

**APOLLO'S FIRE,  
THE CLEVELAND BAROQUE ORCHESTRA**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED  
JULY 31, 2022 and 2021**

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Table of Contents

Independent Auditors' Report .....	1 - 2
------------------------------------	-------

### Financial Statements:

Statements of Financial Position .....	3
--	---

Statement of Activities and Changes in Net Assets .....	4
---	---

Statement of Functional Expenses .....	5
--	---

Statements of Cash Flows .....	6
--------------------------------	---

Notes to Financial Statements .....	7 - 14
-------------------------------------	--------



## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Apollo's Fire, The Cleveland Baroque Orchestra (Organization), which comprise the statement of financial position as of July 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2022 financial statements referred to above present fairly, in all material respects, the financial position of Organization as of July 31, 2022, and the results of its operations 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

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

### Prior Period Financial Statements

The financial statements of the Organization as of July 31, 2021 were audited by other auditors whose report dated December 7, 2021 expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

**Report on Summarized Comparative Information**

Other auditors have previously audited Organization's 2021 financial statements and expressed an unmodified audit opinion on those audited financial statements in their report dated December 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Barnes Wendling CPAs*

Sheffield Village, Ohio  
December 23, 2022

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Statement of Financial Position

	July 31,	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,424,253	\$ 987,176
Accounts receivable	22,745	37,748
Pledges and grants receivable	168,659	206,063
Inventory	12,836	11,831
Funds held by others	465,768	138,891
Prepaid expenses and other	46,908	61,945
Property and equipment, net	10,672	9,897
	<u>\$ 2,151,841</u>	<u>\$ 1,453,551</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Paycheck Protection Program loan	\$ -0-	\$ 98,867
Accounts payable and accrued expenses	210,455	127,734
Deferred revenue	42,619	93,689
	<u>253,074</u>	<u>320,290</u>
<b>Net Assets</b>		
Without donor restrictions	1,535,220	853,828
With donor restrictions	363,547	279,433
	<u>1,898,767</u>	<u>1,133,261</u>
	<u>\$ 2,151,841</u>	<u>\$ 1,453,551</u>

See Notes to Financial Statements

## APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

### Statement of Activities and Changes in Net Assets

Year Ended July 31, 2022 with Summarized Information for the Year Ended July 31, 2021

	Year Ended July 31, 2022			
	Without Donor Restriction	With Donor Restriction	2022	2021
<b>Revenue and Support</b>				
Ticket sales	\$ 487,686	\$ -0-	\$ 487,686	\$ 224,570
Touring fees	411,733	-0-	411,733	36,470
Merchandise sales	48,424	-0-	48,424	10,028
Advertising	7,475	-0-	7,475	3,512
Total revenue	<u>955,318</u>	<u>-0-</u>	<u>955,318</u>	<u>274,580</u>
Grants	697,337	246,000	943,337	655,374
Contributions	966,522	84,114	1,050,636	652,167
Donated goods and services	147,246	-0-	147,246	65,970
Benefit events	397,442	-0-	397,442	372,850
Total support	<u>2,208,547</u>	<u>330,114</u>	<u>2,538,661</u>	<u>1,746,361</u>
Interest income	874	-0-	874	490
Change in fair value of funds held by others	( 22,270)	-0-	( 22,270)	24,743
Miscellaneous	10,903	-0-	10,903	1,338
Paycheck Protection Program loan forgiveness	98,867	-0-	98,867	81,160
Net assets released from restrictions	246,000	( 246,000)	-0-	-0-
Total other	<u>334,374</u>	<u>( 246,000)</u>	<u>88,374</u>	<u>107,731</u>
Total revenue and support	3,498,239	84,114	3,582,353	2,128,672
<b>Expenses</b>				
Program expense	2,204,686	-0-	2,204,686	1,396,432
General and administrative expense	170,653	-0-	170,653	135,578
Fundraising expense	441,508	-0-	441,508	358,864
Total expenses	<u>2,816,847</u>	<u>-0-</u>	<u>2,816,847</u>	<u>1,890,874</u>
Changes in net assets	681,392	84,114	765,506	237,798
Net assets, beginning of year	<u>853,828</u>	<u>279,433</u>	<u>1,133,261</u>	<u>895,463</u>
<b>NET ASSETS, end of year</b>	<u><b>\$ 1,535,220</b></u>	<u><b>\$ 363,547</b></u>	<u><b>\$ 1,898,767</b></u>	<u><b>\$ 1,133,261</b></u>

See Notes to Financial Statements

## APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

### Statement of Functional Expenses

Year Ended July 31, 2022 with Summarized Information for the Year Ended July 31, 2021

	Program		Supporting Services		Years Ended July 31,	
	Concerts and Recordings	Administrative	Fundraising	2022	2021	
Contract compensation - musicians	\$ 624,106	\$ -0-	\$ 8,607	\$ 632,713	\$ 411,773	
Contract compensation - non-musicians	157,769	39,230	36,674	233,673	162,919	
Salaries and related expenses	428,436	75,453	164,608	668,497	530,946	
	<u>1,210,311</u>	<u>114,683</u>	<u>209,889</u>	<u>1,534,883</u>	<u>1,105,638</u>	
Benefit events	-0-	-0-	113,649	113,649	79,910	
Concert expenses	212,088	12	8,991	221,091	142,308	
Development	-0-	-0-	12,179	12,179	13,041	
In-kind	93,515	7,500	46,231	147,246	65,970	
Office	92,456	22,153	29,732	144,341	134,173	
Professional fees	48,471	23,962	10,698	83,131	35,107	
Publicity	205,242	-0-	2,438	207,680	132,636	
Recording	23,324	-0-	-0-	23,324	68,988	
Travel, food, and lodging	318,592	1,304	7,393	327,289	103,130	
Other	687	1,039	308	2,034	9,973	
	<u>994,375</u>	<u>55,970</u>	<u>231,619</u>	<u>1,281,964</u>	<u>785,236</u>	
	<b><u>\$ 2,204,686</u></b>	<b><u>\$ 170,653</u></b>	<b><u>\$ 441,508</u></b>	<b><u>\$ 2,816,847</u></b>	<b><u>\$ 1,890,874</u></b>	

See Notes to Financial Statements

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

## Statements of Cash Flows

	Years Ended July 31,	
	2022	2021
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 765,506	\$ 237,798
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation expense (recovery)	( 775)	9,973
Decrease (increase) in fair value of funds held by others	23,123	( 24,743)
Forgiveness of Paycheck Protection Program loan	( 98,867)	( 81,160)
(Increase) decrease in assets:		
Accounts receivable	15,003	36,498
Pledges and grants receivable	37,404	( 134,805)
Inventory	( 1,005)	1,410
Prepaid expenses and other	15,037	( 90)
(Increase) decrease in liabilities:		
Accounts payable and accrued expenses	82,721	63,476
Deferred revenue	( 51,070)	( 1,529)
Net cash flows provided by operating activities	<u>787,077</u>	<u>106,828</u>
<b>Cash Flows From Investing Activities</b>		
Contributions to funds held by others	( 350,000)	( 46,800)
Net cash flows used in investing activities	<u>( 350,000)</u>	<u>( 46,800)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from Paycheck Protection Program loan	-0-	98,867
Net cash flows provided by financing activities	<u>-0-</u>	<u>98,867</u>
Net increase in cash and cash equivalents	437,077	158,895
Cash and cash equivalents at beginning of the year	<u>987,176</u>	<u>828,281</u>
<b>Cash and cash equivalents at end of the year</b>	<b><u>\$ 1,424,253</u></b>	<b><u>\$ 987,176</u></b>

See Notes to Financial Statements



# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Notes to Financial Statements Years Ended July 31, 2022 and 2021

### NOTE A - 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.

#### **Adoption of Accounting Pronouncement**

In September 2020, the FASB issued Accounting Standards Update (ASU) *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase the transparency of contributed nonfinancial assets through enhancement to presentation and disclosure. The ASU requires contributed nonfinancial assets to be presented as a separate line item on the consolidated statements of activities and changes in net assets, apart from cash and other financial asset contributions. This ASU also requires disclosure of the types of contributed nonfinancial assets and, for each category, information about whether the assets were monetized or utilized, a description of the policies to monetize or utilize such assets, a description of donor-imposed restrictions associated with the contributions, and a description of the valuation techniques and principal market used to arrive at a fair value measure at initial recognition. The Organization adopted the ASU in the year ended July 31, 2022, using a full retrospective method of application. The result of adopting the ASU using the retrospective approach had no impact on the consolidated financial position, changes in net assets, cash flows, business processes, controls, or systems of the Organization. The adoption of the ASU resulted in expanded disclosures to the financial statements relating to contributed nonfinancial assets.

#### **Forgivable Loans**

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.

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Notes to Financial Statements Years Ended July 31, 2022 and 2021

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

##### *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.

Contributed nonfinancial assets recognized within the statements of activities and changes in net assets included:

	Years Ended July 31,	
	2022	2021
Auction items	\$ 46,231	\$ 12,990
Musician lodging	73,700	21,630
Legal services	7,500	4,500
Radio advertising	19,815	26,850
	<u>\$ 147,246</u>	<u>\$ 65,970</u>

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Notes to Financial Statements Years Ended July 31, 2022 and 2021

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Revenue Recognition (Continued)**

##### *Contribution Revenue (Continued)*

The Organization recognized contributed nonfinancial assets within revenue, including auction items, innkeepers and charioteers, advertising, and professional services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed auction items represent a variety of gifts and prizes given to the Organization which were then sold during fundraising events. In valuing contributed auction items, the Organization utilized the fair value of the items based on donor correspondence or comparable items in the market.

Musician lodging represents overnight accommodations and transportation provided by individuals to the visiting musicians. In valuing lodging, the Organization estimated the fair market value using surrounding similar Airbnb/hotel pricing.

Legal services were valued using the fair value of the attorney's rate provided by the attorney that donated their services.

Radio advertising is valued based on the fair market value of airtime that would have had to been purchased by the Organization if it had not been donated.

#### **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 statements of financial position.

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Notes to Financial Statements Years Ended July 31, 2022 and 2021

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Receivables and Credit Policies (Continued)

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, 2022 and 2021, management believes that all receivables are collectible and, therefore, no allowance is required.

Receivables from contracts with customers were \$22,745 and \$37,748 at July 31, 2022 and 2021, respectively, which are included in accounts receivable in the accompanying statements of financial position. Deferred revenue from contracts with customers were \$42,619 and \$93,689 at July 31, 2022 and 2021, respectively, recognized in the accompanying statements of financial position.

#### Accounting Estimates

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

#### 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.

#### 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.

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

# **APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA**

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## **Notes to Financial Statements Years Ended July 31, 2022 and 2021**

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Funds Held by Others**

The Organization has 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 at the Organization's share of the Foundation's investment pool. 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.

The purpose of the Fund is to provide an ongoing source of annual support to benefit the Organization. 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. As of July 31, 2022 and 2021, the Fund was \$465,768 and \$138,891, respectively.

#### **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 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 evaluates at each balance sheet date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. As of and for the years ended July 31, 2022 and 2021, the Organization did not have a liability for unrecognized tax benefits.

#### **Reclassifications**

Certain accounts in the 2021 financial statements have been reclassified to conform with the presentation in the 2022 financial statements.

#### **Subsequent Events**

The Organization has evaluated subsequent events through December 23, 2022, the date the financial statements were available to be issued.

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Notes to Financial Statements Years Ended July 31, 2022 and 2021

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Summarized Comparative Information

The financial statements include certain prior year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail of prior year activity to constitute a complete presentation. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2021, from which the summarized information was derived.

### NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year were as follows:

	July 31,	
	2022	2021
Cash and cash equivalents	\$ 1,424,253	\$ 987,176
Accounts receivable	22,745	37,748
Pledges and grants receivable	168,659	206,063
Assets held by others	465,768	138,891
Less: Net assets restricted for purpose	( 363,547)	( 256,933)
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,717,878</u>	<u>\$ 1,112,945</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.

### NOTE C - PLEDGES AND GRANTS RECEIVABLE

At July 31, 2022 and 2021, pledges and grants receivable consisted of pledges and grants to support the general operations of the Organization. At July 31, 2022, \$168,659 of contributions are expected to be received in 2023.

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Notes to Financial Statements Years Ended July 31, 2022 and 2021

### NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	July 31,	
	2022	2021
Furniture and equipment	\$ 81,741	\$ 81,741
Production equipment	29,918	29,918
Vehicle	30,728	30,728
	<u>142,387</u>	<u>142,387</u>
Less: Accumulated depreciation	<u>131,715</u>	<u>132,490</u>
	<u>\$ 10,672</u>	<u>\$ 9,897</u>

Depreciation (recovery) expense for the years ended July 31, 2022 and 2021 was (\$775) and \$9,973, respectively. During 2022, depreciation expense was adjusted resulting in a reduction of depreciation expense in excess of the annual depreciation expense charged.

### NOTE E - 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 statements 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). In September 2021, forgiveness was granted by the SBA and \$98,867 was recognized as income on the accompanying statements of activities.

# APOLLO'S FIRE, THE CLEVELAND BAROQUE ORCHESTRA

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## Notes to Financial Statements Years Ended July 31, 2022 and 2021

### NOTE F - NET ASSETS

Net assets with donor restrictions are restricted for the expenditure in the year ended July 31, 2023.

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts at July 31, 2022 and 2021, for the following purposes:

	July 31,	
	2022	2021
Undesignated	\$ 1,069,452	\$ 714,937
Board designated for funds held by others	465,768	138,891
	<u>\$ 1,535,220</u>	<u>\$ 853,828</u>

### NOTE G - COMMITMENTS AND CONTINGENCIES

#### Leases

The Organization leases office space under a month-to-month lease agreement expiring in January 2025. Rent expense was \$22,800 for both years ended July 31, 2022 and 2021 and is included in office expense on the statements of functional expenses.

#### 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.

### NOTE H - RETIREMENT PLAN

The Organization sponsors a defined contribution plan with Teachers Insurance & Annuity Association-College Retirement Equities Fund under which participating employees receive benefits upon retirement. The Organization made no contributions under the agreement for the years ended July 31, 2022 and 2021.