

THE ACADEMY OF VOCAL ARTS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2022 AND 2021



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**THE ACADEMY OF VOCAL ARTS
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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Academy of Vocal Arts
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Academy of Vocal Arts' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Academy of Vocal Arts' 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 Academy of Vocal Arts' 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.

Supplementary 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 was 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Directors
The Academy of Vocal Arts

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

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
September 7, 2022

THE ACADEMY OF VOCAL ARTS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 543,629	\$ 312,264
Grant Receivable	35,000	-
Pledges Receivable	128,532	498,125
Other Receivables	4,036	5,351
Prepaid Expenses and Deposits	27,101	31,095
Total Current Assets	738,298	846,835
GRANT RECEIVABLE	35,000	-
INVESTMENTS	31,365,726	37,674,940
BENEFICIAL INTERESTS IN TRUSTS	8,002,231	9,882,740
PROPERTY AND EQUIPMENT		
Land	448,000	448,000
Buildings	2,533,690	2,533,690
Buildings Improvements	4,774,033	4,774,033
Leasehold Improvements	14,679	14,679
Equipment	715,581	942,812
Furniture and Fixtures	118,901	209,501
Construction-in-Progress	5,996	3,350
Total Property and Equipment	8,610,880	8,926,065
Less: Accumulated Depreciation	(4,377,033)	(4,438,533)
Net Property and Equipment	4,233,847	4,487,532
Total Assets	\$ 44,375,102	\$ 52,892,047

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022 AND 2021**

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Withholdings and Benefits Payable	\$ 418	\$ 334
Accrued Expenses	21,705	19,483
Deferred Income	53,756	27,001
Current Portion of Capital Lease Obligations	16,936	15,820
Current Portion of Gift Annuities Payable	390	390
Current Portion of Mortgage Payable	162,199	156,157
Total Current Liabilities	255,404	219,185
LONG-TERM LIABILITIES		
Capital Lease Obligations, Net of Current Portion	22,527	39,463
Gift Annuities Payable, Net of Current Portion	2,000	2,390
Mortgage Payable, Net of Current Portion	2,577,272	2,739,471
Total Long-Term Liabilities	2,601,799	2,781,324
Total Liabilities	2,857,203	3,000,509
NET ASSETS		
Without Donor Restrictions:		
Board-Designated - School Endowment	7,385,909	9,183,252
Board-Designated - Ruth Rudolph Scholarship	247,025	306,472
Board-Designated - Adele Hebb Guest Conductor/Director Fund	116,657	138,142
Board-Designated - Building Reserve	50,777	60,129
Board-Designated - South Jersey Opera Fellowship	46,888	55,524
Board-Designated - Gigi Capobianco Fund	65,822	77,945
Total Board-Designated	7,913,078	9,821,464
Undesignated	8,604,923	9,671,285
Total Net Assets Without Donor Restrictions	16,518,001	19,492,749
Total Net Assets With Donor Restrictions	24,999,898	30,398,789
Total Net Assets	41,517,899	49,891,538
Total Liabilities and Net Assets	\$ 44,375,102	\$ 52,892,047

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Operating Activities:						
Contributions and Grants	\$ 2,455,592	\$ 91,088	\$ 2,546,680	\$ 2,648,609	\$ 23,500	\$ 2,672,109
Investment Income	1,402,000	-	1,402,000	1,052,000	-	1,052,000
Theatre/School Related Revenue	279,715	-	279,715	44,222	-	44,222
Total Operating Activities	<u>4,137,307</u>	<u>91,088</u>	<u>4,228,395</u>	<u>3,744,831</u>	<u>23,500</u>	<u>3,768,331</u>
Other Activities:						
Contributions	-	362,694	362,694	-	1,433,450	1,433,450
Change in Value of Beneficial Interests in Trusts	-	(1,880,509)	(1,880,509)	-	1,842,455	1,842,455
Unrealized and Realized Gains (Losses) on Investments, Net	(2,782,256)	(3,951,258)	(6,733,514)	3,838,263	3,360,416	7,198,679
Other Investment Income (Loss)	187	-	187	(350)	-	(350)
Total Other Activities	<u>(2,782,069)</u>	<u>(5,469,073)</u>	<u>(8,251,142)</u>	<u>3,837,913</u>	<u>6,636,321</u>	<u>10,474,234</u>
Subtotal	<u>1,355,238</u>	<u>(5,377,985)</u>	<u>(4,022,747)</u>	<u>7,582,744</u>	<u>6,659,821</u>	<u>14,242,565</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>20,906</u>	<u>(20,906)</u>	<u>-</u>	<u>203,618</u>	<u>(203,618)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	1,376,144	(5,398,891)	(4,022,747)	7,786,362	6,456,203	14,242,565
EXPENSES						
Operating Activities	4,087,796	-	4,087,796	3,390,706	-	3,390,706
Depreciation	263,096	-	263,096	269,135	-	269,135
Total Expenses	<u>4,350,892</u>	<u>-</u>	<u>4,350,892</u>	<u>3,659,841</u>	<u>-</u>	<u>3,659,841</u>
CHANGE IN NET ASSETS	(2,974,748)	(5,398,891)	(8,373,639)	4,126,521	6,456,203	10,582,724
Net Assets - Beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 16,518,001</u>	<u>\$ 24,999,898</u>	<u>\$ 41,517,899</u>	<u>\$ 19,492,749</u>	<u>\$ 30,398,789</u>	<u>\$ 49,891,538</u>

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (8,373,639)	\$ 10,582,724
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	263,096	269,135
Amortization of Debt Issuance Costs	-	3,672
Donation of Piano	-	(30,000)
Forgiveness of PPP Loan	-	(388,000)
Unrealized and Realized (Gains) Losses on Investments, Net	6,733,514	(7,198,679)
Change in Value of Beneficial Interests in Trusts	1,880,509	(1,842,455)
Contributions for Endowment with Donor Restrictions	(362,694)	(1,433,450)
(Increase) Decrease in Assets:		
Grant Receivable	(70,000)	65,000
Pledges Receivable	369,593	(286,125)
Other Receivables	1,315	(3,047)
Prepaid Expenses and Deposits	3,994	48,853
Increase (Decrease) in Liabilities:		
Payroll Withholdings and Benefits Payable	84	(14,126)
Accrued Expenses	2,222	5,865
Deferred Income	26,755	7,225
Net Cash Provided (Used) by Operating Activities	474,749	(213,408)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,582,300)	(2,037,739)
Proceeds from Sale of Investments	1,158,000	778,539
Purchase of Property and Equipment	(9,411)	(3,350)
Net Cash Used by Investing Activities	(433,711)	(1,262,550)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Equipment through Capital Lease Obligations	(15,820)	(15,075)
Payments of Gift Annuities	(390)	(390)
Repayments of Mortgage	(156,157)	(160,058)
Contributions for Endowment with Donor Restrictions	362,694	1,433,450
Net Cash Provided by Financing Activities	190,327	1,257,927
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	231,365	(218,031)
Cash and Cash Equivalents - Beginning of Year	312,264	530,295
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 543,629	\$ 312,264

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid During the Year	\$ 110,564	\$ 114,425
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, 2022 AND 2021**

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 reader's 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, 2022 AND 2021**

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, 2022 and 2021, 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, 2022 AND 2021**

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 26. 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, 2022 AND 2021**

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 7, 2022, 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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 443,629	\$ 212,264
Grants and Pledges Receivable	163,532	498,125
Distributions from Beneficial Interest in Trust for Use Over Next Year	466,000	448,000
Distributions from Endowment for Use Over Next Year	1,362,000	1,279,000
Investments Not Encumbered by Donor nor Board Restrictions	<u>6,708,159</u>	<u>7,520,423</u>
Total	<u>\$ 9,143,320</u>	<u>\$ 9,957,812</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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.

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:

	<u>2022</u>	<u>2021</u>
Total Grants and Pledges Receivable	<u>\$ 198,532</u>	<u>\$ 498,125</u>

Grants and pledges receivable at June 30, 2022 are expected to be collected in future years as follows:

Less than One Year	\$ 163,532
One to Five Years	35,000
Total Grants and Pledges Receivable	<u>\$ 198,532</u>

NOTE 5 INVESTMENTS

Investments are composed of the following at June 30:

	<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Equity Mutual Funds	\$ 13,600,075	\$ 22,481,320
Fixed Income Mutual Funds	10,026,214	8,884,406
Total	<u>\$ 23,626,289</u>	<u>\$ 31,365,726</u>
	<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Equity Mutual Funds	\$ 13,486,669	\$ 27,762,433
Fixed Income Mutual Funds	9,708,817	9,912,507
Total	<u>\$ 23,195,486</u>	<u>\$ 37,674,940</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 INVESTMENTS (CONTINUED)

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

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 Fund, the beneficial interest has been recorded on the statements of financial position at the fair value of the Trust Fund's assets and classified as net assets with donor restrictions. The fluctuation in the fair value of the Trust Fund 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, 2022 and 2021, fair value of this trust is \$7,960,003 and \$9,822,441, respectively.

Distributions were made in accordance with the spending policy. For the year ended June 30, 2022, the board of directors approved a spending rate of 5.25% and AVA received approximately 5.25%, based on the past three-year average of the investments, during each of the years ended June 30, 2022 and 2021.

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 \$42,228 and \$60,299 at June 30, 2022 and 2021, 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, 2022 AND 2021**

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:

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity Mutual Funds	\$ 22,481,320	\$ -	\$ -	\$ 22,481,320
Fixed Income Mutual Funds	8,884,406	-	-	8,884,406
Beneficial Interests in Trusts *	7,960,003	-	42,228	8,002,231
Total	<u>\$ 39,325,729</u>	<u>\$ -</u>	<u>\$ 42,228</u>	<u>\$ 39,367,957</u>
	2021			
	Level 1	Level 2	Level 3	Total
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>

* See description of composition of assets in Note 6.

The following table provides quantitative information about AVA's Level 3 fair value measurements for the years ended June 30:

	Fair Value 2022	Fair Value 2021	Principal Valuation Technique	Significant Unobservable Inputs
Beneficial Interests in Trusts	<u>\$ 42,228</u>	<u>\$ 60,299</u>	Fair Value of Trust Assets	Time Period of Trust

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022, the board of directors approved a spending rate of 5.25% and AVA received approximately 4.2% and 3.0%, based on the past three-year average of the investments, during the years ended June 30, 2022 and 2021, respectively.

In June 2012, AVA entered into an investment advisory agreement. Advisory fees amounted to \$57,915 and \$36,939 for the years ended June 30, 2022 and 2021, respectively.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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:

	Without Donor Restrictions	With Donor Restrictions	Total
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 Other Contributions (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	17,341,887	20,333,053	37,674,940
Investment Return:			
Investment Income	326,804	464,045	790,849
Realized and Unrealized Losses, Net of Expenses	<u>(2,524,013)</u>	<u>(3,622,050)</u>	<u>(6,146,063)</u>
Total Investment Return	(2,197,209)	(3,158,005)	(5,355,214)
Fellowship and Giargiari Prize Contributions	36,500	192,197	228,697
Fellowship Disbursements	(40,725)	(288,575)	(329,300)
Music Director Chair and Giargiari Prize Disbursements	-	(131,000)	(131,000)
Net Other Contributions	61,106	170,497	231,603
Distributions of Endowment Income	<u>(580,322)</u>	<u>(373,678)</u>	<u>(954,000)</u>
Endowment Net Assets - June 30, 2022	<u>\$ 14,621,237</u>	<u>\$ 16,744,489</u>	<u>\$ 31,365,726</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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 September 30, 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, 2022 AND 2021**

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 were amortized on a straight-line basis over 7½ years and were fully amortized through June 30, 2021. Amortization of debt issuance costs was \$3,672 for the year ended June 30, 2021 and is included as a component of mortgage interest expense. Interest expense on this mortgage, including amortization for the year ended June 30, 2021, was \$106,961 and \$114,518 for the years ended June 30, 2022 and 2021, respectively.

A summary of the mortgage payable consists of the following:

	<u>2022</u>	<u>2021</u>
Mortgage Payable	\$ 2,739,471	\$ 2,895,628
Less: Current Portion	162,199	156,157
Total Mortgage Payable, Net of Current Portion	<u>\$ 2,577,272</u>	<u>\$ 2,739,471</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 162,199
2024	168,216
2025	174,983
2026	181,753
2027	188,785
Thereafter	1,863,535
Mortgage Payable	<u>\$ 2,739,471</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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. 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. Eligible employees who participated in the plan for the years ended June 30, 2022 and 2021 received an employer match up to the first 5% of employee contributions for each of those years. AVA's contributions to the plan amounted to \$62,658 and \$62,023 for the years ended June 30, 2022 and 2021, respectively.

NOTE 14 OPERATING LEASE

AVA rents storage space under an operating lease agreement for \$2,374 per month. The rent for the storage space is subject to 2.5% annual increases through the lease term. As of June 30, 2022, future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 29,108
2024	29,806
2025	30,521
2026	2,548
Total	<u>\$ 91,983</u>

Rental expense was approximately \$30,100 for each of the years ended June 30, 2022 and 2021.

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, 2022 AND 2021**

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>2022</u>	<u>2021</u>
Printers/Copiers and Related Equipment Costs	\$ 75,543	\$ 75,543
Less: Accumulated Depreciation	43,631	29,782
Total Equipment Under Capital Leases	<u>\$ 31,912</u>	<u>\$ 45,761</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, 2022:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 26,136
2024	21,003
2025	5,604
2026	4,281
Total Minimum Lease Payments	57,024
Less: Executory Costs	14,232
Net Minimum Lease Payments	42,792
Less: Imputed Interest	3,329
Present Value of Net Minimum Lease Payments	<u>\$ 39,463</u>

Depreciation expense related to the assets under capital leases is included in the statements of activities for 2022 and 2021 and amounts to \$13,849 and \$14,151, 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, 2022 AND 2021**

NOTE 16 FUNCTIONAL EXPENSES (CONTINUED)

The schedules below present expenses by both their nature and function as follows for the years ended June 30, 2022 and 2021, respectively:

	Program	Management and General	FundRaising	Supporting Subtotal	2022 Total
Payroll and Benefits	\$ 1,803,196	\$ 424,756	\$ 267,819	\$ 692,575	\$ 2,495,771
Office	51,172	137,730	30,417	168,147	219,319
Academy	66,118	-	-	-	66,118
Building	267,616	-	-	-	267,616
Marketing/Recruitment	119,972	-	-	-	119,972
Production Expenses	308,462	-	-	-	308,462
Other	380,871	-	229,667	229,667	610,538
Depreciation	263,096	-	-	-	263,096
2022 Total Expenses by Function	<u>\$ 3,260,503</u>	<u>\$ 562,486</u>	<u>\$ 527,903</u>	<u>\$ 1,090,389</u>	<u>\$ 4,350,892</u>

	Program	Management and General	FundRaising	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>

NOTE 17 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to Expenditure for Specified Purpose:		
Student Aid Fund	\$ 1,688	\$ 1,688
Elizabeth M. Strine Fund for Piano Excellence	7,689	8,595
Bryan Hymel Special Project Fund	34,000	34,000
Total Net Assets with Donor Restrictions - Expenditure for Specified Purpose	<u>43,377</u>	<u>44,283</u>
Subject to the Passage of Time:		
Individuals	4,088	3,500
Bequest	111,000	111,000
Foundation Pledges	90,000	20,000
Charitable Remainder Trusts	42,228	60,299
Annual Fellowships	4,713	4,213
Total Net Assets with Donor Restrictions - Passage of Time	<u>252,029</u>	<u>199,012</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 17 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2022	2021
Subject to the Spending Policy and Appropriation:		
School Endowment Fund	\$ 6,855,782	\$ 8,383,911
Adele Warden Paxson Fellowship	114,556	141,879
Alumni Challenge	12,100	14,329
Ann B. Ritt Fellowship	114,332	141,532
Anne P. Addicks Comprehensive Scholarship/Fellowship	460,378	571,034
Anne P. Addicks German Study	111,650	134,943
Ariel G. Loewy Fellowship	115,185	142,542
Bill Schuman Voice Chair	124,530	147,465
Bryan Hymel Comprehensive Scholarship/Fellowship	368,072	455,963
Bryan Hymel Travel Fund	110,529	136,346
Bucks County Opera Association Fellowship	123,162	152,234
Cecile K. Dalton Memorial Fund	65,532	80,332
Celia Mones Rudolph Fellowship	115,192	142,551
Charlotte Watts Fellowship	115,257	142,628
Christel Nyheim Fellowship	136,790	169,355
Claire Boasi Fellowship	98,663	122,240
Cornell MacNeil Fellowship	289,002	357,955
David A. and Helen P. Horn Fellowship	123,114	152,423
David Poleri Fellowship	289,003	357,957
Edward Costa Dolbey Fellowship	128,946	159,575
Isenberg Family Foundation Fellowship	119,634	148,057
Eve Nyheim Fellowship	136,645	169,184
Franca Warden Fellowship	69,481	81,895
Francis J. Palamara Fellowship	116,938	144,864
Gordon K. Greenfield Fellowship	138,591	171,488
James Morris Fellowship	119,624	148,045
James Pease Fellowship	289,003	357,957
Jeannine B. Cowles Fellowship	342,937	424,773
Jeannine B. Cowles Music Director Chair	2,622,445	3,241,949
Jeffrey Kneebone Fellowship	289,003	357,957
John Nyheim Fellowship	136,717	169,269
Kenneth and Diane Ahl Italian Study	121,685	109,353
Leonard Warren Fellowship	289,005	357,959
Lucinda S. Landreth Comprehensive Scholarship/Fellowship	412,957	392,169
Lyon Family Fellowship	27,667	-
Main Line Opera Association Fellowship	120,985	88,133
Parkinson Memorial Fund	70,151	85,255
Peggy MacLaren Ulrich Comprehensive Scholarship/Fellowship	398,381	493,870
Placido Domingo Fellowship	121,316	150,048
Robert Merrill Fellowship	122,102	151,143
Robert Weede Fellowship	289,009	357,964
Ruth Ann Swenson Fellowship	117,704	145,771
Sally Paxson Davis Fellowship	119,034	147,346
Susan Schwartz Myers Fellowship	179,642	205,149
William A. Loeb Fellowship	102,058	126,261
Warden Trust	7,960,003	9,822,441
Total Net Assets with Donor Restrictions - Spending Policy and Appropriation	24,704,492	30,155,494
Total Net Assets with Donor Restrictions	\$ 24,999,898	\$ 30,398,789

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF ACTIVITIES—OPERATING (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	2022	2021
SCHEDULE OF OPERATING SUPPORT AND REVENUE		
Contributions, General	\$ 1,122,581	\$ 853,971
Corporate and Foundation Grants	218,600	238,090
Net Assets (Gifts Received in Prior Years)		
Released from Restrictions for Operations	20,906	203,618
Government Grants	13,000	13,000
Bequests	135,003	24,538
Fellowships	329,300	337,450
Jeannine B Cowles Music Director Chair	125,000	125,000
PPP Loan Forgiveness	-	388,000
Employee Retention Credit	-	366,368
Investment Income:		
Warden Trust	448,000	394,000
Endowment	834,000	538,000
Mortgage Proceeds	120,000	120,000
Other Investment Income (Loss)	187	(350)
Box Office Receipts	175,485	19,179
Gala Receipts	332,240	261,090
Bucks County Opera Association	30,085	10,500
Main Line Opera Association	64,493	350
Worldwide Ambassadors Council	1,300	-
Opening Night Celebration	80,720	-
Audition Fees	13,295	13,298
Concert Bureau	30,560	11,745
Special Events	60,375	-
Miscellaneous	3,270	30,252
Total Operating Support and Revenue	4,158,400	3,948,099
SCHEDULE OF OPERATING EXPENSES		
Payroll and Benefits:		
Administrative	350,750	364,731
Educational	492,887	470,574
Production	671,517	646,120
Fundraising	223,645	226,314
Marketing and PR	81,617	75,334
Orchestra	209,990	17,848
Payroll Taxes	156,568	138,595
Health Insurance	223,621	214,452
Retirement Plans	85,176	64,357
Total Payroll and Benefits	2,495,771	2,218,325
Office:		
Supplies and Expenses	18,150	16,469
Entertainment and Board Meetings	38,641	2,231
Staff Development	2,617	3,264
Directors and Officers Insurance	8,416	8,416
Audit/Professional Fees	42,507	53,146
Interest on Capital Leases	3,164	3,702
Computer Services	64,965	55,726
Tessitura Services	30,593	21,996
Telephone	10,266	10,057
Total Office Expenses	219,319	175,007
Academy:		
Faculty and Coaches Fees	41,295	74,733
Supplies and Expenses	5,262	9,676
Library	311	426
Piano Tuning and Repairs	7,691	3,042
Recruitment and Auditions	3,849	1,501
Accreditation and Memberships	2,490	2,469
Work Study Disbursements	5,220	2,180
Total Academy Expenses	66,118	94,027

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF ACTIVITIES—OPERATING (UNAUDITED) (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

SCHEDULE OF OPERATING EXPENSES (CONTINUED)	2022	2021
Building:		
Insurance	\$ 49,756	\$ 42,984
Mortgage Interest - 1916 Spruce Street	106,961	114,518
Local Taxes and Assessments	525	500
Custodial Fees	45,000	45,000
Repairs and Maintenance	19,512	29,877
Utilities	40,505	34,603
Household Supplies and Expenses	5,357	1,997
Total Building Expenses	267,616	269,479
Marketing/Recruitment:		
Website	1,034	14,315
Publicity	16,543	12,467
Printing, Postage, and Promotion	89,495	22,016
Broadcasts	12,900	80,300
Total Marketing/Recruitment	119,972	129,098
Production Expenses:		
Contracted Fees	89,650	-
Stage Director Expenses	886	-
Costumes	14,902	631
Set Design, Construction, Transportation, and Storage	49,164	33,721
Lighting Design and Expenses	13,110	2,739
Props, Make-Up, and Wigs	5,045	-
Orchestra Royalties	117	966
Stage Hands	4,702	532
Theater Rentals and Opera Expenses	72,607	9,640
Music and Instrument Rentals	6,161	510
Box Office Fees and Expenses	21,408	7,461
Concert Bureau	30,710	11,744
Total Production Expenses	308,462	67,944
Other:		
Student Fellowships	329,300	338,000
Student Grants	-	1,168
Gala Expenses	119,532	70,256
Bucks County Opera Association	9,646	343
Main Line Opera Association	31,075	282
Worldwide Ambassadors Council	1,384	-
Opening Night Celebration	39,055	-
Special Events	51,571	-
Fund Raising Expenses	28,975	26,777
Total Other Expenses	610,538	436,826
Total Operating Expenses	4,087,796	3,390,706
Excess of Operating Support and Revenue Over Operating Expenses	\$ 70,604	\$ 557,393

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF BENEFICIAL INTEREST IN PERPETUAL TRUST ASSETS AND NET ASSETS
JUNE 30, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	2022	2021
ASSETS		
Cash	\$ 50,813	\$ 4,309
Investments:		
Equity Mutual Funds	5,710,444	6,916,673
Fixed Income Mutual Funds	2,198,746	2,901,459
Total Assets	\$ 7,960,003	\$ 9,822,441
NET ASSETS WITH DONOR RESTRICTIONS - WARDEN TRUST	\$ 7,960,003	\$ 9,822,441

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF BENEFICIAL INTEREST IN PERPETUAL TRUST ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2022</u>	<u>2021</u>
Investment Income	\$ 209,612	\$ 201,658
Unrealized and Realized Gains (Losses) on Investments	<u>(1,607,190)</u>	<u>2,061,190</u>
Total Revenue (Loss)	(1,397,578)	2,262,848
Trust Expenses	16,860	17,321
Distributions to The Academy of Vocal Arts	<u>448,000</u>	<u>394,000</u>
Total Expenses	<u>464,860</u>	<u>411,321</u>
Change in Net Assets	(1,862,438)	1,851,527
Net Assets With Donor Restrictions - Warden Trust - Beginning of Year	<u>9,822,441</u>	<u>7,970,914</u>
Net Assets With Donor Restrictions - Warden Trust - End of Year	<u>\$ 7,960,003</u>	<u>\$ 9,822,441</u>