

THE ACADEMY OF VOCAL ARTS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2021 AND 2020



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**THE ACADEMY OF VOCAL ARTS
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULES OF ACTIVITIES—OPERATING (UNAUDITED)	23
SCHEDULES OF BENEFICIAL INTEREST IN PERPETUAL TRUST ASSETS AND NET ASSETS	25
SCHEDULES OF BENEFICIAL INTEREST IN PERPETUAL TRUST ACTIVITIES	26



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Academy of Vocal Arts
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of The Academy of Vocal Arts (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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.

Auditors' 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 auditors' 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 entity'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 entity'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 that 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 The Academy of Vocal Arts as of June 30, 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.

Report on Supplementary Information

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of beneficial interest in perpetual trust assets and net assets and the schedules of beneficial interest in perpetual trust activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Supplementary Schedules of Activities – Operating Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented in schedules of activities – operating, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
September 8, 2021

THE ACADEMY OF VOCAL ARTS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 312,264	\$ 530,295
Grants Receivable	-	65,000
Pledges Receivable	498,125	212,000
Other Receivables	5,351	2,304
Prepaid Expenses and Deposits	<u>31,095</u>	<u>79,948</u>
Total Current Assets	846,835	889,547
INVESTMENTS	37,674,940	29,217,061
BENEFICIAL INTERESTS IN TRUSTS	9,882,740	8,040,285
PROPERTY AND EQUIPMENT		
Land	448,000	448,000
Buildings	2,533,690	2,533,690
Buildings Improvements	4,774,032	4,774,032
Leasehold Improvements	14,679	14,679
Equipment	942,813	912,985
Furniture and Fixtures	209,501	209,501
Construction-in-Progress	<u>3,350</u>	<u>-</u>
Total Property and Equipment	8,926,065	8,892,887
Less: Accumulated Depreciation	<u>(4,438,533)</u>	<u>(4,184,562)</u>
Net Property and Equipment	<u>4,487,532</u>	<u>4,708,325</u>
Total Assets	<u>\$ 52,892,047</u>	<u>\$ 42,855,218</u>

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020**

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Withholdings and Benefits Payable	\$ 334	\$ 14,460
Accrued Expenses	19,483	13,618
PPP Loan Payable, Mid Penn Bank	-	388,000
Deferred Income	27,001	19,776
Current Portion of Capital Lease Obligations	15,820	15,603
Current Portion of Gift Annuities Payable	390	390
Current Portion of Mortgage Payable	156,157	179,688
Total Current Liabilities	219,185	631,535
LONG-TERM LIABILITIES		
Capital Lease Obligations, Net of Current Portion	39,463	39,763
Gift Annuities Payable, Net of Current Portion	2,390	2,780
Mortgage Payable, Net of Current Portion	2,739,471	2,872,326
Total Long-Term Liabilities	2,781,324	2,914,869
Total Liabilities	3,000,509	3,546,404
NET ASSETS		
Without Donor Restrictions:		
Board Designated - School Endowment	9,183,252	7,510,936
Board Designated - Ruth Rudolph Scholarship	306,472	256,753
Board Designated - Adele Hebb Guest Conductor/Director Fund	138,142	110,759
Board Designated - Building Reserve	60,129	48,210
Board Designated - South Jersey Opera Fellowship	55,524	44,518
Board Designated - Gigi Capobianco Fund	77,945	62,494
Total Board Designated	9,821,464	8,033,670
Undesignated	9,671,285	7,332,558
Total Net Assets Without Donor Restrictions	19,492,749	15,366,228
Total Net Assets With Donor Restrictions	30,398,789	23,942,586
Total Net Assets	49,891,538	39,308,814
Total Liabilities and Net Assets	\$ 52,892,047	\$ 42,855,218

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Operating Activities:						
Contributions and Grants	\$ 2,648,609	\$ 23,500	\$ 2,672,109	\$ 2,182,851	\$ 265,000	\$ 2,447,851
Investment Income	1,052,000	-	1,052,000	1,400,000	-	1,400,000
Theatre/School Related Revenue	44,222	-	44,222	237,766	-	237,766
Total Operating Activities	<u>3,744,831</u>	<u>23,500</u>	<u>3,768,331</u>	<u>3,820,617</u>	<u>265,000</u>	<u>4,085,617</u>
Other Activities:						
Contributions	-	1,433,450	1,433,450	-	170,206	170,206
Change in Value of Beneficial Interests in Trusts	-	1,842,455	1,842,455	-	(12,872)	(12,872)
Unrealized and Realized Gains (Losses) on Investments, Net	3,838,263	3,360,416	7,198,679	(137,985)	(16,337)	(154,322)
Other Investment Income (Loss)	(350)	-	(350)	469	-	469
Total Other Activities	<u>3,837,913</u>	<u>6,636,321</u>	<u>10,474,234</u>	<u>(137,516)</u>	<u>140,997</u>	<u>3,481</u>
Subtotal	<u>7,582,744</u>	<u>6,659,821</u>	<u>14,242,565</u>	<u>3,683,101</u>	<u>405,997</u>	<u>4,089,098</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>203,618</u>	<u>(203,618)</u>	<u>-</u>	<u>57,575</u>	<u>(57,575)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	7,786,362	6,456,203	14,242,565	3,740,676	348,422	4,089,098
EXPENSES						
Operating Activities	3,390,706	-	3,390,706	3,863,281	-	3,863,281
Depreciation	269,135	-	269,135	274,084	-	274,084
Total Expenses	<u>3,659,841</u>	<u>-</u>	<u>3,659,841</u>	<u>4,137,365</u>	<u>-</u>	<u>4,137,365</u>
CHANGE IN NET ASSETS	4,126,521	6,456,203	10,582,724	(396,689)	348,422	(48,267)
Net Assets - Beginning of Year	<u>15,366,228</u>	<u>23,942,586</u>	<u>39,308,814</u>	<u>15,762,917</u>	<u>23,594,164</u>	<u>39,357,081</u>
NET ASSETS - END OF YEAR	<u>\$ 19,492,749</u>	<u>\$ 30,398,789</u>	<u>\$ 49,891,538</u>	<u>\$ 15,366,228</u>	<u>\$ 23,942,586</u>	<u>\$ 39,308,814</u>

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 10,582,724	\$ (48,267)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	269,135	274,084
Amortization of Debt Issuance Costs	3,672	4,005
Donation of Piano	(30,000)	-
Forgiveness of PPP Loan	(388,000)	
Unrealized and Realized (Gains) Losses on Investments, Net	(7,198,679)	154,322
Change in Value of Beneficial Interests in Trusts	(1,842,455)	12,872
Contributions for Endowment with Donor Restrictions	(1,433,450)	(170,206)
(Increase) Decrease in Assets:		
Grants Receivable	65,000	5,000
Pledges Receivable	(286,125)	(181,367)
Other Receivables	(3,047)	(156)
Prepaid Expenses and Deposits	48,853	(66,526)
Increase (Decrease) in Liabilities:		
Payroll Withholdings and Benefits Payable	(14,126)	(1,024)
Accrued Expenses	5,865	(20,986)
Deferred Income	7,225	(18,758)
Net Cash Used by Operating Activities	(213,408)	(57,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,037,739)	(3,362,765)
Proceeds from Sale of Investments	778,539	3,355,465
Purchase of Property and Equipment	(3,350)	(26,998)
Net Cash Used by Investing Activities	(1,262,550)	(34,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	-	388,000
Payments for Equipment through Capital Lease Obligations	(15,075)	(14,440)
Payments of Gift Annuities	(390)	(390)
Repayments of Mortgage	(160,058)	(168,455)
Contributions for Endowment with Donor Restrictions	1,433,450	170,206
Net Cash Provided by Financing Activities	1,257,927	374,921
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(218,031)	283,616
Cash and Cash Equivalents - Beginning of Year	530,295	246,679
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 312,264	\$ 530,295

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid During the Year	\$ 114,425	\$ 121,567
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
In-Kind Piano Contribution	\$ 30,000	\$ -
Purchase of Equipment through Capital Lease Obligations	\$ 19,186	\$ -
Less: Value of Like-Kind Exchange for Capital Lease Purchases	(4,194)	-
Financing through Capital Lease Obligations	(20,513)	-
Less: Trade-In Value of Prior Capital Lease Obligations	5,521	-
Total	\$ -	\$ -

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Academy of Vocal Arts (AVA), located in Philadelphia, Pennsylvania, is a nonprofit organization devoting its resources to the training of exceptionally talented opera singers. AVA's revenue comes primarily from contributions and grants, investment income, and receipts from performances.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

AVA is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. AVA also reports its financial position on a classified basis to enhance the readers understanding of current and noncurrent assets and obligations.

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. Net assets with donor restrictions are those contributions which have been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained in perpetuity.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulation or by law. Expirations of donor-imposed restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), are reported as net assets released from restrictions and reclassified to net assets without donor restrictions. Revenue with donor-imposed restrictions received and released in the same year is reported as an increase in net assets without donor restrictions.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions with donor-imposed restrictions received and released in the same year are reported as increases in net assets without donor restrictions. All other contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions. If a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Theatre/School Related Revenue

Theatre/School related revenue consists of ticket sales for opera performances, concerts, and recitals along with other school related fees and events. Ticket sales may be reflected as deferred revenue if a performance is cancelled or not attended and a patron prefers to keep the credit available for a future performance. Subscription ticket sales at the end of a fiscal year for the subsequent fiscal year are recorded as deferred revenue when sold and recognized as revenue in the subsequent year when the performances occur.

Cash and Cash Equivalents

Cash and cash equivalents includes all monies in banks and highly liquid investments with maturity dates of less than three months.

Receivables

Other receivables represent amounts to be reimbursed to AVA. Grants and pledges receivable represent unconditional promises to contribute funds to AVA. If determined necessary, an allowance for uncollectible receivables is provided based on management's judgment using historical information. When all collection efforts have been exhausted, the accounts are written off. At June 30, 2021 and 2020, no allowance against receivables was deemed necessary.

Investments

Investments are stated at fair value. Investments in stocks and mutual funds are valued using dealer or exchange quoted market prices. Shares of mutual funds are valued at the net asset value of shares held by AVA at year-end. Short-term investments in money market funds and temporarily invested cash equivalents categorized within investments are valued at cost, which approximates fair value.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities could occur in the near-term and such changes could materially affect the amounts reported in the statements of financial position. Realized and unrealized investment gains and losses are determined by comparison of the average cost to proceeds at the time of disposal or fair value at the financial statement date. Realized and unrealized gains and losses and other investment income are reflected in the statements of activities.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

AVA measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that AVA has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Uniform Prudent Management of Institutional Funds Act

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides guidance on the classification of endowment fund net assets for states that have enacted versions of the UPMIFA, and enhances disclosures for endowment funds. Because UPMIFA has not become law in the Commonwealth of Pennsylvania, possible reclassifications of net assets are not required to be made. Disclosure of prevailing law in the Commonwealth of Pennsylvania has been included in Note 8.

Beneficial Interests in Trusts

AVA has been named as the beneficiary in two types of trusts. One of the trusts is entitled the "Trust Created Under Agreement by The Academy of Vocal Arts" (Warden Trust). Supplementary information on this Trust accompanies these financial statements beginning on page 25. The second type of trust is a charitable remainder trust. The beneficial interest in these three charitable remainder trusts is reported at fair value, with the change in fair value reported as an increase or decrease in net assets with donor restrictions.

Property and Equipment and Depreciation

Property and equipment are carried at cost. The policy of AVA is to capitalize any asset in excess of \$1,000 with a useful life that extends beyond one year. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Maintenance and repairs are charged to expense as incurred and major renewals and betterments are capitalized.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

AVA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). AVA follows the income tax standard for uncertain tax positions. This application of the standard has no effect on AVA's financial statements. AVA's Form 990 return for the year ended June 30, 2014 was audited by the IRS. The result of the audit was the IRS accepted the return as filed and AVA continues to qualify for exemption from federal income tax under Section 501(c)(3) of the IRC.

Subsequent Events

In preparing these financial statements, AVA has evaluated events and transactions for potential recognition or disclosure through September 8, 2021, the date the financial statements were available to be issued.

NOTE 2 AVAILABLE RESOURCES AND LIQUIDITY

AVA regularly monitors liquidity required to meet its operating needs and commitments, while also striving to maximize the investment of available funds. For purposes of analyzing resources available to meet general expenditures over the next year, AVA considers all expenditures related to its ongoing activities of teaching, coaching, and performing operas. In addition to financial assets available to meet general expenditures over the next year, AVA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 212,264	\$ 430,295
Grants and Pledges Receivable	498,125	277,000
Distributions from Beneficial Interest in Trust for Use Over Next Year	448,000	394,000
Distributions from Endowment for Use Over Next Year	1,279,000	1,153,000
Investments Not Encumbered by Donor nor Board Restrictions	<u>7,520,423</u>	<u>5,696,415</u>
Total	<u>\$ 9,957,812</u>	<u>\$ 7,950,710</u>

NOTE 3 CONCENTRATION OF CREDIT RISK

Cash and cash equivalents potentially subject AVA to a concentration of credit risk. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank deposit accounts may exceed FDIC insurable limits.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 GRANTS AND PLEDGES RECEIVABLE

Grants and pledges that are expected to be collected within one year are recorded at their net realizable value.

As of June 30, grants and pledges receivable consisted of:

	2021	2020
Total Grants and Pledges Receivable	<u>\$ 498,125</u>	<u>\$ 277,000</u>

Grants and pledges receivable at June 30, 2021 are expected to be collected in future years as follows:

Less than One Year	<u>\$ 498,125</u>
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NOTE 5 INVESTMENTS

Investments are composed of the following at June 30:

	2021	
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Equity Mutual Funds	\$ 13,486,669	\$ 27,762,433
Fixed Income Mutual Funds	<u>9,708,817</u>	<u>9,912,507</u>
Total	<u>\$ 23,195,486</u>	<u>\$ 37,674,940</u>
	2020	
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Equity Mutual Funds	\$ 13,409,969	\$ 20,249,218
Fixed Income Mutual Funds	<u>8,532,611</u>	<u>8,967,843</u>
Total	<u>\$ 21,942,580</u>	<u>\$ 29,217,061</u>

The investments of AVA are subject to a formal investment policy which is monitored for compliance by the investment committee and managed by external investment managers and compared to certain relevant indices. The primary investment objective for the endowment is to preserve the long-term, real (inflation-adjusted) purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the current operations of AVA.

All net capital gains, both unrealized and realized, earned from investments with and without donor restrictions, are allocated prorata among the individual funds within the net asset balances.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 BENEFICIAL INTERESTS IN TRUSTS

AVA has been named as the beneficiary in two types of trusts. As long as it is in existence, AVA is the sole income beneficiary under a Trust Fund created for its benefit in 1949. Given the nature of the promises, as well as the inability to compute the present value of the perpetual income stream from the Trust, the beneficial interest has been recorded on the statements of financial position at the fair value of the Trust's assets and classified as net assets with donor restrictions. The fluctuation in the fair value of the Trust from year-to-year is included in the statements of activities for the net assets with donor restrictions. The Trust Fund consists entirely of marketable equity mutual funds, fixed income mutual funds, and temporary cash investments. At June 30, 2021 and 2020, fair value of this trust is \$9,822,441 and \$7,970,914, respectively.

Distributions were made in accordance with the spending policy. For the year ended June 30, 2021, the board of directors approved a spending rate of 5.0% and AVA received approximately 5.0%, based on the past three-year average of the investments, during each of the years ended June 30, 2021 and 2020.

The second type of beneficial interest is in three charitable remainder trusts whereby upon the death of the beneficiary, AVA will receive a principal distribution without donor restrictions. The value amount of this beneficial interest is calculated based on the present value of projected principal at the anticipated date of distribution and amounts to \$60,299 and \$69,371 at June 30, 2021 and 2020, respectively.

Due to the level of risk associated with the underlying investments included in the Trusts, it is at least reasonably possible that changes in the value of the Beneficial Interests in Trusts could occur in the near-term and could affect the amounts reported in the statements of financial position. The underlying investments in these trusts are comprised of marketable equity securities, mutual funds, and temporary cash investments.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 FAIR VALUE MEASUREMENTS

AVA uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how AVA values all other assets refer to Note 1 – Summary of Significant Accounting Policies.

Assets measured at fair value on a recurring basis as of June 30 are:

	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
Equity Mutual Funds	\$ 27,762,433	\$ -	\$ -	\$ 27,762,433
Fixed Income Mutual Funds	9,912,507	-	-	9,912,507
Beneficial Interests in Trusts *	9,822,441	-	60,299	9,882,740
Total	<u>\$ 47,497,381</u>	<u>\$ -</u>	<u>\$ 60,299</u>	<u>\$ 47,557,680</u>
	2020			Total
	Level 1	Level 2	Level 3	
Investments:				
Equity Mutual Funds	\$ 20,249,218	\$ -	\$ -	\$ 20,249,218
Fixed Income Mutual Funds	8,967,843	-	-	8,967,843
Beneficial Interests in Trusts *	7,970,914	-	69,371	8,040,285
Total	<u>\$ 37,187,975</u>	<u>\$ -</u>	<u>\$ 69,371</u>	<u>\$ 37,257,346</u>

* See description of composition of assets in Note 6.

The following table provides a summary of changes in fair value of AVA's Level 3 financial assets (see Note 1, Fair Value Measurements) for the years ended June 30, 2021 and 2020:

	2021
	Beneficial Interests in Trusts
Balance - July 1, 2020	\$ 69,371
Change in Value of Trusts	(9,072)
Balance - June 30, 2021	<u>\$ 60,299</u>
	2020
	Beneficial Interests in Trusts
Balance - July 1, 2019	\$ 74,024
Change in Value of Trusts	(4,653)
Balance - June 30, 2020	<u>\$ 69,371</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 ENDOWMENT NET ASSETS

AVA's board has responsibility for all endowment funds, and administers them through the president, chief financial officer, and treasurer, with advice and oversight by the investment committee. The investment objectives, policies, and guidelines are intended to govern the overall management of AVA's endowment and related assets. The investment committee will review them at least annually for continued appropriateness and will report any changes to the board.

The primary investment objective for the endowment is to preserve the long-term, real (inflation-adjusted) purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the current operations of AVA. AVA uses "the total return" concept (i.e., current income plus appreciation, whether realized or unrealized) and current market value, in tracking its investment performance, evaluating its managers, and calculating its spending formula. Distributions from the endowment funds shall be limited to the amount permitted under the spending rule policy for the endowment funds established by the board of directors. In addition, AVA is guided in its total return policy by Commonwealth of Pennsylvania Act 141, which dictates the amount of allowable distributions to be made from a donor-restricted endowment. Under Pennsylvania statute, the board of directors of AVA has the opportunity in each fiscal year to elect to include as income without donor restrictions between 2% and 7% return of the three-year average of the fair market value of AVA's investments with donor restrictions.

Distributions were made in accordance with the spending policy. For the year ended June 30, 2021, the board of directors approved a spending rate of 5.0% and AVA received approximately 3.0% and 5.0%, based on the past three-year average of the investments, during the years ended June 30, 2021 and 2020, respectively.

In June 2012, AVA entered into an investment advisory agreement. Advisory fees amounted to \$36,939 and \$33,863 for the years ended June 30, 2021 and 2020, respectively.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 ENDOWMENT NET ASSETS (CONTINUED)

A summary of the endowment activity by net asset class for the years ended June 30 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - June 30, 2019	\$ 13,978,765	\$ 15,385,318	\$ 29,364,083
Investment Return:			
Investment Income	331,476	361,373	692,849
Realized and Unrealized Gains, Net of Expenses	<u>258,013</u>	<u>297,116</u>	<u>555,129</u>
Total Investment Return	589,489	658,489	1,247,978
Fellowship and Giargiari Prize Contributions	34,250	170,206	204,456
Fellowship Disbursements	(39,200)	(222,800)	(262,000)
Music Director Chair, Vice President, and Giargiari Prize Disbursements	(30,000)	(130,500)	(160,500)
Net Other Disbursements	(161,956)	-	(161,956)
Distributions of Endowment Income	<u>(693,474)</u>	<u>(321,526)</u>	<u>(1,015,000)</u>
Endowment Net Assets - June 30, 2020	13,677,874	15,539,187	29,217,061
Investment Return:			
Investment Income	393,390	361,700	755,090
Realized and Unrealized Gains, Net of Expenses	<u>3,931,466</u>	<u>3,599,323</u>	<u>7,530,789</u>
Total Investment Return	4,324,856	3,961,023	8,285,879
Fellowship and Giargiari Prize Contributions	38,750	332,200	370,950
Fellowship Disbursements	(43,800)	(294,200)	(338,000)
Music Director Chair and Giargiari Prize Disbursements	-	(130,500)	(130,500)
Net Contributions/Other Disbursements	(173,700)	1,101,250	927,550
Distributions of Endowment Income	<u>(482,093)</u>	<u>(175,907)</u>	<u>(658,000)</u>
Endowment Net Assets - June 30, 2021	<u>\$ 17,341,887</u>	<u>\$ 20,333,053</u>	<u>\$ 37,674,940</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 9 GIFT ANNUITIES PAYABLE

AVA has received several gifts from individuals under charitable gift annuity programs, resulting in obligations to various beneficiaries under the contracts. The gift annuity contracts use IRS life expectancy tables and discount rates ranging from 3.4% to 5.2% and are payable per agreements.

NOTE 10 PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, AVA received loan proceeds in the amount of \$388,000 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to two and a half times the average monthly payroll expense of the qualifying business. The loan is forgivable if the borrower uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities, and maintains its payroll levels.

On November 25, 2020, AVA received notice from the bank that its PPP loan was fully forgiven. The SBA approved the forgiveness application and submitted a principal and interest payment to the bank sufficient to satisfy the \$388,000 loan from the SBA; thereby, legally releasing AVA from the debt. The loan forgiveness has been recorded as a grant and included in contributions and grants revenue for the year ended June 30, 2021.

NOTE 11 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), is a refundable Federal tax credit to assist employers in retaining employees. The ERC program was available during 2020 and was extended through December 31, 2021. AVA qualified for the ERC for the first and second quarters of 2021. An amended Form 941 for the first quarter was filed in June 2021 to claim a refund of the credit in the amount of \$191,951. The amended Form 941 for the second quarter was filed in August 2021 to claim a refund of the credit in the amount of \$174,417. These credits have been recorded as grants and included in contributions and grants revenue for the year ended June 30, 2021.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12 MORTGAGE PAYABLE

On December 4, 2013, AVA secured a commercial mortgage in the amount of \$4,080,000 with a fixed interest rate of 3.5% for a term of 7½ years over a 20-year amortization period. On October 6, 2020, AVA signed a change in terms agreement for the remaining balance of the commercial mortgage in the amount of \$3,011,576 with a fixed interest rate of 3.75% for a term of 7½ years over a 15-year amortization period. At the expiration of the initial fixed interest rate period, April 4, 2028, AVA may renegotiate a new fixed rate of interest for the next ninety month period. In the event AVA is not able to agree on a new fixed rate with the lender or does not pay the remaining mortgage balance in full, the interest rate shall be changed to Prime plus 1.0% (with a minimum of 4.0%) throughout the remaining term of the mortgage. Loan costs of \$30,041 associated with this mortgage are being amortized on a straight-line basis over 7½ years. Amortization of debt issuance costs was \$3,672 and \$4,005 for the years ended June 30, 2021 and 2020 respectively, and is included as a component of mortgage interest expense. Interest expense on this mortgage, including amortization, was \$114,518 and \$115,927 for the years ended June 30, 2021 and 2020, respectively.

A summary of the mortgage payable consists of the following:

	<u>2021</u>	<u>2020</u>
Mortgage Payable	\$ 2,895,628	\$ 3,055,686
Less: Unamortized Debt Issuance Costs	<u>-</u>	<u>3,672</u>
Total Mortgage Payable, Net of Unamortized Debt Issuance Costs	2,895,628	3,052,014
Less: Current Portion	<u>156,157</u>	<u>179,688</u>
Total Mortgage Payable, Net of Current Portion	<u><u>\$ 2,739,471</u></u>	<u><u>\$ 2,872,326</u></u>

Scheduled principal payments on long-term mortgage payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 156,157
2023	162,199
2024	168,216
2025	174,983
2026	181,753
Thereafter	<u>2,052,320</u>
Mortgage Payable	<u><u>\$ 2,895,628</u></u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 13 EMPLOYEE BENEFIT PLAN

AVA maintains a qualified contribution plan under Section 403(b) of the IRC. The plan provides for a salary reduction election, discretionary employer matching, and a discretionary contribution for eligible participants. Effective July 1, 2014, the vesting provisions and provisions for classes of employees were amended. Eligible employees are now defined as employees who normally work 20 hours or more per week. Eligible employees who participate in the plan receive an employer match up to the first 5% of employee contributions. Participants in the plan prior to the July 1, 2014 amendment remain 100% vested in the matching contributions. New participants after June 30, 2014 become vested in the matching contributions based on years of service starting with 20% for one year of service and increasing in 20% increments until a participant is fully vested after five years of service. AVA's contributions to the plan amounted to \$62,023 and \$65,656 for the years ended June 30, 2021 and 2020, respectively.

NOTE 14 OPERATING LEASE

AVA rents storage space under an operating lease agreement for \$2,264 per month. The rent for the storage space is subject to 2.5% annual increases through the lease term. As of June 30, 2021, future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 28,427
2023	29,108
2024	29,806
2025	30,521
2026	2,548
Total	<u>\$ 120,410</u>

Rental expense was approximately \$30,100 and \$29,500 for the years ended June 30, 2021 and 2020, respectively.

NOTE 15 CAPITAL LEASES

During March 2019, AVA traded in previous capital lease equipment at a monthly rate of \$1,598 and entered into a new capital lease agreement for copiers and printers at a monthly rate of \$1,667, with the first three months free. During March 2021, AVA traded in previous capital lease equipment at a monthly rate of \$417 and entered into a new capital lease agreement for a printer copier at a monthly rate of \$467. The term for both lease agreements is 60 months and the assets are being depreciated over the lives of the leases.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 15 CAPITAL LEASES (CONTINUED)

The following is an analysis of the leased equipment under capital leases included in equipment on the statements of financial position at June 30:

	<u>2021</u>	<u>2020</u>
Printers/Copiers and Related Equipment Costs	\$ 75,543	\$ 75,715
Less: Accumulated Depreciation	29,782	30,795
Total Equipment Under Capital Leases	<u>\$ 45,761</u>	<u>\$ 44,920</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2021:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 25,608
2023	25,608
2024	20,607
2025	5,604
2026	4,281
Total Minimum Lease Payments	81,708
Less: Executory Costs	19,932
Net Minimum Lease Payments	61,776
Less: Imputed Interest	6,494
Present Value of Net Minimum Lease Payments	<u>\$ 55,282</u>

Depreciation expense related to the assets under capital leases is included in the statements of activities for 2021 and 2020 and amounts to \$14,151 and \$14,544, respectively.

NOTE 16 FUNCTIONAL EXPENSES

Certain costs have been allocated using management's estimates among the program and supporting activities benefited. Payroll and benefits are allocated based on estimates of time and effort. Office expense includes allocated costs based on users of computer services. Other expense includes specific fundraising events and development expenses which are directly allocated to fundraising.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 16 FUNCTIONAL EXPENSES (CONTINUED)

The schedules below present expenses by both their nature and function as follows for the years ended June 30, 2021 and 2020, respectively:

	Program	Management and General	Fund- Raising	Supporting Subtotal	2021 Total
Payroll and Benefits	\$ 1,516,451	\$ 438,562	\$ 263,312	\$ 701,874	\$ 2,218,325
Office	39,539	112,125	23,343	135,468	175,007
Academy	94,027	-	-	-	94,027
Building	269,479	-	-	-	269,479
Marketing/Recruitment	129,098	-	-	-	129,098
Production Expenses	67,944	-	-	-	67,944
Other	344,195	-	92,631	92,631	436,826
Depreciation	269,135	-	-	-	269,135
2021 Total Expenses by Function	<u>\$ 2,729,868</u>	<u>\$ 550,687</u>	<u>\$ 379,286</u>	<u>\$ 929,973</u>	<u>\$ 3,659,841</u>

	Program	Management and General	Fund- Raising	Supporting Subtotal	2020 Total
Payroll and Benefits	\$ 1,505,710	\$ 439,042	\$ 324,537	\$ 763,579	\$ 2,269,289
Office	46,584	133,008	26,170	159,178	205,762
Academy	59,349	-	-	-	59,349
Building	279,576	-	-	-	279,576
Marketing/Recruitment	124,559	-	-	-	124,559
Production Expenses	489,140	-	-	-	489,140
Other	286,807	-	148,799	148,799	435,606
Depreciation	274,084	-	-	-	274,084
2020 Total Expenses by Function	<u>\$ 3,065,809</u>	<u>\$ 572,050</u>	<u>\$ 499,506</u>	<u>\$ 1,071,556</u>	<u>\$ 4,137,365</u>

NOTE 17 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 are restricted for the following purposes:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Student Aid Fund	\$ 1,688	\$ 2,856
Elizabeth M. Strine Fund for Piano Excellence	8,595	8,595
Bryan Hymel Special Project Fund	34,000	40,000
Total Net Assets with Donor Restrictions - Expenditure for Specified Purpose	<u>44,283</u>	<u>51,451</u>
Subject to the Passage of Time:		
Operations	-	6,900
Individual	3,500	-
Bequest	111,000	200,000
Foundation Pledge	20,000	100,000
Charitable Remainder Trusts	60,299	69,371
Annual Fellowships	4,213	4,763
Total Net Assets with Donor Restrictions - Passage of Time	<u>199,012</u>	<u>381,034</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 17 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2021	2020
Subject to the Spending Policy and Appropriation:		
School Endowment Fund	\$ 8,383,911	\$ 5,978,915
Adele Warden Paxson Fellowship	141,879	119,025
Alumni Challenge	14,329	11,489
Ann B. Ritt Fellowship	141,532	118,747
Anne P. Addicks Comprehensive Scholarship/Fellowship	571,034	473,937
Anne P. Addicks German Study	134,943	108,194
Ariel G. Loewy Fellowship	142,542	119,557
Bill Schuman Voice Chair	147,465	79,751
Bryan Hymel Comprehensive Scholarship/Fellowship	455,963	378,530
Bryan Hymel Travel Fund	136,346	113,823
Bucks County Opera Association Fellowship	152,234	127,733
Cecile K. Dalton Memorial Fund	80,332	66,435
Celia Mones Rudolph Fellowship	142,551	119,564
Charlotte Watts Fellowship	142,628	119,626
Christel Nyheim Fellowship	169,355	142,091
Claire Boasi Fellowship	122,240	102,153
Cornell MacNeil Fellowship	357,955	300,513
David A. and Helen P. Horn Fellowship	152,423	127,885
David Poleri Fellowship	357,957	300,514
Edward Costa Dolbey Fellowship	159,575	134,024
Isenberg Family Foundation Fellowship	148,057	124,294
Eve Nyheim Fellowship	169,184	141,954
Franca Warden Fellowship	81,895	64,175
Francis J. Palamara Fellowship	144,864	121,554
Gordon K. Greenfield Fellowship	171,488	143,801
James Morris Fellowship	148,045	124,284
James Pease Fellowship	357,957	300,514
Jeannine B. Cowles Fellowship	424,773	356,338
Jeannine B. Cowles Music Director Chair	3,241,949	2,711,925
Jeffrey Kneebone Fellowship	357,957	300,514
John Nyheim Fellowship	169,269	142,022
Kenneth and Diane Ahl Italian Study	109,353	52,899
Leonard Warren Fellowship	357,959	300,516
Lucinda S. Landreth Comprehensive Scholarship/Fellowship	392,169	-
Main Line Opera Association Fellowship	88,133	69,762
Parkinson Memorial Fund	85,255	69,932
Peggy MacLaren Ulrich Comprehensive Scholarship/Fellowship	493,870	409,100
Placido Domingo Fellowship	150,048	125,980
Robert Merrill Fellowship	151,143	126,858
Robert Weede Fellowship	357,964	300,520
Ruth Ann Swenson Fellowship	145,771	122,281
Sally Paxson Davis Fellowship	147,346	123,544
Susan Schwartz Myers Fellowship	205,149	158,267
William A. Loeb Fellowship	126,261	105,647
Warden Trust	9,822,441	7,970,914
Total Net Assets with Donor Restrictions - Spending Policy and Appropriation	30,155,494	23,510,101
Total Net Assets with Donor Restrictions	\$ 30,398,789	\$ 23,942,586

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF ACTIVITIES—OPERATING (UNAUDITED)
YEARS ENDED JUNE 30, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	2021	2020
SCHEDULE OF OPERATING SUPPORT AND REVENUE		
Contributions, General	\$ 853,971	\$ 866,868
Corporate and Foundation Grants	238,090	298,326
Net Assets (Gifts Received in Prior Years)		
Released from Restrictions for Operations	203,618	44,075
Government Grants	13,000	40,745
Bequests	24,538	158,250
Fellowships	337,450	261,050
Jeannine B Cowles Music Director Chair	125,000	125,000
Vice President, Global and Artistic Outreach Distribution	-	30,000
PPP Loan Forgiveness	388,000	-
Employee Retention Credit	366,368	-
Investment Income:		
Warden Trust	394,000	385,000
Endowment	538,000	890,000
Mortgage Proceeds	120,000	125,000
Other Investment Income (Loss)	(350)	469
Box Office Receipts	19,179	166,208
Gala Receipts	261,090	279,078
Bucks County Opera Association	10,500	30,370
Main Line Opera Association	350	22,915
Worldwide Ambassadors Council	-	7,290
Opening Night Celebration	-	58,325
Audition Fees	13,298	17,588
Concert Bureau	11,745	34,345
Special Events	-	19,625
Miscellaneous	30,252	4,634
Total Operating Support and Revenue	3,948,099	3,865,161
SCHEDULE OF OPERATING EXPENSES		
Payroll and Benefits:		
Administrative	364,731	365,334
Educational	470,574	496,183
Production	646,120	644,417
Fundraising	226,314	277,391
Marketing	75,334	71,615
Orchestra	17,848	-
Payroll Taxes	138,595	142,149
Health Insurance	214,452	206,544
Retirement Plan	64,357	65,656
Total Payroll and Benefits	2,218,325	2,269,289
Office:		
Supplies and Expenses	16,469	18,102
Entertainment and Board Meetings	2,231	30,083
Staff Development	3,264	1,972
Directors and Officers Insurance	8,416	7,347
Audit/Professional Fees	53,146	43,971
Interest on Capital Leases	3,702	4,796
Computer Services	55,726	59,976
Tessitura Services	21,996	28,690
Telephone	10,057	10,825
Total Office Expenses	175,007	205,762
Academy:		
Faculty and Coaches Fees	74,733	38,448
Supplies and Expenses	9,676	1,001
Library	426	563
Piano Tuning and Repairs	3,042	9,535
Recruitment and Auditions	1,501	1,225
Accreditation and Memberships	2,469	3,187
Work Study Disbursements	2,180	5,390
Total Academy Expenses	94,027	59,349

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF ACTIVITIES—OPERATING (UNAUDITED) (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	2021	2020
Building:		
Insurance	\$ 42,984	\$ 38,189
Mortgage Interest - 1916 Spruce Street	114,518	115,927
Local Taxes and Assessments	500	730
Custodial Fees	45,000	45,000
Repairs and Maintenance	29,877	40,690
Utilities	34,603	35,547
Household Supplies and Expenses	1,997	3,493
Total Building Expenses	269,479	279,576
Marketing/Recruitment:		
Website	14,315	980
Publicity	12,467	14,091
Printing, Postage, and Promotion	22,016	86,443
Broadcasts	80,300	12,650
Branding Video	-	10,395
Total Marketing/Recruitment	129,098	124,559
Production Expenses:		
Contracted Fees	-	85,060
Stage Director Expenses	-	1,541
Costumes	631	24,268
Set Design, Construction, Transportation, and Storage	33,721	55,435
Lighting Design and Expenses	2,739	8,420
Props, Make-Up, and Wigs	-	7,477
Orchestra	966	211,677
Stage Hands	532	613
Theater Rentals and Opera Expenses	9,640	32,093
Music and Instrument Rentals	510	9,318
Box Office Fees and Expenses	7,461	18,593
Concert Bureau	11,744	34,645
Total Production Expenses	67,944	489,140
Other:		
Student Fellowships	338,000	262,000
Student Grants	1,168	2,510
Gala Expenses	70,256	64,056
Bucks County Opera Association	343	13,970
Main Line Opera Association	282	9,017
Worldwide Ambassadors Council	-	500
Opening Night Celebration	-	27,838
Friends of AVA Expenses	5,027	13,974
Special Events	-	8,323
Fund Raising Expenses	21,750	33,418
Total Other Expenses	436,826	435,606
Total Operating Expenses	3,390,706	3,863,281
Excess of Operating Support and Revenue Over Operating Expenses	\$ 557,393	\$ 1,880

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF BENEFICIAL INTEREST IN PERPETUAL TRUST ASSETS AND NET ASSETS
JUNE 30, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	2021	2020
ASSETS		
Cash	\$ 4,309	\$ 3,042
Investments:		
Equity Mutual Funds	6,916,673	5,723,627
Fixed Income Mutual Funds	2,901,459	2,244,245
Total Assets	\$ 9,822,441	\$ 7,970,914
NET ASSETS WITH DONOR RESTRICTIONS - WARDEN TRUST	\$ 9,822,441	\$ 7,970,914

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF BENEFICIAL INTEREST IN PERPETUAL TRUST ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2021</u>	<u>2020</u>
Investment Income	\$ 201,658	\$ 192,647
Unrealized and Realized Gains on Investments	<u>2,061,190</u>	<u>197,648</u>
Total Revenue	2,262,848	390,295
Trust Expenses	17,321	13,514
Distributions to The Academy of Vocal Arts	<u>394,000</u>	<u>385,000</u>
Total Expenses	<u>411,321</u>	<u>398,514</u>
Change in Net Assets	1,851,527	(8,219)
Net Assets With Donor Restrictions - Warden Trust - Beginning of Year	<u>7,970,914</u>	<u>7,979,133</u>
Net Assets With Donor Restrictions - Warden Trust - End of Year	<u>\$ 9,822,441</u>	<u>\$ 7,970,914</u>

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