Note 6 Leases

As of June 1, 2022 CAMA recognized (a) an operating lease liability of \$474,625, which represents the present value of the remaining lease payments of \$525,829, discounted using a risk free discount rate of 2.811%, and (b) an operating right-of-use asset of \$474,625.

The right-of-use asset and corresponding liability associated with future lease payments at May 31, 2023 are shown below:

Right-of-use assets	\$ 402,501
Lease liability	\$ 415,907

Weighted Average:

Discount rate	2.811%
Remaining lease term (years)	5.153

(a) Lease cost

Lease cost reported as rent expense in the statements of activities amounted to \$98,911 in the year ended 2023 as follows:

Operating	\$ 85,466
Variable	<u>13,445</u>
Total	<u>\$ 98,911</u>

(b) Future lease payments

CAMA leases office space and equipment under operating leases expiring in July 2029. Future minimum lease payments are as follows:

2024	\$ 80,707
2025	84,703
2026	87,887
2027	91,201
2028	94,231
Thereafter	<u>15,040</u>
	453,769
Less present value discount	<u>(37,862)</u>
Lease liability	<u>\$ 415,907</u>

Note 7 Net assets

Net assets consist of the following:

	<u>2023</u>	<u>2022</u>
Without donor restrictions:		
Board designated for:		
Endowment	\$1,346,989	\$1,424,399
Operating reserve	627,016	808,561
Undesignated	<u>62,612</u>	<u>177,251</u>
Sub-total	2,036,617	2,410,211
With donor restrictions:		
For programs	35,799	45,218
Held in perpetuity	5,115,527	5,107,810
Subject to appropriation and spending policy	<u>752,523</u>	<u>1,030,106</u>
Sub-total	<u>5,903,849</u>	<u>6,183,134</u>
Total	<u>\$7,940,466</u>	<u>\$8,593,345</u>

Note 8 Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of program restrictions	\$ 337,500	\$ 424,500
Endowment earnings expended:		
For programs	<u>256,618</u>	<u>274,001</u>
	<u>\$ 594,118</u>	<u>\$ 698,501</u>

Note 9 Endowment

CAMA's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At May 31, 2023, there were no such donor stipulations. As a result of this interpretation, CAMA retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by CAMA in a manner consistent with the standard of prudence prescribed by UPMIFA. CAMA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Return objectives and risk parameters

CAMA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that are appropriate for a moderate level of investment risk.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, CAMA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CAMA targets a diversified asset allocation to achieve its long-term return objectives.

Spending policy

CAMA's spending policy is to withdraw in any given year no more than 6% of the fair market value of the assets of the fund valued as of the first day of each fiscal year. Current Board policy on the spending rate is 4.5% per annum, based on a five-year rolling average.

Endowment net asset composition by type of fund as of May 31, 2023:

	Without Donor Restrictions	With Donor Restrictions Investment Appreciation	Held in Perpetuity	Total
Board designated endowment funds	\$1,346,989	\$ -	\$ -	\$1,346,989
Donor restricted endowment funds		752,523	5,115,527	5,868,050
	<u>\$1,346,989</u>	<u>\$ 752,523</u>	<u>\$5,115,527</u>	<u>\$7,215,039</u>

Change in endowment net assets for the year ended May 31, 2023:

	Without Donor Restrictions	With Donor Restrictions Investment Appreciation	Held in Perpetuity	Total
Endowment net assets, beginning of year	\$1,424,399	\$1,030,106	\$5,107,810	\$7,562,315
Investment return:				
Interest and dividends	41,493	148,788		190,281
Realized and unrealized gains (losses)	(38,312)	(137,382)		(175,694)
Less: investment expenses	<u>(9,028)</u>	<u>(32,371)</u>		<u>(41,399)</u>
Total investment return	(5,847)	(20,965)		(26,812)
Contributions			7,717	7,717
Appropriation for expenditures	<u>(71,563)</u>	<u>(256,618)</u>		<u>(328,181)</u>
Endowment net assets, end of year	<u>\$1,346,989</u>	<u>\$ 752,523</u>	<u>\$5,115,527</u>	<u>\$7,215,039</u>

Funds with deficiencies

From time to time, the fair value associated with donor-restricted endowment funds may fall below the level required to be maintained by the donor or by law (underwater endowments). There were no deficiencies of this nature at May 31, 2023.

Note 10 Fair value measurements

CAMA measures the fair value of financial instruments in accordance with ASC 820 *Fair Value Measures*. The standard establishes a fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active or inactive markets for the same or similar assets.

Level 3: Inputs that are unobservable, with valuations based on cash flow models and similar techniques, and not based on market activity.

Level 2 and level 3 measurements were not utilized in 2023.

Assets measured at fair value as of May 31, 2023 are as follows:

Measured on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 179,455	\$ -	\$ -	\$ 179,455
Mutual funds				
Equity funds	5,284,050			5,284,050
Fixed income funds	2,149,313			2,149,313
	<u>7,433,363</u>	<u>-</u>	<u>-</u>	<u>7,433,363</u>
	<u>\$7,612,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,612,818</u>

Note 11 Retirement plan

CAMA maintains a retirement savings plan for eligible employees. Each participant may elect to contribute a percentage of their annual compensation to the plan. CAMA's matching contribution to the plan was \$15,807 for the year ended May 31, 2023.

Note 12 Commitments and contingencies

At May 31, 2023, CAMA has contractual obligations with orchestras and artists for the 2023-2024 fiscal year totaling \$620,000.

Note 13 Functional expenses

Functional classification of expenses is as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2023 Total</u>	<u>2022 Total</u>
Salaries and benefits	\$ 279,539	\$ 237,017	\$ 165,175	\$ 681,731	\$ 629,604
Artists fees	681,480			681,480	547,199
Advertising	88,329			88,329	79,081
Publications expense	40,455			40,455	22,270
Theatre rental	112,852			112,852	79,246
Consultants	94,000			94,000	83,600
Other production costs	111,607			111,607	85,081
Special events			156,932	156,932	71,944
Facilities	32,967	32,967	32,977	98,911	81,123
Supplies and services	32,533	74,845	19,145	126,523	115,672
Depreciation	401	401	400	1,202	2,991
Total expenses	<u>\$1,474,163</u>	<u>\$ 345,230</u>	<u>\$ 374,629</u>	<u>\$2,194,022</u>	<u>\$1,797,811</u>

Note 14 Related party transactions

In 2023 CAMA paid consulting fees in amount of \$60,000 and \$6,000 respectively to two Board members. In addition, a Board member holds a position of responsibility with the bank that manages a majority of CAMA's investments. Investment fees paid in 2023 were \$46,241 in amount.

Note 15 Financial assets and liquid resources

Financial assets and liquid resources that are available within one year of May 31, 2023 to fund general expenditures and other obligations as they become due are as follows:

Financial assets:	
Cash and cash equivalents	\$ 195,349
Short-term investments	31,090
Board designations:	
Subsequent year's endowment	
payout	314,933
Operating reserve transfer	<u>95,000</u>
Total financial assets available	
within one year	<u>\$ 636,372</u>

CAMA may experience budgetary short-falls due to the unpredictability and timing of the receipt of grants and donations. To manage liquidity CAMA maintains an operating reserve in the amount of \$627,175. Although CAMA does not intend to spend from its Board designated funds other than the annual appropriations, those funds totaling \$1,346,989 could be made available if necessary.

Note 16 Subsequent events

Subsequent events have been evaluated through September 8, 2023, which is the date the financial statements were available to be issued.