

# Great Lakes Chamber Music Festival

## Audited Financial Statements

For the years ended July 31,  
2024 and 2023



## CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	6
Notes to Financial Statements	7

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and Management of  
Great Lakes Chamber Music Festival  
Southfield, MI

### **Opinion**

We have audited the accompanying financial statements of Great Lakes Chamber Music Festival (a nonprofit organization), which comprise the statement of financial position as of July 31, 2024 and 2023, and the related statements of activities, functional expenses, 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 Great Lakes Chamber Music Festival as of July 31, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Great Lakes Chamber Music Festival 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 Great Lakes Chamber Music Festival's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

*Jason F. Clausen, P.C.*

Fraser, MI  
March 17, 2025

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**STATEMENT OF FINANCIAL POSITION**  
JULY 31, 2024 AND 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 244,780	\$ 170,164
Accounts receivable - net	40,125	35,486
Grants receivable	17,975	44,375
Endowment fund receivable, net	-	62,634
Investments	530,354	485,596
Prepaid expenses and other assets	238	-
	<u>833,472</u>	<u>798,255</u>
Total current assets	833,472	798,255
<u>Other assets</u>		
Intangibles, net	-	-
	<u>833,472</u>	<u>798,255</u>
Total assets	<u>833,472</u>	<u>798,255</u>
<u>Liabilities and net assets</u>		
Current liabilities		
Accounts payable	50,136	43,940
Deferred revenue	5,349	1,278
	<u>55,485</u>	<u>45,218</u>
Total current liabilities	55,485	45,218
Total liabilities	55,485	45,218
<u>Net assets</u>		
Without donor restrictions		
Undesignated	213,451	226,940
Designated by board of directors	40,000	25,000
With donor restrictions		
Purpose restricted	205,112	205,612
Endowment funds	319,424	295,485
	<u>777,987</u>	<u>753,037</u>
Total net assets	777,987	753,037
Total liabilities and net assets	<u>\$ 833,472</u>	<u>\$ 798,255</u>

See independent auditor's report and notes to the financial statements

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

	Without donor restrictions		With donor restrictions			
	Undesignated	Board Designated	Purpose Restricted	Endowment Fund	Total 2024	Total 2023
<u>Revenue and other support</u>						
Ticket sales	39,525	\$ -	\$ -	\$ -	\$ 39,525	\$ 55,175
Contracts	40,900	-	-	-	40,900	37,925
Concert sponsors	225,176	-	-	-	225,176	212,380
Contributions	105,615	15,000	-	-	120,615	108,450
Grants	34,500	-	30,000	-	64,500	205,400
Special events, net	46,493	-	-	-	46,493	35,560
Endowment revenue	30,772	-	-	-	30,772	30,248
Investment income (loss)	20,824	-	-	35,733	56,557	26,685
Net assets released from restrictions	42,294	-	(30,500)	(11,794)	-	-
 Total revenue and other support	 586,099	 15,000	 (500)	 23,939	 624,538	 711,823
 <u>Expense</u>						
Program	452,095	-	-	-	452,095	481,248
Management and general	40,120	-	-	-	40,120	36,408
Fundraising	107,373	-	-	-	107,373	97,358
 Total expense	 599,588	 -	 -	 -	 599,588	 615,014
 Change in net assets	 (13,489)	 15,000	 (500)	 23,939	 24,950	 96,809
 Net assets, beginning of period	 226,940	 25,000	 205,612	 295,485	 753,037	 656,228
 Net assets, end of period	 <u>\$ 213,451</u>	 <u>\$ 40,000</u>	 <u>\$ 205,112</u>	 <u>\$ 319,424</u>	 <u>\$ 777,987</u>	 <u>\$ 753,037</u>

See independent auditor's report and notes to the financial statements

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JULY 31, 2024**

<u>Description</u>	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>2024 Total</u>
Administrative expenses	\$ 166,557	\$ 35,691	\$ 95,175	\$ 297,423
Artist fees	140,375	-	-	140,375
Marketing	45,637	-	-	45,637
Office expense	15,210	3,259	8,692	27,161
Postage	773	165	442	1,380
Printing	855	183	488	1,526
Production	38,440	-	-	38,440
Professional fees	2,800	600	1,600	5,000
Telephone	672	144	384	1,200
Travel	40,413	-	-	40,413
Other	363	78	592	1,033
Total expenses on the statement of activities	<u>\$ 452,095</u>	<u>\$ 40,120</u>	<u>\$ 107,373</u>	<u>\$ 599,588</u>

See independent auditor's report and notes to the financial statements

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2023

<u>Description</u>	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>2023 Total</u>
Administrative expenses	\$ 148,400	\$ 31,800	\$ 84,800	\$ 265,000
Artist fees	149,410	-	-	149,410
Depreciation and amortization	8,018	-	-	8,018
Development	-	-	270	270
Insurance	363	78	208	649
Marketing	47,461	-	-	47,461
Office expense	16,429	3,521	9,388	29,338
Postage	769	165	440	1,374
Printing	468	100	268	836
Production	73,059	-	-	73,059
Professional fees	2,800	600	1,600	5,000
Telephone	672	144	384	1,200
Travel	33,399	-	-	33,399
Total expenses on the statement of activities	<u>\$ 481,248</u>	<u>\$ 36,408</u>	<u>\$ 97,358</u>	<u>\$ 615,014</u>

See independent auditor's report and notes to the financial statements



**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

<u>Cash flows from operating activities</u>	<u>2024</u>	<u>2023</u>
Change in net assets	\$ 24,950	\$ 96,809
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	-	8,018
Investment (income) loss	(56,557)	(26,685)
<u>Changes in operating assets and liabilities</u>		
(Increase)/Decrease in:		
Accounts receivable	(4,639)	66,100
Grants receivable	26,400	(29,950)
Pledges receivable	-	1,844
Net endowment receivable	62,634	(50,128)
Prepaid expense	(238)	-
Increase/(Decrease) in:		
Accounts payable	6,196	14,218
Deferred revenue	4,071	33
Net cash provided (used in) by operating activities	62,817	80,259
<u>Cash flows from investing activities</u>		
(Purchase ) sale of investments	11,799	(88,577)
Net cash provided by (used in) investing activities	11,799	(88,577)
Net increase (decrease) in cash and cash equivalents	74,616	(8,318)
Cash and cash equivalents, beginning of period	170,164	178,482
Cash and cash equivalents, end of period	<u>\$ 244,780</u>	<u>\$ 170,164</u>

See independent auditor's report and notes to the financial statements

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Great Lakes Chamber Music Festival “The Festival” presents a variety of chamber music concerts and music education/appreciation events in the metropolitan Detroit area. Most of these activities occur during the month of June, but some occur throughout the year. The Festival receives its support primarily from concert ticket sales, individual donor's contributions, government grants, foundation grants, and corporate contributions.

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES**

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

*Basis of Presentation*

The financial statements of the Festival have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountant (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Festival and changes therein are classified as follows:

*Net Assets without Donor Restrictions*

Net assets that are not subject to donor- imposed restrictions and may be expended for any purpose in performing the primary objectives of the Festival. These net assets may be used at the discretion of the Festival’s management and the board of directors.

*Net Assets with Donor Restrictions*

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Festival or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As permitted under the provisions of FASB 958-605, the Festival records donor-restricted contributions whose restrictions have been satisfied in the same reporting period as unrestricted support in such year.

*Concentration of Credit Risk*

At times, the Festival has balances on deposit with certain financial institutions that may exceed federally insured limits. The Festival has not experienced any losses in such accounts. Management believes that the Festival is not exposed to any significant credit risk for cash.

*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.

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

*Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the company considers highly liquid investments available for current use with a maturity date of ninety days or less at the date of purchase to be cash and cash equivalents.

*Investments*

The Festival records its investments in accordance with ASC topic *Not-for-Profit Entities Investments*. Investments are stated at fair values based upon quoted market prices using prevailing financial market information. Realized gains and losses represent the difference between the proceeds received and the cost of investments sold. Unrealized gains and losses represent the change in the market value of the investments during the year.

*Accounts Receivable*

Accounts receivable are stated net of an allowance for doubtful accounts. The Festival does not require collateral for its accounts or grants receivable. Management believes all receivables are collectible, and therefore there is no allowance for doubtful accounts for accounts receivable at July 31, 2024 or 2023.

*Property, Equipment, Depreciation and Amortization*

Property and equipment is stated at cost. Expenditures for maintenance and repairs are charged to operating expenses. Adjustments of the asset and the related accumulated depreciation accounts are made for property and equipment retirements and disposals, with the resulting gain or loss included in the Statement of Activities. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 7 years.

*Deferred Revenue*

Deferred revenue represents concert sponsorships for the subsequent season. Revenues will be recognized for the season in which the concert occurs.

*Revenue Recognition*

The Organization reports revenue in accordance with Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

Exchange Transaction Grants: Grant awards accounted for as exchange transactions are recorded as revenue when the performance obligations of services provided and expenditures incurred are satisfied and recognizes revenue for the transfer of promised services in an amount that reflects the consideration for which the Organization expects to be entitled according to the terms and conditions of the grant awards. The Organization was not a party to any exchange transaction grants during the years ended July 31, 2024 and 2023.

Contributions: Unconditional contributions are recognized when pledged and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contract Revenue and Ticket Sales: The Festival receives fees for performance contracts and ticket sales, which are recognized in the period in which the services are performed.

Special Events: Special event revenues are reported net of direct expenses. For the years ended July 31, 2024 and 2023 direct expenses were \$3,869 and \$10,342, respectively.

*Income Taxes*

The Festival operates as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes. ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to be met before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At July 31, 2024 and 2023, there were no uncertain tax positions that required accrual.

*Functional Expenses*

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include administrative, occupancy and general operating expenses on the basis of estimates of time and effort. All other expenses are allocated based on direct identification and utilization.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

*Administrative Fees*

Transactions with affiliates are arranged and carried out by shared management and operational employees of the affiliated companies. In the conduct of daily business, a administrative fee is charged for administrative services, office expenses and shared office facilities. Administrative fees for the years ended July 31, 2024 and 2023 amounted to \$297,423 and \$265,000, respectively.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	July 31,	
	2024	2023
Websites	\$ 40,692	\$ 40,692
Less: accumulated depreciation	(40,692)	(40,692)
	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and notes to the financial statements

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)**

There was \$0 and \$8,018 of depreciation and amortization expense for the years ended July 31, 2024 and 2023, respectively.

**NOTE 5 – INVESTMENTS**

Fair values and unrealized gains (losses) are summarized as follows:

	July 31, 2024		
	Cost	Fair Value	Unrealized Gains (Losses)
Money market funds	\$ 52,716	\$ 52,716	\$ -
Mutual funds	97,593	109,226	11,633
ETP	301,503	344,285	42,782
Alternative investments	23,036	24,127	1,091
Total investments	<u>\$ 474,848</u>	<u>\$ 530,354</u>	<u>\$ 55,506</u>

  

	July 31, 2023		
	Cost	Fair Value	Unrealized
Money market funds	\$ 56,002	\$ 56,002	\$ -
Mutual funds	118,408	125,293	6,885
ETP	252,294	274,030	21,736
Alternative investments	27,624	30,271	2,647
Total investments	<u>\$ 454,328</u>	<u>\$ 485,596</u>	<u>\$ 31,268</u>

Investment income (loss) is comprised of the following:

	July 31,	
	2024	2023
Interest income	\$ 15,092	\$ 9,104
Unrealized gains (losses)	41,465	17,581
Total	<u>\$ 56,557</u>	<u>\$ 26,685</u>

**NOTE 6 – FAIR VALUE MEASUREMENTS**

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Festival has the abilities to access.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;

See independent auditor's report and notes to the financial statements

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)**

- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- if the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

*Money Market Funds:* Valued at cost plus interest earnings throughout the year.

*Mutual funds, ETP and Alternative investments:* Valued at the closing price reported in the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Festival believes its valuation methods are appropriate and consistent with other market

participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

The Festival's assets at fair value for July 31, 2024 and 2023:

	July 31, 2024			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 52,716	\$ 52,716	\$ -	\$ -
Mutual funds	109,226	109,226	-	-
ETP	344,285	344,285	-	-
Alternative investments	24,127	24,127	-	-
Total investments	<u>\$ 530,354</u>	<u>\$ 530,354</u>	<u>\$ -</u>	<u>\$ -</u>

  

	July 31, 2023			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 56,002	\$ 56,002	\$ -	\$ -
Mutual funds	125,293	125,293	-	-
ETP	274,030	274,030	-	-
Alternative investments	30,271	30,271	-	-
Total investments	<u>\$ 485,596</u>	<u>\$ 485,596</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and notes to the financial statements

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 7 – NOTES PAYABLE**

*Line of Credit*

On October 27, 2020 the Organization entered into a line of credit agreement with a bank for general business purposes. The maximum borrowing capacity of the line is \$150,000. This credit facility bears interest at a variable rate associated with the one month LIBOR rate, plus 4.00%. As of July 31, 2024, the balance due was \$0. The line is secured by the Festival's investment accounts.

**NOTE 8 – ENDOWMENT**

In 2014, the Festival established an endowment called the James Tocco Endowed Fund for Artistry & Innovation. The Endowment is a donor-restricted fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The use of funds invested in the Board Managed Endowment Account is restricted. Principal can be withdrawn only for operating emergencies. The Festival intends that the target reserve balance for this fund will represent 10% of the current operating budget. The Cash Reserve Fund may be replenished for amounts previously distributed through transfers of surplus from the operating fund or additional donor contributions. An amount representing 4.5% of the current calendar year end balance will be distributed on March 31 and September 30 of the following year into the Festival's general account.

*Interpretation of Relevant Law*

The Festival has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

In accordance with generally accepted accounting principles and this interpretation, the Festival classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted unless otherwise specified by the donor.

The Festival considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of the Festival and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Festival;
- 7) The investment policies

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 8 – ENDOWMENT (CONTINUED)**

Composition of and changes in endowment net assets are summarized as follows:

	Year ended July 31, 2024		
	Board designated	Donor restricted	Total
Endowment net assets, beginning of the year	\$ 25,000	\$ 295,485	\$ 320,485
Investment return			
Investment income	-	8,208	8,208
Net realized and unrealized gain (loss)	-	27,525	27,525
Total investment return	-	35,733	35,733
Contributions	-	-	-
Disbursements	-	(11,794)	(11,794)
Endowment net assets, end of year	\$ 25,000	319,424	\$ 344,424

  

	Year ended July 31, 2023		
	Board designated	Donor restricted	Total
Endowment net assets, beginning of the year	\$ 25,000	\$ 238,730	\$ 263,730
Investment return			
Investment income	-	5,680	5,680
Net realized and unrealized gain (loss)	-	12,355	12,355
Total investment return	-	18,035	18,035
Contributions	-	50,000	50,000
Disbursements	-	(11,280)	(11,280)
Endowment net assets, end of year	\$ 25,000	295,485	\$ 320,485

Following are the descriptions of amounts classified as donor restricted net assets (endowments only):

	2024	2023
Donor restricted net assets		
The portion of the perpetual endowment fund that is to be retained permanently by explicit donor stipulation	\$ 224,923	\$ 224,923
Total endowment funds classified as Donor restricted net assets	\$ 319,424	\$ 295,485

*Return objective and risk parameters*

The Festival has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Festival must hold in perpetuity or for a donor-specified purpose. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide a return of at least five percent (5%) above the rate of inflation as measured by the Consumer Price Index for the Endowment's first five (5) years and an average annual total portfolio return of at least six and one-half percent (6.5%) over the next ten (10) years. Actual returns in any given year may vary from this amount.

See independent auditor's report and notes to the financial statements



**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 8 – ENDOWMENT (CONTINUED)**

*Strategies employed for achieving objectives*

The Festival targets a diversified asset allocation of its investments in a mix of asset classes that is expected to achieve its long-term return objectives within prudent risk constraints. The funds are to be broadly diversified in order to minimize the risk of large losses in individual investments. The commitment to any one security should be limited to a maximum of ten percent (10%) of the portfolio's market value, with the exception of United States Government Securities and mutual funds (or other diversified pools). The Festival's asset mix includes: cash and cash equivalents ranging from 0 to 20 percent, equities ranging from 40 to 75 percent and fixed income investments ranging from 25 to 55 percent of the investment portfolio.

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Festival's financial assets as of July 31, 2024, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations.

Financial assets	
Cash	\$ 244,780
Receivables	58,100
Investment	530,354
Total financial assets	<u>833,234</u>
Amounts not available for general use	
Donor restricted funds	(205,612)
Endowment	(319,424)
Board designated funds	<u>(25,000)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 283,198</u></u>

As part of the Festival's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 10 – RESTRICTED NET ASSETS**

Net assets with donor restrictions were comprised of the following:

	2024	2023
Time restricted grant	\$ 45,500	\$ 46,000
Capital campaign	165,000	150,000
Professional development	9,612	9,612
	<u>\$ 220,112</u>	<u>\$ 205,612</u>

Endowment fund net assets totaled \$344,424 and \$320,485 as of July 31, 2024 and 2023, respectively.

**NOTE 11 – OTHER FOUNDATION ENDOWMENTS**

The Festival has an Endowment Fund (the "Fund") with the Community Foundation for Southeast Michigan ("CFSEM"). The Fund is maintained and administered by CFSEM for the

**GREAT LAKES CHAMBER MUSIC FESTIVAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2024 AND 2023**

**NOTE 11 – OTHER FOUNDATION ENDOWMENTS**

purpose of providing support to further the general charitable purposes of the Festival. Annual distributions are based on the average market value of the Fund for the previous twelve quarters. At July 31, 2024 and 2023, CFSEM held assets in the Fund with a market value of \$588,558 and \$564,879, respectively, for the benefit of the Festival. Such assets are excluded from the accompanying financial statements. During the years ended July 31, 2024 and 2023, the Festival received \$38,294 and \$25,140 from the Fund, respectively.

In addition, the Festival has an Endowment Fund (the "Endowment") with the United Jewish Foundation of Metropolitan Detroit ("UJFMD"). The Endowment is maintained and administered by UJFMD for the purpose of providing support to further the general charitable purposes of the Festival. Annual distributions are based on 5.50% of the average balance of the fund over the last twelve quarters. At July 31, 2024 and 2023, UJFMD held assets in the Endowment with a market value of \$124,445 and \$123,319, respectively, for the benefit of the Festival. Such assets are excluded from the accompanying financial statements. During the years ended July 31, 2024 and 2023, the Festival received \$5,112 and \$5,013 from the Endowment, respectively.

**NOTE 12 – COMMITMENTS**

The Festival has a professional services agreement for artistic director services through July 2026. The Festival had \$36,667 and \$35,000 for the artistic director's fee for the years ended July 31, 2024 and 2023, respectively. The minimum future obligations for payments are \$38,334 for the year ending July 31, 2025.

**NOTE 13 – COMPARATIVE STATEMENTS**

*Comparative Data*

Certain amounts shown for the year ended July 31, 2023 in the accompanying financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, the 2023 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Festival's financial statements for the year ended July 30, 2023, from which the summarized information was derived.

*Reclassification*

Certain 2023 amounts have been reclassified to conform to the 2024 statement presentation.

**NOTE 14 – DATE OF MANAGEMENT'S REVIEW**

The financial statements have been reviewed by management through the date of this report, which is the date the financial statements were available to be issued.