

**COMMUNITY ARTS MUSIC ASSOCIATION OF  
SANTA BARBARA, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
MAY 31, 2025**

December 16, 2025

### Independent Auditors' Report

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

### **Opinion**

We have audited the accompanying financial statements of the Community Arts Music Association of Santa Barbara, Inc., which comprise the statement of financial position as of May 31, 2025, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our 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 May 31, 2025, 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 ("U.S. GAAP").

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community Arts Music Association of Santa Barbara, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with U.S. GAAP 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 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 auditors' 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 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 there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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 our judgment, 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.

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.

*Nasif, Hicks, Harris & Co. LLP*

Nasif, Hicks, Harris & Co., LLP

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF MAY 31,**

	<b>2025</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 303,904
Investments	8,936,440
Accounts receivable, net	5,000
Prepaid expenses	19,340
Total current assets	9,264,684
Pledges receivable, net	107,500
Operating lease right-of-use assets	253,011
Total other assets	360,511
Property and equipment:	
Furniture and equipment	47,970
Less accumulated depreciation	(47,970)
<b>TOTAL ASSETS</b>	<b>\$ 9,625,195</b>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 79,255
Accrued vacation payable	28,397
Deferred ticket sales revenue	289,106
Current portion of operating lease liabilities	82,882
Total current liabilities	479,640
Operating lease liabilities, net of current portion	189,057
Total liabilities	668,697
Net assets:	
Without donor restrictions	2,028,592
With donor restrictions	6,927,906
Total net assets	8,956,498
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,625,195</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MAY 31, 2025**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2025</b>
Support and revenue:			
Ticket sales	\$ 457,455	\$ -	\$ 457,455
Contributions	404,164	509,252	913,416
Event income	44,553	-	44,553
Investment income, net	210,982	605,611	816,593
Other income	5,512	-	5,512
<b>Total support and revenue</b>	<b>1,122,666</b>	<b>1,114,863</b>	<b>2,237,529</b>
Net assets released from restrictions	950,066	(950,066)	-
Expenses:			
Program services	1,500,349	-	1,500,349
Management and general	351,016	-	351,016
Fundraising	318,286	-	318,286
<b>Total expenses</b>	<b>2,169,651</b>	<b>-</b>	<b>2,169,651</b>
Change in net assets	(96,919)	164,797	67,878
Net assets at beginning of year	2,125,511	6,763,109	8,888,620
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,028,592</b>	<b>\$ 6,927,906</b>	<b>\$ 8,956,498</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31,**

	<b>2025</b>
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Cash flows from operating activities:	
Change in net assets	\$ 67,878
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	1,408
Realized and unrealized (gain) loss on investments	(606,310)
Amortization of right-of-use asset	75,715
Changes in operating assets and liabilities:	
Accounts receivable, net	(5,000)
Pledges receivable, net	196,534
Prepaid expenses	(19,340)
Accounts payable and accrued expenses	7,479
Accrued vacation payable	26,631
Deferred ticket sales revenue	185,111
Operating lease liabilities	(74,952)
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Net cash used by operating activities	(144,846)
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Cash flows from investing activities:	
Purchase of investments	(83,737)
Sales of investments	252,431
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Net cash provided by investing activities	168,694
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Net increase in cash and cash equivalents	23,848
Cash and cash equivalents at beginning of year	280,056
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<b>CASH, CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 303,904</b>
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The accompanying notes are an integral part of these financial statements

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MAY 31, 2025**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total May 31, 2025</b>
Salaries and benefits	\$ 416,392	\$ 212,124	\$ 157,129	\$ 785,645
Artist fees	561,500	-	-	561,500
Advertising	69,884	-	-	69,884
Publications expense	35,532	-	-	35,532
Theater rental	135,005	-	-	135,005
Consultants	92,400	-	-	92,400
Other production costs	103,471	-	-	103,471
Special events	-	-	103,157	103,157
Facilities	40,756	30,568	30,567	101,891
Supplies and services	44,940	107,855	26,964	179,759
Depreciation	469	469	469	1,407
<b>Total at May 31, 2025</b>	<b>\$ 1,500,349</b>	<b>\$ 351,016</b>	<b>\$ 318,286</b>	<b>\$ 2,169,651</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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Note 1:      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 Financial Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Classification of Net Assets

U.S. 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 restriction include the following:

- Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restriction include the following:

- 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.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make 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 and the reported amounts of revenues and expenses during the reported period. Actual results will differ from those estimates.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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Note 2: Summary of Significant Accounting Policies – continued

Revenue Recognition

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.

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.

Donor Restricted Support

Contributions are reported as “without” donor restrictions, or if contributions are received with donor stipulations that limit the use of the donated assets they are reported as “with” donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, “with” restriction net assets are reclassified as “without” restriction net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

All highly liquid financial instruments with a maturity of three months or less at the date of purchase are considered to be cash equivalents. Cash held for investment purposes is not considered cash and cash equivalents for purposes of the statements of financial position.

Contributions and Pledges Receivable

Contributions and pledges receivable are stated at their outstanding balances, less an allowance for uncollectible amounts. In accordance with Accounting Standard 958-310, Not-for-Profit Entities – Receivables, CAMA estimates the allowance for uncollectible pledges based on historical collection experience, donor-specific factors, and other relevant circumstances that may affect a donor’s ability to fulfill their commitment. Receivables deemed uncollectible are written off when, in management’s judgment, collection is no longer probable. As of May 31, 2025, an allowance for uncollectible pledges of \$107,500 has been recorded.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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Note 2: Summary of Significant Accounting Policies – continued

Allowance for Credit Losses

The Company measures expected credit losses on financial assets carried at amortized cost, including tuition and other exchange-type receivables, using the current expected credit loss (“CECL”) model in accordance with U.S. GAAP. Pledges and other contribution-type receivables are excluded from this model and are evaluated for collectability under the guidance for contributions receivable.

Expected credit losses are estimated over the contractual term of the assets using historical loss experience, current economic conditions, and reasonable and supportable forecasts. Management evaluates receivables on an ongoing basis and establishes an allowance for credit losses to reflect amounts expected to be uncollectible. As of May 31, 2025, an allowance for credit losses of \$0 has been recorded.

Investments and Fair Value Measurement

The Company records investments in debt and equity securities with readily determinable fair values at fair value. Investments traded on national securities exchanges are valued at the closing market price on the last business day of the fiscal year. Realized and unrealized gains and losses are reported in the statement of activities and changes in net assets. Short-term investments consist of a certificate of deposit with an original maturity of less than 12 months.

Investments are stated at fair value based on quoted market prices, when available, or estimates of fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value. The following methods and assumptions were used to estimate the fair value of financial assets and liabilities:

Level 1 – Quoted market prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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Note 2: Summary of Significant Accounting Policies – continued

Investments and Fair Value Measurement

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Property and Equipment

Equipment and leasehold improvements are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which generally range from three to five years. Expenditures for repairs and maintenance are expensed as incurred, whereas major additions and improvements are capitalized.

Leases

CAMA determines if an arrangement is a lease at the commencement date and classifies each lease as either a finance lease or an operating lease.

CAMA classifies a lease as a finance lease when the lease meets any of the following criteria:

1. The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.
2. The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise.
3. The lease term is for the major part of the remaining economic life of the underlying asset. However, if the commencement date falls at or near the end of the economic life of the underlying asset (the last 25% of the economic life), this criterion should not be used.
4. The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds substantially all (90% or more) of the fair value of the underlying asset.
5. The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

If none of these criteria are met, CAMA classifies the lease as an operating lease.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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Note 2: Summary of Significant Accounting Policies – continued

Leases – continued

The lease classification is reassessed only when: (a) the contract is modified and the modification is not accounted for as a separate contract, and (b) there is a change in the lease term or the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset.

Operating leases are included in operating lease right-of-use (“ROU”) assets, operating lease liability, and operating lease liability, non-current, in CAMA’s Statement of Financial Position. ROU assets represent CAMA’s right to use an underlying asset for the lease term and lease liabilities represent CAMA’s obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As CAMA’s leases do not provide an implicit rate, CAMA used the federal risk-free rate available at commencement date in determining the present value of lease payments.

Advertising

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

Contributions In-Kind

Contributions in-kind consist of legal services provided by volunteer attorneys as well as less frequent donations of office supplies and assets. These contributions are recorded at their estimated fair value on a non-recurring basis at the time the services are performed or goods received.

Functional Expenses

The costs of providing CAMA's various programs and supporting services have been summarized on a functional basis in these financial statements. 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.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

Note 3: Pledges Receivable

Unconditional promises to give are recognized as pledges receivable and classified as either with donor restrictions or without donor restrictions based on donor stipulations. Conditional promises to give, which depend on the occurrence of a future and uncertain event (e.g., matching gifts), are not recognized until the conditions are substantially met.

Pledges receivable are measured at fair value using a discounted cash flow approach and an allowance for estimated uncollectible amounts. The valuation uses Level 3 inputs under FASB ASC 820 and represents a nonrecurring fair value measurement. Certain pledges have no specified due date; these amounts are recorded at gross value without discounting because the timing of collection is not reasonably determinable.

Pledges receivable due within one year are classified as current assets, and amounts due beyond one year are classified as long-term assets.

As of May 31, 2025, pledges receivable with no specified due date are recorded at their gross value, less a 50% allowance for estimated uncollectible amounts, as follows:

	Without Donor Restriction	With Donor Restriction	Total
Receivable in less than one year	\$ -	\$ -	\$ -
Less: Allowance for doubtful pledges	-	-	-
Receivable less than one year, net	-	-	-
Receivable in more than one year	-	215,000	215,000
Less: Allowance for doubtful pledges	-	(107,500)	(107,500)
Receivable in more than one year, net	-	107,500	107,500
Total Pledges Receivable, net	\$ -	\$ 107,500	\$ 107,500

Note 4: Investments

Investments are carried at fair value and consist of money market accounts, fixed income and equity securities. The Company is exposed to credit risk for the amount of the investments in the event of non-performance of the other parties to the investment transactions. The Company is also exposed to market risk for the amount of the investments. Should market values of the investments decline, the Company will experience realized or unrealized losses in connection with the decline.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

Note 4: Investments – continued

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value, which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed, based on market data obtained from sources independent of the Company.

The Company uses the Net Asset Value (“NAV”) practical expedient to determine fair value of all underlying investments, which (a) do not have readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. Investments that are measured at fair value using NAV practical expedient are not classified in the fair value hierarchy.

Fair values of assets measured on a recurring basis at May 31, 2025 are as follows:

Fair Value Measurements at Reporting Date Using						
	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value	Fair Value	
Money market	\$ 271,119	\$ -	\$ -	\$ -	\$ 271,119	
Fixed income	2,173,212	-	-	-	2,173,212	
Equity securities	6,460,472	-	-	-	6,460,472	
Certificate of Deposit	-	-	-	31,637	31,637	
<b>Total Fair Value</b>	<b>\$ 8,904,803</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,637</b>	<b>\$ 8,936,440</b>	

Note 5: Investment Income

As of May 31, 2025, investments consisted of short-term investments (i.e., a certificate of deposit), mutual funds and corporate stocks held by Northern Trust.

During the year ended May 31, 2025, investments, including investments bought, sold, and held during the year, increased in value as determined by quoted market prices by \$606,310, which consists of realized gains of \$173,078 and unrealized gains of \$433,232.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

Note 5: Investment Income – continued

During the year ended May 31, 2025, investment income consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 71,588	\$ 200,590	\$ 272,178
Realized and unrealized gains	155,385	450,904	606,289
Less: investment expenses	(15,991)	(45,883)	(61,874)
Investment Income, Net	\$ 210,982	\$ 605,611	\$ 816,593

Note 6: Liquidity and Availability of Financial Assets

The following reflects the CAMA's financial assets and other liquid resources available within one year of May 31, 2025, to meet general expenditures and other obligations as they become due:

Cash and cash equivalents	\$ 303,904
Investments	8,936,440
Financial assets at year-end	9,240,344
Board designations:	
Subsequent year's endowment payout	458,874
Operating reserve transfer	373,000
Contractual donor-imposed restrictions:	
Donor restricted for time and purpose	(5,248,747)
Donor restricted for endowment	(1,632,159)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,191,312

As part of CAMA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations come due.

CAMA may experience budgetary shortfalls due to the unpredictability and timing of the receipt of grants and donations. To manage liquidity, CAMA maintains an operating reserve of \$559,436. While the Organization does not intend to spend from its Board-designated funds other than the annual appropriations, these funds, totaling \$1,690,109, could be made available if necessary. In addition, the Board has the authority to appropriate up to \$1,679,159 of investment appreciation to meet cash flow needs.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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Note 7: Endowment of Funds and Endowment Policy

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.

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, 2025, 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.

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.

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.

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. In accordance with current Board policy, the annual spending rate is approximately 5.5% of the endowment balance, calculated based on the value of the endowment on the first business day following fiscal year-end.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

Note 7: Endowment of Funds and Endowment Policy – continued

Endowment net asset composition by type of fund as of May 31, 2025 is as follows:

	Without Donor Restriction	With Donor Restriction		Total
		Held in Perpetuity	Investment Appreciation	
Board designated endowment funds	\$ 1,690,109	\$ -	\$ -	\$ 1,690,109
Donor-restricted endowment funds	-	5,208,057	1,679,159	6,887,216
<b>Endowment Net Assets</b>	<b>\$ 1,690,109</b>	<b>\$ 5,208,057</b>	<b>\$ 1,679,159</b>	<b>\$ 8,577,325</b>

Changes in endowment net assets as of May 31, 2025 are as follows:

	Without Donor Restriction	With Donor Restriction		Total
		Held in Perpetuity	Investment Appreciation	
Endowment net assets, beginning of year	\$ 1,529,124	\$ 5,208,057	\$ 1,451,548	\$ 8,188,729
Interest and dividends	53,321	-	200,590	253,911
Realized and unrealized gains	119,861	-	450,904	570,765
Less: Investment expenses	(12,197)	-	(45,883)	(58,080)
Amounts appropriated for expenditure	-	-	100,481	100,481
Transfers to operating	-	-	(478,481)	(478,481)
<b>Endowment Net Assets, End of Year</b>	<b>\$ 1,690,109</b>	<b>\$ 5,208,057</b>	<b>\$ 1,679,159</b>	<b>\$ 8,577,325</b>

From time to time, the fair value of donor-restricted endowment funds may fall below the original gift amount or the level required to be maintained by donor stipulations or law (“underwater endowments”). As of May 31, 2025, no such deficiencies existed.

**COMMUNITY ARTS MUSIC ASSOCIATION OF SANTA BARBARA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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Note 8: Operating Leases

CAMA has entered into operating lease agreements for office space and equipment. As of May 31, 2025, the lease expense was approximately \$8,490 per month. Variable lease costs were immaterial for the year ended May 31, 2025.

The Company's leases do not contain any residual value guarantees or material restrictive covenants. Leases with a lease term of 12 months or less are not recorded on the balance sheets and lease expense is recognized on a straight-line basis over the lease term. The average remaining term of the leases as of May 31, 2025 is 38 months.

The components of lease expense consist of operating lease costs totaling \$101,891 as of May 31, 2025.

Maturities of operating lease liabilities as of May 31, 2025 are as follows:

	Operating Leases
2026	\$ 87,887
2027	91,201
2028	94,231
2029	15,040
Total lease payments	288,359
Less: Interest	(16,420)
Present value of lease liabilities	271,939
Less: Current operating lease liabilities	(82,882)
Long-Term Operating Lease Liabilities	\$ 189,057

At May 31, 2025, the weighted-average remaining lease term and the weighted-average discount rate for operating leases was 3.15 years and 2.81% respectively.

Cash paid for amounts included in the measurement of operating liabilities was \$96,181 at May 31, 2025, and is included in net cash used in operating activities in the statements of cash flows.

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Note 9: Net Assets

Net assets consist of the following as of May 31, 2025.

	Total
Without donor restrictions:	
Board designated for:	
Endowment	\$ 1,690,109
Operating reserve	299,530
Undesignated	38,953
Total without donor restrictions	2,028,592
With donor restrictions:	
Restricted for time and purpose:	
Program services	40,690
Held in perpetuity	5,208,057
Total donor restricted for time and purpose	5,248,747
Subject to appropriation and spending policy	1,679,159
Total donor restricted for endowment	1,679,159
Total with donor restrictions	6,927,906
Total Net Assets	\$ 8,956,498

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

	Total
Satisfaction of program restrictions	\$ 572,066
Endowment earnings expended for programs	378,000
Total Net Assets Released	\$ 950,066

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Note 10: Concentration of Credit Risk

Financial instruments that potentially subject CAMA to concentrations of credit risk include cash, money market funds, and receivables. CAMA places its cash and money market funds with high-credit quality financial institutions. Balances 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 are identified.

Note 11: Retirement Plan

CAMA sponsors a defined contribution retirement savings plan for eligible employees. Under the plan, participants may elect to contribute a portion of their annual compensation, subject to applicable IRS limitations. CAMA provides matching contributions in accordance with the plan's provisions. For the year ended May 31, 2025, CAMA's matching contributions totaled \$17,874.

Note 12: Commitments and Contingencies

As of May 31, 2025, CAMA had entered into contractual agreements with orchestras and artists for performances and related services scheduled to occur during the fiscal year ending May 31, 2026. The total remaining commitments under these agreements amounted to \$834,000. These obligations are expected to be fulfilled and recognized as expenses in the period in which the related performances take place.

Note 13: Related Parties

During the year ended May 31, 2025, CAMA paid consulting fees totaling \$66,000 to a Board member for professional services rendered. In addition, a Board member holds a position of responsibility with the financial institution that manages a majority of CAMA's investment portfolio. Investment management fees paid to this institution during the year totaled \$61,874.

Note 14: Tax Status

CAMA is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and contributions to CAMA qualify for charitable tax deductions as permitted by law. The Organization has received favorable determination letters from the Internal Revenue Service confirming its tax-exempt status. CAMA evaluates its tax positions in accordance with applicable accounting standards related to uncertain tax positions. Management has reviewed tax positions for all open tax years through May 31, 2025, and concluded that no provisions for material uncertain tax positions are required in the accompanying financial statements.

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Note 15:      Subsequent Events

Management has evaluated subsequent events through December 16, 2025, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.