



Apollo's Fire, The Cleveland Baroque Orchestra

Financial Statements
July 31, 2021 and 2020

Cohen & Co

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APOLLO'S FIRE,
THE CLEVELAND BAROQUE ORCHESTRA

JULY 31, 2021 AND 2020

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	2
STATEMENT OF FINANCIAL POSITION	
July 31, 2021 and 2020	3
STATEMENT OF ACTIVITIES	
Year ended July 31, 2021	4
STATEMENT OF ACTIVITIES	
Year ended July 31, 2020	5
STATEMENT OF FUNCTIONAL EXPENSES	
Year ended July 31, 2021	6
STATEMENT OF FUNCTIONAL EXPENSES	
Year ended July 31, 2020	7
STATEMENT OF CASH FLOWS	
Years ended July 31, 2021 and 2020	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 16

Independent Auditors' Report

Board of Directors
Apollo's Fire,
The Cleveland Baroque Orchestra

We have audited the accompanying financial statements of Apollo's Fire, The Cleveland Baroque Orchestra (a nonprofit organization), which comprise the statement of financial position as of July 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apollo's Fire, The Cleveland Baroque Orchestra as of July 31, 2021 and 2020, 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.

Cleveland, Ohio
December 7, 2021

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STATEMENT OF FINANCIAL POSITION

JULY 31, 2021 AND 2020

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 987,176	\$ 828,281
Grants receivable	72,271	95,863
Pledges receivable - Current	86,410	22,448
Accounts receivable	75,130	7,193
Inventory	11,831	13,241
Asset held for sale	12,000	12,000
Prepaid expenses and other assets	49,945	49,855
	1,294,763	1,028,881
PROPERTY AND EQUIPMENT - AT COST		
	142,387	142,387
Less: Accumulated depreciation	132,490	122,517
	9,897	19,870
OTHER ASSET		
Pledges receivable - Long-term	10,000	20,000
Funds held by others	138,891	67,348
	148,891	87,348
	\$ 1,453,551	\$ 1,136,099
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Paycheck Protection Program loan	\$ 98,867	\$ 81,160
Accounts payable and accrued expenses	127,734	64,258
Deferred revenue	93,689	95,218
	320,290	240,636
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	853,828	591,805
With donor restrictions	279,433	303,658
	1,133,261	895,463
	\$ 1,453,551	\$ 1,136,099

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

STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Revenue			
Ticket sales	\$ 266,995		\$ 266,995
Touring fees	36,470		36,470
Merchandise sales	10,028		10,028
Advertising	3,512		3,512
	<u>317,005</u>		<u>317,005</u>
Support			
Grants	448,441	\$ 206,933	655,374
Donations	461,558	35,000	496,558
Board donations	112,387		112,387
Ambassador donations	43,222		43,222
Donated goods and services	65,970		65,970
Benefit events	315,425	15,000	330,425
	<u>1,447,003</u>	<u>256,933</u>	<u>1,703,936</u>
Other			
Interest income	490		490
Change in fair value of funds held by others	24,743		24,743
Miscellaneous	1,338		1,338
Paycheck Protection Program loan forgiveness	81,160		81,160
Net assets released from restrictions	281,158	(281,158)	
	<u>388,889</u>	<u>(281,158)</u>	<u>107,731</u>
Total revenue and support	<u>2,152,897</u>	<u>(24,225)</u>	<u>2,128,672</u>
EXPENSES			
Program - Concerts and recordings	1,396,432		1,396,432
Supporting services - Administrative	135,578		135,578
- Fundraising	358,864		358,864
Total expenses	<u>1,890,874</u>		<u>1,890,874</u>
CHANGE IN NET ASSETS	262,023	(24,225)	237,798
NET ASSETS - BEGINNING OF YEAR	<u>591,805</u>	<u>303,658</u>	<u>895,463</u>
NET ASSETS - END OF YEAR	<u>\$ 853,828</u>	<u>\$ 279,433</u>	<u>\$ 1,133,261</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Revenue			
Ticket sales	\$ 342,104		\$ 342,104
Touring fees	253,053		253,053
Merchandise sales	34,854		34,854
Advertising	16,101		16,101
	<u>646,112</u>		<u>646,112</u>
Support			
Grants	276,094	\$ 206,670	482,764
Donations	455,600	46,988	502,588
Board donations	115,933	10,000	125,933
Ambassador donations	56,078	10,000	66,078
Donated goods and services	87,981		87,981
	<u>991,686</u>	<u>273,658</u>	<u>1,265,344</u>
Other			
Interest income	4,158		4,158
Change in fair value of funds held by others	3,207		3,207
Miscellaneous	3,750		3,750
Net assets released from restrictions	295,880	(295,880)	
	<u>306,995</u>	<u>(295,880)</u>	<u>11,115</u>
Total revenue and support	<u>1,944,793</u>	<u>(22,222)</u>	<u>1,922,571</u>
EXPENSES			
Program - Concerts and recordings	1,627,227		1,627,227
Supporting services - Administrative	169,135		169,135
- Fundraising	161,935		161,935
Total expenses	<u>1,958,297</u>		<u>1,958,297</u>
CHANGE IN NET ASSETS	(13,504)	(22,222)	(35,726)
NET ASSETS - BEGINNING OF YEAR	<u>605,309</u>	<u>325,880</u>	<u>931,189</u>
NET ASSETS - END OF YEAR	<u>\$ 591,805</u>	<u>\$ 303,658</u>	<u>\$ 895,463</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2021

	Program	Supporting Services		
	Concerts and Recordings	Administrative	Fundraising	Total
Contract compensation - Musicians	\$ 399,648		\$ 12,125	\$ 411,773
Contract compensation - Non-musicians	111,736	\$ 27,687	23,496	162,919
Salaries and related expenses	<u>300,494</u>	<u>71,461</u>	<u>158,991</u>	<u>530,946</u>
	811,878	99,148	194,612	1,105,638
Benefit events			79,910	79,910
Concert expenses	130,349		7,411	137,760
Development			13,041	13,041
In-kind	48,480	4,500	12,990	65,970
Office	90,086	21,121	30,107	141,314
Professional fees	18,700	8,657	7,750	35,107
Publicity	124,544		5,671	130,215
Recording	65,767		3,049	68,816
Travel, food, and lodging	<u>101,616</u>	<u>286</u>	<u>1,228</u>	<u>103,130</u>
	1,391,420	133,712	355,769	1,880,901
Depreciation	<u>5,012</u>	<u>1,866</u>	<u>3,095</u>	<u>9,973</u>
Total expenses	<u>\$ 1,396,432</u>	<u>\$ 135,578</u>	<u>\$ 358,864</u>	<u>\$ 1,890,874</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2020

	Program	Supporting Services		Total
	Concerts and Recordings	Administrative	Fundraising	
Contract compensation - Musicians	\$ 495,631			\$ 495,631
Contract compensation - Non-musicians	62,827	\$ 44,695	\$ 28,124	135,646
Salaries and related expenses	<u>329,783</u>	<u>68,228</u>	<u>77,290</u>	<u>475,301</u>
	888,241	112,923	105,414	1,106,578
Benefit events			2,833	2,833
Concert expenses	111,697	220	7,417	119,334
Development			12,827	12,827
In-kind	83,582	4,399		87,981
Office	74,766	35,686	18,266	128,718
Professional fees	68,231	14,554	13,646	96,431
Publicity	155,298			155,298
Recording	31,589			31,589
Travel, food, and lodging	<u>204,292</u>	<u>1,237</u>	<u>1,403</u>	<u>206,932</u>
	1,617,696	169,019	161,806	1,948,521
Depreciation	<u>9,531</u>	<u>116</u>	<u>129</u>	<u>9,776</u>
Total expenses	<u>\$ 1,627,227</u>	<u>\$ 169,135</u>	<u>\$ 161,935</u>	<u>\$ 1,958,297</u>

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

STATEMENT OF CASH FLOWS

YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	\$ 237,798	\$ (35,726)
Noncash items included in operations		
Depreciation on property and equipment	9,973	9,776
Increase in fair value of funds held by others	(24,743)	(3,207)
Forgiveness of Paycheck Protection Program loan	(81,160)	
Increase (decrease) in cash and cash equivalents caused by changes in current items		
Grants receivable	23,592	5,387
Pledges receivable	(53,962)	102,552
Accounts receivable	(67,937)	(7,193)
Inventory	1,410	4,050
Prepaid expenses and other assets	(90)	6,769
Accounts payable and accrued expenses	63,476	25,926
Deferred revenue	(1,529)	70,141
Net cash flow provided from operations	<u>106,828</u>	<u>178,475</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of property and equipment		(19,273)
Contributions to funds held by others	(46,800)	
	<u>(46,800)</u>	<u>(19,273)</u>
CASH FLOW PROVIDED FROM IN FINANCING ACTIVITIES		
Repayments on long-term debt		(9,547)
Proceeds from long-term debt	98,867	81,160
	<u>98,867</u>	<u>71,613</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	158,895	230,815
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>828,281</u>	<u>597,466</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 987,176</u>	<u>\$ 828,281</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Presentation

Apollo's Fire, The Cleveland Baroque Orchestra (the Organization) is a not-for-profit corporation established in 1992. The Organization provides Northeast Ohio, national, and international audiences with professional performances of baroque and classical orchestral repertoire on period instruments and educates young people from diverse ethnic backgrounds in the field of early music. The Organization receives funding from foundation grants, donations, ticket sales, and touring.

COVID-19 Impact

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and its financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which it operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

Forgivable Loans

Absent specific guidance in accounting principles generally accepted in the United States of America (GAAP), the Organization accounts for forgivable loans as debt in accordance with Accounting Standards Codification (ASC) 470, *Debt*, and accrues interest in accordance with the interest method under ASC 835-30, *Interest – Imputation of Interest*. Accordingly, proceeds from such loans are recorded as a liability until either the loan is, in part or wholly forgiven and the debt has been legally released or the loan is paid off. In addition, the Organization has elected to classify the portion of the loan that is to be forgiven as current debt and the remainder, if any, as long-term.

Revenue Recognition

Revenue from Contracts with Customers

The Organization's revenue from contracts with customers consists primarily of ticket sales and touring revenue, each of which are recognized at a point in time when the underlying performance obligation (concerts) is performed. Revenue from ticket sales results from transactions that arise from a written contract with the customer for one or multiple concerts. The contract will outline the services to be provided, time and location of the concert, as well as the price and payment terms. Ticket sales received in advance of performances are deferred until the period earned. Revenue from touring revenue results from transactions that arise from a written contract with venues at which the Organization's orchestra performs. The contract will outline the specifications and parameters of performance, the time and location of the concert, as well as the price and payment terms.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

Contribution Revenue

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

All donor-restricted support that was initially a conditional contribution and for which the donor-imposed conditions and restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, as well as highly liquid cash deposits held in money market accounts. The Organization's cash and cash equivalents balances may, at times, exceed the limits of related federal deposit insurance. The Organization has not experienced any losses on such accounts and management believes they are not exposed to any significant credit risk on cash and cash equivalents.

Receivables and Credit Policies

Receivables include amounts due for program income, grants, and contributions (pledges). These amounts are due under various payment terms and do not accrue interest. Amounts due from contracts with customers are shown in the accounts receivable on the statement of financial position.

The Organization's policy is to reduce grants, pledges, and accounts receivable by a valuation allowance that reflects management's best estimate of the amounts that will not be collected based on historical experience. Additionally, management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. When receivables are determined to be uncollectible, they are written off against the allowance. At July 31, 2021 and 2020, management believes that all receivables are collectible and, therefore, no allowance is required.

Receivables from contracts with customers were \$37,748, \$1,250, and \$1,675 at July 31, 2021 and 2020, and August 1, 2019, respectively, which are included in accounts receivable in the accompanying statement of financial position. Deferred revenue from contracts with customers were \$93,689, \$95,218, and \$25,077 at July 31, 2021 and 2020, and August 1, 2019, respectively, recognized in the accompanying statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be material.

Donated Goods and Services

The Organization recognizes donated facilities and donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization received the following donations in support of its programs during 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Musician lodging	\$ 21,630	\$ 57,200
Public service announcements and advertising	26,850	25,280
Fundraising - Auction items	12,990	
Other in-kind	<u>4,500</u>	<u>5,501</u>
	<u>\$ 65,970</u>	<u>\$ 87,981</u>

Inventory

Inventory consists of compact discs, a children's book, and other merchandise and is stated at the lower of cost (first-in, first-out method) or net realizable value.

Asset Held for Sale

Included in asset held for sale is a concert piano that was donated to the Organization. It is recorded at fair value plus the applicable expenses for relocation to the Organization. The fair value of the asset held for sale was \$12,000 at July 31, 2021 and 2020.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. Donated property and equipment is recorded at estimated fair value at the date of donation. The Organization's capitalization policy is to capitalize property and equipment with a cost greater than \$1,000 and a useful life of greater than one year. Maintenance and repairs are charged to expense as incurred.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued)

Depreciation of property and equipment is provided by use of the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 - 7 years
Production equipment	10 years
Vehicle	5 years

Funds Held by Others

In 2015, the Organization established an investment fund known as the Apollo's Fire Baroque Orchestra Legacy Fund (the Fund) with the Cleveland Foundation (the Foundation). The Fund represents the interest in assets held at the Foundation and are valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. Realized and unrealized gains and losses and net investment income are reported in the statements of activities as changes in fair value of funds held by others. The change in fair value of funds held by others are reported as increases or decreases in net assets without donor restrictions.

Functional Allocation of Expenses

The statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, occupancy, and travel which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is an Ohio non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization recognizes and discloses uncertain tax positions in accordance with GAAP. As of and for the years ended July 31, 2021 and 2020, the Organization did not have a liability for unrecognized tax benefits.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events through December 7, 2021, the date the financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year were as follows at July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 987,176	\$ 828,281
Grants receivable	72,271	95,863
Pledges receivable - Current	86,410	22,448
Accounts receivable	<u>75,130</u>	<u>7,193</u>
	1,220,987	953,785
Less: Assets subject to expenditure for specified purpose within one year:	<u>(256,933)</u>	<u>(273,658)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 964,054</u>	<u>\$ 680,127</u>

The Organization has a goal to keep at least three months' worth of operating expenses in a cash reserve, in order to protect the Organization in times of unpredictable circumstances. The Organization can make requests to draw from the funds held by others from the net assets without donor restrictions in the Fund (see Note 5).

3. PLEDGES RECEIVABLE

At July 31, 2021 and 2020, pledges receivable consisted of pledges to support the general operations of the Organization. The Organization accounts for the discounting of pledges receivable in accordance with GAAP. As of July 31, 2021, and 2020, the discount on pledges receivable was immaterial. At July 31, 2021, collections of contributions are expected to be received as follows:

<u>Year ending July 31,</u>	
2022	\$ 86,410
2023	<u>10,000</u>
	<u>\$ 96,410</u>

4. PROPERTY AND EQUIPMENT

At July 31, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 81,741	\$ 81,741
Production equipment	29,918	29,918
Vehicle	<u>30,728</u>	<u>30,728</u>
	142,387	142,387
Less: Accumulated depreciation	<u>132,490</u>	<u>122,517</u>
	<u>\$ 9,897</u>	<u>\$ 19,870</u>

NOTES TO THE FINANCIAL STATEMENTS

5. FUNDS HELD BY OTHERS

The purpose of the Fund is to provide an ongoing source of annual support to benefit the Organization. The Fund's investment pool is composed approximately of 48% domestic equities, 37% international equities, 12% fixed income bonds and 3% cash equivalents. During 2021, the Organization contributed approximately \$46,800 into the Fund. As of July 31, 2021, and 2020, the Fund balance amounted to approximately \$138,900 and \$67,300, respectively.

The assets in the Fund are to be invested at the discretion of the Foundation. There are no restrictions on the fund and the Organization can make requests to from the Fund, which are subject to approval by a voting majority of the members of the executive committee of the Organization's board of directors.

6. PAYCHECK PROTECTION PROGRAM LOAN

On May 6, 2020, the Organization qualified and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), from First Federal Savings and Loan Association of Lakewood, for an aggregate principal amount of \$81,160 (the PPP Loan). In March 2021, forgiveness was granted by the SBA and \$81,160 was recognized as income on the accompanying statement of activities.

On March 6, 2021, the Organization qualified and received a second loan pursuant to the Paycheck Protection Program, a program implemented by the SBA under the Consolidated Appropriations Act, 2021 (CAA Act), from First Federal Savings and Loan Association of Lakewood, for an aggregate principal amount of \$98,867 (the PPP Loan 2). The PPP Loan 2 bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the SBA. No principal or interest payments are due for the first ten months following the disbursement date of March 6, 2021. The principal amount of the PPP Loan 2 is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan 2 proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that the PPP Loan 2 is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and principal and interest payments will be required through the maturity date in March 2026. Subsequent to year end, forgiveness was granted by the SBA for the full amount.

NOTES TO THE FINANCIAL STATEMENTS

7. NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods as follows at July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Program support	\$ 256,933	\$ 273,658
Subject to the passage of time	<u>22,500</u>	<u>30,000</u>
	<u>\$ 279,433</u>	<u>\$ 303,658</u>

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts at July 31, 2021 and 2020, for the following purposes:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 714,937	\$ 524,457
Board designated for funds held by others	<u>138,891</u>	<u>67,348</u>
	<u>\$ 853,828</u>	<u>\$ 591,805</u>

8. COMMITMENTS AND CONTINGENCIES

Leases

The Organization is obligated under a long-term operating lease for equipment expiring in January 2025. Future minimum lease payments under non-cancelable leases at July 31, 2021, are as follows:

<u>Year ending July 31,</u>	
2022	\$ 3,808
2023	3,808
2024	3,008
2025	<u>1,087</u>
	<u>\$ 11,711</u>

The Organization also has an operating lease for office space expiring December 2020, at which time, the lease became month-to-month.

Rent expense totaled approximately \$27,000 and \$26,000 for the years ended July 31, 2021 and 2020, respectively, and is included in office expense on the statement of functional expenses.

NOTES TO THE FINANCIAL STATEMENTS

8. COMMITMENTS AND CONTINGENCIES (Continued)

Laws and Regulations

Laws and regulations over federal funds received by the Organization as a result of the CARES Act and the CAA Act are complex and subject to interpretation. Potential noncompliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory action. The Organization believes it is in compliance with all applicable laws and regulations and believes there are no material contingencies related to laws and regulations governing the Organization's use of federal funds.

9. REVENUES

Disaggregation of Revenue

The Organization disaggregates revenue based on the type of service provided to customers. The accompanying statement of activities shows those disaggregated revenue streams for the years ended July 31, 2021 and 2020, which are comprised of ticket sales, touring fees, merchandise sales, and advertising.