

THE ACADEMY OF VOCAL ARTS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2023 AND 2022



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**THE ACADEMY OF VOCAL ARTS
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YEARS ENDED JUNE 30, 2023 AND 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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

King of Prussia, Pennsylvania
September 6, 2023

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 290,589	\$ 543,629
Grant Receivable	35,000	35,000
Pledges Receivable	142,587	128,532
Other Receivables	2,277	4,036
Prepaid Expenses and Deposits	33,148	27,101
Total Current Assets	503,601	738,298
 GRANT RECEIVABLE	-	35,000
 INVESTMENTS	33,366,468	31,365,726
 BENEFICIAL INTERESTS IN TRUSTS	8,452,291	8,002,231
 RIGHT-OF-USE ASSETS	63,576	-
PROPERTY AND EQUIPMENT		
Land	448,000	448,000
Buildings	2,533,690	2,533,690
Buildings Improvements	4,814,038	4,774,033
Leasehold Improvements	14,679	14,679
Equipment	721,775	715,581
Furniture and Fixtures	118,901	118,901
Construction-in-Progress	-	5,996
Total Property and Equipment	8,651,083	8,610,880
Less: Accumulated Depreciation	(4,583,296)	(4,377,033)
Net Property and Equipment	4,067,787	4,233,847
 Total Assets	 \$ 46,453,723	 \$ 44,375,102

See accompanying Notes to Financial Statements.

THE ACADEMY OF VOCAL ARTS
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Withholdings and Benefits Payable	\$ 176	\$ 418
Accrued Expenses	29,529	21,705
Deferred Income	51,326	53,756
Current Portion of Operating Lease Liability	28,203	-
Current Portion of Finance Lease Liability	12,318	16,936
Current Portion of Gift Annuities Payable	390	390
Current Portion of Mortgage Payable	168,215	162,199
Total Current Liabilities	290,157	255,404
LONG-TERM LIABILITIES		
Operating Lease Liability, Net of Current Portion	35,373	-
Finance Lease Liability, Net of Current Portion	45,129	22,527
Gift Annuities Payable, Net of Current Portion	1,610	2,000
Mortgage Payable, Net of Current Portion	2,409,056	2,577,272
Total Long-Term Liabilities	2,491,168	2,601,799
Total Liabilities	2,781,325	2,857,203
NET ASSETS		
Without Donor Restrictions:		
Board-Designated - School Endowment	7,710,930	7,385,909
Board-Designated - Ruth Rudolph Scholarship	262,278	247,025
Board-Designated - Adele Hebb Guest Conductor/Director Fund	129,529	116,657
Board-Designated - Building Reserve	56,380	50,777
Board-Designated - South Jersey Opera Fellowship	52,062	46,888
Board-Designated - Gigi Capobianco Fund	73,084	65,822
Total Board-Designated	8,284,263	7,913,078
Undesignated	8,834,972	8,604,923
Total Net Assets Without Donor Restrictions	17,119,235	16,518,001
Total Net Assets With Donor Restrictions	26,553,163	24,999,898
Total Net Assets	43,672,398	41,517,899
Total Liabilities and Net Assets	\$ 46,453,723	\$ 44,375,102

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Operating Activities:						
Contributions and Grants	\$ 2,572,650	\$ 59,372	\$ 2,632,022	\$ 2,455,592	\$ 91,088	\$ 2,546,680
Investment Income	1,678,000	-	1,678,000	1,402,000	-	1,402,000
Theatre/School Related Revenue	294,957	-	294,957	279,715	-	279,715
Total Operating Activities	<u>4,545,607</u>	<u>59,372</u>	<u>4,604,979</u>	<u>4,137,307</u>	<u>91,088</u>	<u>4,228,395</u>
Other Activities:						
Contributions	-	111,908	111,908	-	362,694	362,694
Change in Value of Beneficial Interests in Trusts	-	450,060	450,060	-	(1,880,509)	(1,880,509)
Unrealized and Realized Gains (Losses) on Investments, Net	812,432	1,026,935	1,839,367	(2,782,256)	(3,951,258)	(6,733,514)
Other Investment Income	1,405	-	1,405	187	-	187
Total Other Activities	<u>813,837</u>	<u>1,588,903</u>	<u>2,402,740</u>	<u>(2,782,069)</u>	<u>(5,469,073)</u>	<u>(8,251,142)</u>
Subtotal	5,359,444	1,648,275	7,007,719	1,355,238	(5,377,985)	(4,022,747)
NET ASSETS RELEASED FROM RESTRICTIONS	<u>95,010</u>	<u>(95,010)</u>	<u>-</u>	<u>20,906</u>	<u>(20,906)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	5,454,454	1,553,265	7,007,719	1,376,144	(5,398,891)	(4,022,747)
EXPENSES						
Operating Activities	4,607,741	-	4,607,741	4,087,796	-	4,087,796
Depreciation	245,479	-	245,479	263,096	-	263,096
Total Expenses	<u>4,853,220</u>	<u>-</u>	<u>4,853,220</u>	<u>4,350,892</u>	<u>-</u>	<u>4,350,892</u>
CHANGE IN NET ASSETS	601,234	1,553,265	2,154,499	(2,974,748)	(5,398,891)	(8,373,639)
Net Assets - Beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 17,119,235</u>	<u>\$ 26,553,163</u>	<u>\$ 43,672,398</u>	<u>\$ 16,518,001</u>	<u>\$ 24,999,898</u>	<u>\$ 41,517,899</u>

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,154,499	\$ (8,373,639)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	245,479	263,096
Gain on Disposal of Finance Lease	(5,027)	-
Unrealized and Realized (Gains) Losses on Investments, Net	(1,839,367)	6,733,514
Change in Value of Beneficial Interests in Trusts	(450,060)	1,880,509
Contributions for Endowment with Donor Restrictions	(111,908)	(362,694)
(Increase) Decrease in Assets:		
Grant Receivable	35,000	(70,000)
Pledges Receivable	(14,055)	369,593
Other Receivables	1,759	1,315
Prepaid Expenses and Deposits	(6,047)	3,994
Increase (Decrease) in Liabilities:		
Payroll Withholdings and Benefits Payable	(242)	84
Accrued Expenses	7,824	2,222
Deferred Income	(2,430)	26,755
Net Cash Provided by Operating Activities	15,425	474,749
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,791,919)	(1,582,300)
Proceeds from Sale of Investments	1,630,544	1,158,000
Purchase of Property and Equipment	(42,443)	(9,411)
Net Cash Used by Investing Activities	(203,818)	(433,711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Equipment through Finance Lease	(13,965)	(15,820)
Payments of Gift Annuities	(390)	(390)
Repayments of Mortgage	(162,200)	(156,157)
Contributions for Endowment with Donor Restrictions	111,908	362,694
Net Cash Provided (Used) by Financing Activities	(64,647)	190,327
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(253,040)	231,365
Cash and Cash Equivalents - Beginning of Year	543,629	312,264
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 290,589	\$ 543,629

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid During the Year	\$ 103,535	\$ 110,564
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of Equipment through Finance Lease	\$ 47,822	\$ -
Less: Disposal of Right-Of-Use Asset through Finance Lease	(15,873)	-
Financing through Finance Lease Liability	(47,822)	-
Less: Disposal of Finance Lease Liability	15,873	-
Total	\$ -	\$ -
 Operating Lease Right-of-Use Asset and Operating Lease Liability Recorded Upon Adoption of ASC 842	\$ 89,852	\$ -

See accompanying Notes to Financial Statements.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2023 AND 2022**

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, 2023 and 2022, 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, 2023 AND 2022**

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 27. 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, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

AVA leases certain buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. In addition, AVA elected not to apply ASC Topic 842 to arrangements with lease terms of 12 months or less.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and other long-term liabilities in our statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our statements of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. AVA uses the implicit rate when it is readily determinable. Since most of AVA's leases do not provide an implicit rate, to determine the present value of lease payments, management uses AVA's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized when paid. AVA's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

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.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard (continued)

AVA adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. AVA has elected to adopt the package of practical expedients available in the year of adoption.

Subsequent Events

In preparing these financial statements, AVA has evaluated events and transactions for potential recognition or disclosure through September 6, 2023, 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>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 190,589	\$ 443,629
Grants and Pledges Receivable	177,587	163,532
Distributions from Beneficial Interest in Trust for Use Over Next Year	430,000	466,000
Distributions from Endowment for Use Over Next Year	1,300,000	1,362,000
Investments Not Encumbered by Donor nor Board Restrictions	5,014,699	6,708,159
Total	<u>\$ 7,112,875</u>	<u>\$ 9,143,320</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, 2023 AND 2022**

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:

	2023	2022
Total Grants and Pledges Receivable	<u>\$ 177,587</u>	<u>\$ 198,532</u>

Grants and pledges receivable at June 30, 2023 are expected to be collected in future years as follows:

Less than One Year	<u>\$ 177,587</u>
Total Grants and Pledges Receivable	<u>\$ 177,587</u>

NOTE 5 INVESTMENTS

Investments are composed of the following at June 30:

	2023	
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Equity Mutual Funds	\$ 13,362,279	\$ 24,588,547
Fixed Income Mutual Funds	10,156,185	8,777,921
Total	<u>\$ 23,518,464</u>	<u>\$ 33,366,468</u>
	2022	
	<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>

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.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2023 and 2022, fair value of this trust is \$8,408,837 and \$7,960,003, respectively.

Distributions were made in accordance with the spending policy. For the year ended June 30, 2023, 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, 2023 and 2022.

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 \$43,454 and \$42,228 at June 30, 2023 and 2022, 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.

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.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	2023			Total
	Level 1	Level 2	Level 3	
Investments:				
Equity Mutual Funds	\$ 24,588,547	\$ -	\$ -	\$ 24,588,547
Fixed Income Mutual Funds	8,777,921	-	-	8,777,921
Beneficial Interests in Trusts *	8,408,837	-	43,454	8,452,291
Total	<u>\$ 41,775,305</u>	<u>\$ -</u>	<u>\$ 43,454</u>	<u>\$ 41,818,759</u>
	2022			Total
	Level 1	Level 2	Level 3	
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>

* 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		Principal Valuation Technique	Significant Unobservable Inputs
	2023	2022		
Beneficial Interests in Trusts	<u>\$ 43,454</u>	<u>\$ 42,228</u>	Fair Value of Trust Assets	Time Period of Trust

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2023, the board of directors approved a spending rate of 5.25% and AVA received approximately 5.25% and 4.2%, based on the past three-year average of the investments, during the years ended June 30, 2023 and 2022, respectively.

In June 2012, AVA entered into an investment advisory agreement. Advisory fees amounted to \$68,544 and \$57,915 for the years ended June 30, 2023 and 2022, respectively.

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2021	\$ 17,341,887	\$ 20,333,053	\$ 37,674,940
Investment Return:			
Investment Income	326,804	464,045	790,849
Realized and Unrealized Gains, 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 (Disbursements)	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	14,621,237	16,744,489	31,365,726
Investment Return:			
Investment Income	371,489	388,989	760,478
Realized and Unrealized Losses, Net of Expenses	<u>1,359,930</u>	<u>1,442,334</u>	<u>2,802,264</u>
Total Investment Return	1,731,419	1,831,323	3,562,742
Fellowship and Giargiari Prize Contributions	41,500	87,455	128,955
Fellowship Disbursements	(48,050)	(251,375)	(299,425)
Music Director Chair and Giargiari Prize Disbursements	-	(156,000)	(156,000)
Board Designated Disbursement	(100,000)	-	(100,000)
Net Other Contributions	52,017	24,453	76,470
Distributions of Endowment Income	<u>(814,988)</u>	<u>(397,012)</u>	<u>(1,212,000)</u>
Endowment Net Assets - June 30, 2023	<u>\$ 15,483,135</u>	<u>\$ 17,883,333</u>	<u>\$ 33,366,468</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 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. Interest expense on this mortgage was \$100,902 and \$106,961 for the years ended June 30, 2023 and 2022, respectively.

A summary of the mortgage payable consists of the following:

	<u>2023</u>	<u>2022</u>
Mortgage Payable	\$ 2,577,271	\$ 2,739,471
Less: Current Portion	168,215	162,199
Total Mortgage Payable, Net of Current Portion	<u>\$ 2,409,056</u>	<u>\$ 2,577,272</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 168,215
2025	174,983
2026	181,753
2027	188,785
2028	195,271
Thereafter	1,668,264
Mortgage Payable	<u>\$ 2,577,271</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 11 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, 2023 and 2022 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 \$63,206 and \$62,658 for the years ended June 30, 2023 and 2022, respectively.

NOTE 12 OPERATING LEASES

On August 1, 2020, AVA entered into a lease agreement for a storage facility. The term of the lease is for a five year period from August 2021 to August 2025 starting with a monthly base rent of \$2,374. The rent for the storage space is subject to 2.5% annual increases through the lease term. AVA has an option to renew the lease for an additional five years beyond the primary term. AVA typically excludes options to extend the lease in a lease term unless it is reasonably certain that AVA will exercise the option.

The following table summarizes the line items in the statement of net positions which include amounts for operating leases as of June 30, 2023:

Operating Lease Right-of-Use Cost	<u>\$ 63,576</u>
Operating Lease Liabilities are Summarized Below:	
Operating Lease, Current Portion	\$ 28,203
Operating Lease, Long Term Portion	<u>35,373</u>
Total lease liability	<u>\$ 63,576</u>
Other Information:	
Operating Cash Flows from Operating Leases	<u>\$ 26,276</u>
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 89,852
Weighted Average Remaining Lease Term	2 Years
Weighted Average Discount Rate	3.88%

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 OPERATING LEASES (CONTINUED)

The maturities of operating lease liabilities as of June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 30,173
2025	30,927
2026	<u>5,230</u>
Total	66,330
Less: Imputed Interest	<u>(2,754)</u>
Total Present Value of Lease Liability	<u><u>\$ 63,576</u></u>

During the years ended June 30, 2023 and 2022, lease expense of approximately \$29,300 and \$30,100 respectively was included in program expenses.

NOTE 13 FINANCE LEASES

During March 2023, AVA ended the previous finance lease equipment at a monthly rate of \$1,186 and entered into a new finance lease agreement for copiers at a monthly rate of \$1,000. The term for the lease agreement is 60 months and the assets are being depreciated over the lives of the leases.

The following table summarizes the line items in the statement of net positions which include amounts for financing leases as of June 30:

	<u>2023</u>	<u>2022</u>
Printers/Copiers and Related Equipment Costs	\$ 73,302	\$ 75,543
Less: Accumulated Depreciation	18,116	43,631
Total Equipment Under Finance Leases	<u><u>\$ 55,186</u></u>	<u><u>\$ 31,912</u></u>

Financing lease liabilities as of June 30, 2023 are summarized below:

Finance Lease, Current Portion	\$ 12,318
Finance Lease, Long-Term Portion	45,129
Total Lease Liability - Finance Lease	<u><u>\$ 57,447</u></u>

Other Information:

Amortization of Lease Assets Included in Depreciation Expense	\$ 13,849
Interest on Lease Liabilities Included in Interest Expense	3,089
Total Finance Lease Costs	<u><u>\$ 16,938</u></u>

Operating Cash Flows from Finance Leases	<u><u>\$ 13,965</u></u>
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Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 47,822
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Weighted Average Remaining Lease Term	4.27 Years
Weighted Average Discount Rate	8.49%

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 FINANCE LEASES (CONTINUED)

The following is a schedule by years of future minimum lease payments under finance leases together with the present value of the net minimum lease payments as of June 30, 2023:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 22,380
2025	22,380
2026	21,057
2027	16,776
2028	<u>11,184</u>
Total Minimum Lease Payments	93,777
Less: Executory Costs	<u>24,643</u>
Net Minimum Lease Payments	69,134
Less: Imputed Interest	<u>11,687</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 57,447</u></u>

Depreciation expense related to the assets under finance leases is included in the statements of activities for 2023 and 2022 and amounts to \$13,849 and \$14,151, respectively.

NOTE 14 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 schedules below present expenses by both their nature and function as follows for the years ended June 30, 2023 and 2022, respectively:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Supporting Subtotal</u>	<u>2023 Total</u>
Payroll and Benefits	\$ 1,852,146	\$ 504,291	\$ 198,861	\$ 703,152	\$ 2,555,298
Office	57,772	145,791	24,841	170,632	228,404
Academy	69,908	-	-	-	69,908
Building	285,618	-	-	-	285,618
Marketing/Recruitment	97,193	-	-	-	97,193
Production Expenses	472,154	-	-	-	472,154
Other	324,390	346,344	228,432	574,776	899,166
Depreciation	245,479	-	-	-	245,479
Total Expenses by Function	<u><u>\$ 3,404,660</u></u>	<u><u>\$ 996,426</u></u>	<u><u>\$ 452,134</u></u>	<u><u>\$ 1,448,560</u></u>	<u><u>\$ 4,853,220</u></u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 14 FUNCTIONAL EXPENSES (CONTINUED)

	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
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>

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to Expenditure for Specified Purpose:		
Student Aid Fund	\$ 1,688	\$ 1,688
Elizabeth M. Strine Fund for Piano Excellence	4,689	7,689
Bryan Hymel Special Project Fund	34,000	34,000
Total Net Assets with Donor Restrictions - Expenditure for Specified Purpose	<u>40,377</u>	<u>43,377</u>
Subject to the Passage of Time:		
Individuals	-	4,088
Bequest	100,000	111,000
Foundation Pledges	75,000	90,000
Charitable Remainder Trusts	43,454	42,228
Annual Fellowships	2,163	4,713
Total Net Assets with Donor Restrictions - Passage of Time	<u>\$ 220,617</u>	<u>\$ 252,029</u>

**THE ACADEMY OF VOCAL ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2023	2022
Subject to the Spending Policy and Appropriation:		
School Endowment Fund	\$ 7,278,147	\$ 6,855,782
Adele Warden Paxson Fellowship	122,342	114,556
Alumni Challenge	13,435	12,100
Ann B. Ritt Fellowship	122,094	114,332
Anne P. Addicks Comprehensive Scholarship/Fellowship	489,284	460,378
Anne P. Addicks German Study	115,528	111,650
Ariel G. Loewy Fellowship	122,724	115,185
Bill Schuman Voice Chair	138,271	124,530
Bryan Hymel Comprehensive Scholarship/Fellowship	390,874	368,072
Bryan Hymel Travel Fund	122,936	110,529
Bucks County Opera Association Fellowship	131,476	123,162
Cecile K. Dalton Memorial Fund	70,125	65,532
Celia Mones Rudolph Fellowship	122,759	115,192
Charlotte Watts Fellowship	122,910	115,257
Christel Nyheim Fellowship	146,080	136,790
Claire Boasi Fellowship	105,329	98,663
Cornell MacNeil Fellowship	308,229	289,002
David A. and Helen P. Horn Fellowship	131,106	123,114
David Poleri Fellowship	308,230	289,003
Edward Costa Dolbey Fellowship	137,371	128,946
Isenberg Family Foundation Fellowship	127,559	119,634
Eve Nyheim Fellowship	145,919	136,645
Franca Warden Fellowship	82,503	69,481
Francis J. Palamara Fellowship	124,565	116,938
Gordon K. Greenfield Fellowship	148,080	138,591
James Morris Fellowship	127,548	119,624
James Pease Fellowship	308,230	289,003
Jeannine B. Cowles Fellowship	365,161	342,937
Jeannine B. Cowles Music Director Chair	2,753,536	2,622,445
Jeffrey Kneebone Fellowship	308,230	289,003
John Nyheim Fellowship	145,999	136,717
Kenneth and Diane Ahl Italian Study	177,583	121,685
Leonard Warren Fellowship	308,232	289,005
Lucinda S. Landreth Comprehensive Scholarship/Fellowship	438,727	412,957
Lyon Family Fellowship	30,720	27,667
Main Line Opera Association Fellowship	156,631	120,985
Parkinson Memorial Fund	75,254	70,151
Peggy MacLaren Ulrich Comprehensive Scholarship/Fellowship	423,068	398,381
Placido Domingo Fellowship	129,426	121,316
Robert Merrill Fellowship	130,299	122,102
Robert Weede Fellowship	308,237	289,009
Ruth Ann Swenson Fellowship	125,416	117,704
Sally Paxson Davis Fellowship	126,893	119,034
Susan Schwartz Myers Fellowship	207,167	179,642
William A. Loeb Fellowship	109,099	102,058
Warden Trust	8,408,837	7,960,003
Total Net Assets with Donor Restrictions - Spending Policy and Appropriation	26,292,169	24,704,492
Total Net Assets with Donor Restrictions	\$ 26,553,163	\$ 24,999,898

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF ACTIVITIES—OPERATING (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023	2022
SCHEDULE OF OPERATING SUPPORT AND REVENUE		
Contributions, General	\$ 1,183,479	\$ 1,122,581
Corporate and Foundation Grants	302,755	218,600
Net Assets (Gifts Received in Prior Years)		
Released from Restrictions for Operations	95,010	20,906
Government Grants	5,000	13,000
Bequests	92,226	135,003
Fellowships	296,875	329,300
Jeannine B Cowles Music Director Chair	150,000	125,000
Vice President, Global and Artistic Outreach Distribution		
Board Designated Distribution	100,000	-
Investment Income:		
Warden Trust	466,000	448,000
Endowment	1,092,000	834,000
Mortgage Proceeds	120,000	120,000
Other Investment Income (Loss)	1,405	187
Box Office Receipts	201,617	175,485
Gala Receipts	280,986	332,240
Bucks County Opera Association	24,785	30,085
Main Line Opera Association	49,614	64,493
Worldwide Ambassadors Council	12,725	1,300
Opening Night Celebration	71,150	80,720
Audition Fees	-	13,295
Concert Bureau	62,991	30,560
Special Events	30,350	60,375
Miscellaneous	3,054	3,270
Total Operating Support and Revenue	4,642,022	4,158,400
SCHEDULE OF OPERATING EXPENSES		
Payroll and Benefits:		
Administrative	419,575	350,750
Educational	477,063	492,887
Production	697,883	671,517
Fundraising	172,899	223,645
Marketing and PR	68,262	81,617
Orchestra	270,896	209,990
Payroll Taxes	163,165	156,568
Health Insurance	193,038	223,621
Retirement Plans	92,517	85,176
Total Payroll and Benefits	2,555,298	2,495,771
Office:		
Supplies and Expenses	10,895	18,150
Entertainment and Board Meetings	37,255	38,641
Staff Development	1,660	2,617
Directors and Officers Insurance	8,416	8,416
Audit/Professional Fees	55,347	42,507
Interest on Capital Leases	3,089	3,164
Computer Services	68,910	64,965
Tessitura Services	32,493	30,593
Telephone	10,339	10,266
Total Office Expenses	228,404	219,319
Academy:		
Faculty and Coaches Fees	46,260	41,295
Supplies and Expenses	6,040	5,262
Library	368	311
Piano Tuning and Repairs	6,747	7,691
Recruitment and Auditions	2,766	3,849
Accreditation and Memberships	3,832	2,490
Work Study Disbursements	3,895	5,220
Total Academy Expenses	69,908	66,118

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF ACTIVITIES—OPERATING (UNAUDITED) (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)

SCHEDULE OF OPERATING EXPENSES (CONTINUED)	2023	2022
Building:		
Insurance	\$ 54,534	\$ 49,756
Mortgage Interest - 1916 Spruce Street	100,902	106,961
Local Taxes and Assessments	971	525
Custodial Fees	45,000	45,000
Repairs and Maintenance	40,568	19,512
Utilities	40,174	40,505
Household Supplies and Expenses	3,469	5,357
Total Building Expenses	285,618	267,616
Marketing/Recruitment:		
Website	972	1,034
Publicity	14,069	16,543
Printing, Postage, and Promotion	72,702	89,495
Broadcasts	9,450	12,900
Total Marketing/Recruitment	97,193	119,972
Production Expenses:		
Contracted Fees	147,924	89,650
Stage Director Expenses	2,597	886
Costumes	37,437	14,902
Set Design, Construction, Transportation, and Storage	98,737	49,164
Lighting Design and Expenses	17,398	13,110
Props, Make-Up, and Wigs	19,037	5,045
Orchestra Royalties	-	117
Stage Hands	1,507	4,702
Theater Rentals and Opera Expenses	61,055	72,607
Music and Instrument Rentals	3,460	6,161
Box Office Fees and Expenses	19,111	21,408
Concert Bureau	63,891	30,710
Total Production Expenses	472,154	308,462
Other:		
Student Fellowships	299,425	329,300
Gala Expenses	96,175	119,532
Bucks County Opera Association	8,301	9,646
Main Line Opera Association	22,318	31,075
Worldwide Ambassadors Council	10,085	1,384
Opening Night Celebration	32,744	39,055
Special Events	24,965	51,571
Fund Raising Expenses	58,809	28,975
Board Designated Expense	346,344	-
Total Other Expenses	899,166	610,538
Total Operating Expenses	4,607,741	4,087,796
Excess of Operating Support and Revenue Over Operating Expenses	\$ 34,281	\$ 70,604

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF BENEFICIAL INTEREST IN PERPETUAL TRUST ASSETS AND NET ASSETS
JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023	2022
ASSETS		
Cash	\$ 3,271	\$ 50,813
Investments:		
Equity Mutual Funds	6,278,477	5,710,444
Fixed Income Mutual Funds	2,127,089	2,198,746
Total Assets	\$ 8,408,837	\$ 7,960,003
NET ASSETS WITH DONOR RESTRICTIONS - WARDEN TRUST	\$ 8,408,837	\$ 7,960,003

THE ACADEMY OF VOCAL ARTS
SCHEDULES OF BENEFICIAL INTEREST IN PERPETUAL TRUST ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2023</u>	<u>2022</u>
Investment Income	\$ 190,228	\$ 209,612
Unrealized and Realized Gains (Losses) on Investments	<u>734,876</u>	<u>(1,607,190)</u>
Total Revenue (Loss)	925,104	(1,397,578)
Trust Expenses	10,270	16,860
Distributions to The Academy of Vocal Arts	<u>466,000</u>	<u>448,000</u>
Total Expenses	<u>476,270</u>	<u>464,860</u>
Change in Net Assets	448,834	(1,862,438)
Net Assets With Donor Restrictions - Warden Trust - Beginning of Year	<u>7,960,003</u>	<u>9,822,441</u>
Net Assets With Donor Restrictions - Warden Trust - End of Year	<u>\$ 8,408,837</u>	<u>\$ 7,960,003</u>