

DAYTON PERFORMING ARTS ALLIANCE
(A Nonprofit Organization)

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dayton Performing Arts Alliance
Dayton, Ohio

Opinion

We have audited the accompanying financial statements of **Dayton Performing Arts Alliance** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, schedules of cost of earned revenue, and statements of operating 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 **Dayton Performing Arts Alliance** 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. 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 **Dayton Performing Arts Alliance** 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.

Emphasis of Matter

As disclosed in Note 16 to the financial statements, the Alliance participates in a multi-employer pension plan to provide pension benefits to contracted musicians. The Plan is currently underfunded, and the Alliance's share of the unfunded benefit obligation has not been determined. Our opinion has not been modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT - CONTINUED

Responsibilities of Management for the Financial Statements - Continued

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 **Dayton Performing Arts Alliance's** ability to continue as a going concern within one year after the date that 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 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 **Dayton Performing Arts Alliance'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 **Dayton Performing Arts Alliance's** ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Auditors' Responsibilities for the Audit of the Financial Statements - Continued

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2022, on our consideration of **Dayton Performing Arts Alliance's** internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Dayton Performing Arts Alliance's** internal control over financial reporting and compliance.



Dayton, Ohio
October 14, 2022

DAYTON PERFORMING ARTS ALLIANCE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,399,128	\$ 28,477
Accounts receivable		
Pledges receivable	1,322,137	1,299,295
Grants receivable	204,693	65,951
Trade and other receivables, net	153,933	31,894
Prepaid expenses	<u>89,374</u>	<u>188,950</u>
	3,169,265	1,614,567
LONG-TERM PLEDGES RECEIVABLE, NET	1,115,400	1,094,300
PROPERTY AND EQUIPMENT, NET	291,073	280,442
INVESTMENTS	1,916,942	2,296,854
BENEFICIAL INTEREST IN FUNDS HELD AT THE DAYTON FOUNDATION	2,868,854	2,841,698
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	<u>1,995,661</u>	<u>2,408,472</u>
	<u>\$ 11,357,195</u>	<u>\$ 10,536,333</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 153,091	\$ 106,723
Deferred revenue	<u>734,197</u>	<u>37,439</u>
	887,288	144,162
LONG-TERM DEBT	<u>149,000</u>	<u>149,000</u>
	<u>1,036,288</u>	<u>293,162</u>
NET ASSETS		
Without donor restrictions		
Undesignated	1,025,902	83,161
With donor restrictions		
Time restrictions	233,209	209,910
Purpose restrictions	2,202,815	2,439,868
Perpetual in nature	<u>6,858,981</u>	<u>7,510,232</u>
	<u>10,320,907</u>	<u>10,243,171</u>
	<u>\$ 11,357,195</u>	<u>\$ 10,536,333</u>

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Performance ticket sales	\$ 1,445,952	\$ -	\$ 1,445,952
Performance - other	19,750	-	19,750
Education	265,517	-	265,517
Other operating income	<u>37,387</u>	<u>-</u>	<u>37,387</u>
	<u>1,768,606</u>	<u>-</u>	<u>1,768,606</u>
SUPPORT			
Contributions and support	2,635,763	1,052,400	3,688,163
Shuttered Venue Operators Grant	1,995,714	-	1,995,714
One Dayton, One Alliance Campaign	-	216,788	216,788
Government grants	228,067	135,088	363,155
Culture Works	72,926	-	72,926
Bequests	135,783	-	135,783
Contributed services and materials	112,441	-	112,441
Endowment distributions	250,370	-	250,370
Endowment releases	-	(250,370)	(250,370)
Net assets released from restrictions	<u>1,171,184</u>	<u>(1,171,184)</u>	<u>-</u>
	<u>6,602,248</u>	<u>(17,278)</u>	<u>6,584,970</u>
Total Revenue and Support	<u>8,370,854</u>	<u>(17,278)</u>	<u>8,353,576</u>
COST OF EARNED REVENUE			
Performances	4,600,755	-	4,600,755
Education	<u>748,313</u>	<u>-</u>	<u>748,313</u>
Total Cost of Earned Revenue	<u>5,349,068</u>	<u>-</u>	<u>5,349,068</u>
CONTRIBUTION MARGIN	<u>3,021,786</u>	<u>(17,278)</u>	<u>3,004,508</u>
OPERATING EXPENSES			
Administration	801,800	-	801,800
Marketing	602,799	-	602,799
Development	<u>466,671</u>	<u>-</u>	<u>466,671</u>
Total Operating Expenses	<u>1,871,270</u>	<u>-</u>	<u>1,871,270</u>
NET OPERATING INCOME (DEFICIT)	<u>1,150,516</u>	<u>(17,278)</u>	<u>1,133,238</u>
NON-OPERATING INCOME (LOSS)			
Net investment return	28,345	9,051	37,396
Realized and unrealized losses	(166,186)	(173,122)	(339,308)
Change in beneficial interest in funds held at The Dayton Foundation	(69,934)	(388,771)	(458,705)
Change in value in beneficial interest in perpetual trusts	<u>-</u>	<u>(294,885)</u>	<u>(294,885)</u>
NET NON-OPERATING LOSS	<u>(207,775)</u>	<u>(847,727)</u>	<u>(1,055,502)</u>
CHANGE IN NET ASSETS	942,741	(865,005)	77,736
NET ASSETS			
Beginning of Year	<u>83,161</u>	<u>10,160,010</u>	<u>10,243,171</u>
End of Year	<u>\$ 1,025,902</u>	<u>\$ 9,295,005</u>	<u>\$ 10,320,907</u>

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Performance ticket sales	\$ 217,123	\$ -	\$ 217,123
Performance - other	17,077	-	17,077
Education	193,057	-	193,057
Other operating income	<u>175,933</u>	<u>-</u>	<u>175,933</u>
	<u>603,190</u>	<u>-</u>	<u>603,190</u>
SUPPORT			
Contributions and support	3,436,151	621,016	4,057,167
Paycheck Protection Program contribution	500,000	-	500,000
One Dayton, One Alliance Campaign	-	118,301	118,301
Government grants	769,776	57,383	827,159
Culture Works	5,636	-	5,636
Bequests	43,301	-	43,301
Contributed services and materials	96,000	-	96,000
Endowment distributions	355,721	-	355,721
Endowment releases	-	(355,721)	(355,721)
Net assets released from restrictions	<u>954,700</u>	<u>(954,700)</u>	<u>-</u>
	<u>6,161,285</u>	<u>(513,721)</u>	<u>5,647,564</u>
Total Revenue and Support	<u>6,764,475</u>	<u>(513,721)</u>	<u>6,250,754</u>
COST OF EARNED REVENUE			
Performances	3,308,376	-	3,308,376
Education	<u>556,703</u>	<u>-</u>	<u>556,703</u>
Total Cost of Earned Revenue	<u>3,865,079</u>	<u>-</u>	<u>3,865,079</u>
CONTRIBUTION MARGIN	<u>2,899,396</u>	<u>(513,721)</u>	<u>2,385,675</u>
OPERATING EXPENSES			
Administration	539,864	-	539,864
Marketing	328,121	-	328,121
Development	<u>395,625</u>	<u>-</u>	<u>395,625</u>
Total Operating Expenses	<u>1,263,610</u>	<u>-</u>	<u>1,263,610</u>
NET OPERATING INCOME (DEFICIT)	<u>1,635,786</u>	<u>(513,721)</u>	<u>1,122,065</u>
NON-OPERATING INCOME			
Net investment return	7,615	8,896	16,511
Realized and unrealized gains	169,273	237,420	406,693
Change in beneficial interest in funds held at The Dayton Foundation	86,157	466,822	552,979
Change in value in beneficial interest in perpetual trusts	<u>-</u>	<u>541,550</u>	<u>541,550</u>
NET NON-OPERATING INCOME	<u>263,045</u>	<u>1,254,688</u>	<u>1,517,733</u>
CHANGE IN NET ASSETS	1,898,831	740,967	2,639,798
NET ASSETS (DEFICIT)			
Beginning of Year	<u>(1,815,670)</u>	<u>9,419,043</u>	<u>7,603,373</u>
End of Year	<u>\$ 83,161</u>	<u>\$ 10,160,010</u>	<u>\$ 10,243,171</u>

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE

SCHEDULE OF COST OF EARNED REVENUE

YEAR ENDED JUNE 30, 2022

	<u>Dayton Ballet</u>	<u>Dayton Opera</u>	<u>Dayton Philharmonic</u>	<u>Total Performances</u>	<u>Education</u>	<u>Total</u>
Salaries and benefits	\$ 618,646	\$ 347,687	\$ 1,555,493	\$ 2,521,826	\$ 583,521	\$ 3,105,347
Professional fees	189,103	297,041	364,505	850,649	58,082	908,731
Production expenses	125,879	317,513	484,274	927,666	62,496	990,162
Contributed services and materials	-	-	106,141	106,141	-	106,141
Occupancy	60,242	6,000	15,554	81,796	24,108	105,904
Supplies	1,175	70	10,530	11,775	2,149	13,924
Postage	96	344	116	556	473	1,029
Printing	-	-	-	-	2,112	2,112
Advertising and promotion	-	-	-	-	568	568
Bank and other fees	139	-	-	139	7,239	7,378
Copier and postage leases	-	-	4,849	4,849	4,850	9,699
Donor benefits and cultivation	-	355	-	355	-	355
Meals and travel	28	-	8,377	8,405	-	8,405
Insurance	7,500	2,500	-	10,000	-	10,000
Depreciation	46,180	13,714	8,841	68,735	631	69,366
Miscellaneous	-	110	7,753	7,863	2,084	9,947
Total expenses by function	<u>\$ 1,048,988</u>	<u>\$ 985,334</u>	<u>\$ 2,566,433</u>	<u>\$ 4,600,755</u>	<u>\$ 748,313</u>	<u>\$ 5,349,068</u>

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE

SCHEDULE OF COST OF EARNED REVENUE

YEAR ENDED JUNE 30, 2021

	<u>Dayton Ballet</u>	<u>Dayton Opera</u>	<u>Dayton Philharmonic</u>	<u>Total Performances</u>	<u>Education</u>	<u>Total</u>
Salaries and benefits	\$ 361,743	\$ 282,369	\$ 1,342,770	\$ 1,986,882	\$ 442,756	\$ 2,429,638
Professional fees	65,234	212,186	146,495	423,915	24,374	448,289
Production expenses	95,819	78,804	406,863	581,486	55,455	636,941
Contributed services and materials	16,320	24,000	55,680	96,000	-	96,000
Occupancy	56,637	6,913	17,889	81,439	20,370	101,809
Supplies	1,261	24	50	1,335	3,018	4,353
Postage	407	101	247	755	42	797
Advertising and promotion	-	-	-	-	1,082	1,082
Bank and other fees	130	-	-	130	4,411	4,541
Copier and postage leases	-	-	4,725	4,725	4,575	9,300
Donor benefits and cultivation	21	-	900	921	-	921
Meals and travel	-	2,104	83	2,187	-	2,187
Insurance	7,500	2,500	-	10,000	-	10,000
Depreciation	47,335	11,952	28,506	87,793	-	87,793
Miscellaneous	25,258	-	5,550	30,808	620	31,428
Total expenses by function	<u>\$ 677,665</u>	<u>\$ 620,953</u>	<u>\$ 2,009,758</u>	<u>\$ 3,308,376</u>	<u>\$ 556,703</u>	<u>\$ 3,865,079</u>

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF OPERATING EXPENSES

YEAR ENDED JUNE 30, 2022

	<u>Administration</u>	<u>Marketing</u>	<u>Development</u>	<u>Total</u>
Salaries and benefits	\$ 448,541	\$ 284,907	\$ 260,266	\$ 993,714
Professional fees	2,253	50,476	62,062	114,791
Production expenses	150	3,200	-	3,350
Occupancy	52,246	-	330	52,576
Supplies	8,633	837	1,458	10,928
Postage	1,963	4,875	19,625	26,463
Printing	495	44,122	50,402	95,019
Telemarketing	-	63,897	-	63,897
Advertising and promotion	-	103,538	-	103,538
IT licenses and support	131,828	924	19,431	152,183
Accounting and legal fees	41,239	-	-	41,239
Bank and other fees	11,285	-	628	11,913
Benefit administration	33,559	-	-	33,559
Copier and postage leases	9,360	4,849	4,850	19,059
Donor benefits and cultivation	471	-	36,168	36,639
Meals and travel	3,696	1,894	5,558	11,148
Insurance	16,573	-	-	16,573
Depreciation	29,297	-	-	29,297
Miscellaneous	10,211	39,280	5,893	55,384
Total expenses by function	<u>\$ 801,800</u>	<u>\$ 602,799</u>	<u>\$ 466,671</u>	<u>\$ 1,871,270</u>

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF OPERATING EXPENSES

YEAR ENDED JUNE 30, 2021

	<u>Administration</u>	<u>Marketing</u>	<u>Development</u>	<u>Total</u>
Salaries and benefits	\$ 272,368	\$ 199,578	\$ 300,685	\$ 772,631
Professional fees	-	43,761	-	43,761
Production expenses	7	-	-	7
Occupancy	40,174	350	18	40,542
Supplies	6,278	-	445	6,723
Postage	833	2,359	8,341	11,533
Printing	-	14,224	43,480	57,704
Telemarketing	-	7,965	-	7,965
Advertising and promotion	-	54,262	12,000	66,262
Bank and other fees	81,992	-	20,021	102,013
Benefit administration	30,887	-	-	30,887
Copier and postage leases	9,085	4,575	4,575	18,235
Donor benefits and cultivation	500	-	1,432	1,932
Meals and travel	1,286	-	15	1,301
Bad debt expense	-	-	1,346	1,346
Interest	3,297	-	-	3,297
Insurance	15,744	-	-	15,744
Depreciation	12,718	-	-	12,718
Miscellaneous	64,695	1,047	3,267	69,009
Total expenses by function	<u>\$ 539,864</u>	<u>\$ 328,121</u>	<u>\$ 395,625</u>	<u>\$ 1,263,610</u>

DAYTON PERFORMING ARTS ALLIANCE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 77,736	\$ 2,639,798
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	98,663	100,511
Contributions of property and equipment	(6,300)	-
Change in beneficial interest in funds held at The Dayton Foundation	458,705	(552,979)
Change in beneficial interest in perpetual trusts	294,885	(541,550)
Change in discount for net present value of pledges	(53,000)	(78,214)
Net realized (gain) loss on investments	10,697	(21,394)
Net unrealized (gain) loss on investments	<u>328,611</u>	<u>(385,299)</u>
	1,209,997	1,160,873
Changes in operating assets and liabilities:		
Accounts receivable	(283,623)	435,789
Prepaid expenses	99,576	12,737
Inventory and supplies	-	24,647
Long-term pledges receivable	31,900	660,300
Accounts payable and accrued expenses	46,368	(82,713)
Deferred revenue	<u>696,758</u>	<u>(1,339,873)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>1,800,976</u>	<u>871,760</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(102,994)	(17,656)
Proceeds from sale of investments	135,767	207,143
Purchases of investments	(95,163)	(520,654)
Transfers of assets from beneficial interest in funds held at The Dayton Foundation	98,266	49,431
Transfers of assets to beneficial interest in funds held at The Dayton Foundation	(584,127)	(613,163)
Distributions from beneficial interest in perpetual trusts	<u>117,926</u>	<u>115,037</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(430,325)</u>	<u>(779,862)</u>
FINANCING ACTIVITIES		
Net payments on line of credit	-	(300,000)
Borrowings on long-term debt	-	150,000
Principal payments on long-term debt	<u>-</u>	<u>(1,000)</u>
Net Cash and Cash Equivalents Used by Financing Activities	<u>-</u>	<u>(151,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,370,651	(59,102)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>28,477</u>	<u>87,579</u>
End of year	<u>\$ 1,399,128</u>	<u>\$ 28,477</u>

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of accounting policies of the **Dayton Performing Arts Alliance** (the "Alliance") is presented to assist in understanding the Alliance's financial statements.

The Dayton Performing Arts Alliance was formed July 1, 2012, as a result of a groundbreaking and innovative merger between the Dayton Ballet Association, the Dayton Opera, and the Dayton Philharmonic Orchestra. Together, it is the largest performing arts organization in the community, offering a tremendous variety of performance and education programs and setting a new standard for artistic excellence.

Nature of Business - The Alliance is a not-for-profit corporation primarily engaged in performing classical and contemporary dance works, producing opera performances, performing classical orchestral music, presenting educational and popular music programs, and sponsoring guest artists. The Alliance's concert revenue and ticket receivables are primarily generated from subscribers in metropolitan Dayton, Ohio. The Alliance also obtains the majority of its contributions from patrons in the Dayton area.

Net Asset Classification - Management has determined that the majority of the Alliance's net assets meet the definition of endowment under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Alliance is governed subject to the governing documents for the Alliance, and most contributions are subject to the terms of the governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Alliance. Under the terms of the governing documents, the Board of Trustees has the ability to distribute a portion of the corpus of some specific endowment funds, or separate gift, devise, bequest, or fund, as the Board in its sole discretion shall determine. In accordance with UPMIFA, the Alliance 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 Alliance and the donor-restricted endowment funds.
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 Alliance.
7. The investment policies of the Alliance.

As a result of the ability to distribute corpus from some specific endowment funds, the Board of Trustees has determined that these contributions received subject to the governing document, and subject to UPMIFA, are classified as net assets with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Contributions that are subject to other gift instruments may be recorded as with or without donor restrictions, depending on the specific terms of the agreement.

Generally, if the corpus of a contribution will, at some future time, become available for spending, it is recorded as with donor restrictions. In addition, contributions that are promised to be given in a future period are presented as with donor restrictions. If the corpus never becomes available for spending, it will be reported as net assets with donor restrictions which are perpetual in nature. Net assets with donor restrictions that are perpetual in nature represent the beneficial interests in perpetual trusts and funds held at The Dayton Foundation, which are reflected at the fair value of the underlying trust assets.

Net assets without donor restrictions include unrestricted resources, including donations, gifts, and bequests available for the use of the Alliance, over which the Board of Trustees has discretionary control. The bylaws of the Alliance include a variance provision on the income of endowed gifts, giving the Board of Trustees the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose, or to a specified organization if, in its sole judgment, the Board determines that the restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Interest-bearing deposits and short-term investments with original maturities of three months or less are classified as cash equivalents. Periodically during the year, the Alliance may have cash deposits with a single institution in excess of federally insured limits. The Alliance has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Contributions - Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as contributions without donor restrictions.

Contributed Services and Materials ("In-Kind") - Significant services and materials are donated to the Alliance by various individuals and companies. Donated materials are recorded at fair market value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Alliance. In addition to the recorded contributions, a substantial number of volunteers have donated significant amounts of their time to the Alliance's program services and fundraising activities. Since these services do not meet the requirements for recognition, the value thereof is not reflected in the accompanying financial statements.

Functional Allocation of 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 main expenses that are allocated include telemarketing, which are allocated on the basis of each art form's ticket sales.

Pledges Receivable - Unconditional pledges receivable in less than one year are recorded at net realizable value. Unconditional pledges receivable expected to be received in one or more years are discounted to net realizable value.

Other Receivables - Receivable balances have been adjusted for all known uncollectible accounts. Accounts are written off when management determines that probability of collection is remote. The Alliance has established an allowance for doubtful accounts of \$5,000 at June 30, 2022 and 2021.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment - Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of receipt. In general, items capitalized are those with a cost or fair market value at time of donation of \$500 or greater. Depreciation of property and equipment is provided over the estimated useful lives of the assets using the straight-line method. Routine maintenance and repairs are charged to expense as incurred.

The Alliance reviews for impairment of long-lived assets in accordance with accounting standards. These standards require companies to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at June 30, 2022 and 2021.

Investments - The Alliance's investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position.

It is the Alliance's intention to designate a portion of its long-term investments in an amount equal to the underlying carrying value of its net assets with donor restrictions that are perpetual in nature.

Endowment Investment and Spending Policies - The Alliance has adopted investment and spending policies for endowment assets held by a trustee.

For those assets held by a trustee, the trustee's investment policy has the objective of being a balanced investor. The balanced investor wants to preserve assets and achieve a balance between income and growth. The focus is on long-term returns, while allowing for some shorter-term volatility.

The Board of Trustees has established that the targeted annual spending rate for the funds is 4%, calculated as a percentage of the 12-quarter average market value of the funds as of the beginning of each fiscal year. The Board of Trustees, however, in its sole discretion, may increase or decrease disbursements from the funds should circumstance warrant a change.

Deferred Revenue - Sales of season ticket subscriptions for programs to be performed the following fiscal year are recorded as deferred revenue. Revenue from such sales is recognized during the fiscal year the programs are presented.

Income Taxes - The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements. However, any income from certain activities not directly related to the Alliance's tax-exempt purpose may be subject to taxation as unrelated business income.

Accounting for Uncertainty in Income Taxes - The Alliance has adopted accounting rules that prescribe when to recognize, and how to measure the financial statement effects of income tax positions taken, or expected to be taken, on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Alliance only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on its review, management does not believe the Alliance has taken any material uncertain tax positions, including any position that would place the Alliance's exempt status in jeopardy as of June 30, 2022.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising Expense - Advertising costs are expensed in the same year as the performance in which they relate. Advertising expense was \$104,106 and \$67,344 for the years 2022 and 2021. Advertising costs for future performances are recorded as prepaid expenses. There was prepaid advertising of \$51,954 at June 30, 2022. There was no prepaid advertising at June 30, 2021.

Donated advertising is recorded separately from advertising expense and totaled \$101,035 and \$96,000 for the years 2022 and 2021.

Recently Issued Accounting Standards Not Yet Adopted - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the fiscal year ending June 30, 2023. The Alliance is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

Reclassifications - Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation.

Subsequent Events - In preparing these financial statements, the Alliance has evaluated events and transactions for potential recognition or disclosure through October 14, 2022, the date the financial statements were available to be issued.

NOTE 2 - REVENUE RECOGNITION

The FASB issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification ("ASC"). Topic 606 replaced most existing revenue recognition guidance in U.S. GAAP, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Topic 606 does not apply to public support received by the Alliance or to return on investments.

The Alliance adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. Adoption of the new guidance did not require any changes to the Alliance's accounting policies for revenue recognition, trade and other receivables, contract costs, contract liabilities, or deferred costs. Accordingly, there has been no adjustments to net assets or any other statement of financial position accounts as of July 1, 2020, to reflect adoption of the new guidance. The Alliance derives its revenue primarily from performance ticket sales, education programming, public support, government grants, and investment income. Revenue subject to ASC Topic 606 includes performance ticket sales and education programming. For performance ticket sales and education programming, revenue is recognized when the service has been provided to the customer, which is when the performance has taken place or education programming has been provided, in an amount that reflects the consideration the Alliance expects to be entitled to in exchange for those services. Performance ticket sales are recorded as deferred revenue until the performance has taken place, at which time revenue is recognized. Incidental items that are immaterial in the context of the contract are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year. The nature of the Alliance's business does not give rise to variable consideration. The Alliance does not have any significant financing components.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - REVENUE RECOGNITION - CONTINUED

Revenue from performance obligations satisfied at a point in time consists of single performance ticket sales and education programming. Revenue from performance obligations satisfied over time consists of subscription performance ticket sales.

The contract balances at June 30, 2022 and 2021 are presented on the statements of financial position. At July 1, 2020, contract balances included trade and other receivables of \$190,029 and deferred revenue of \$1,377,312.

Performance Obligations

For performance obligations related to single performance ticket sales and education programming, control transfers to the customer at a point in time. Most sales occur prior to the performance taking place, and as such, the Alliance records deferred revenue for these sales. Revenue from single performance ticket sales and education programming is recognized when the service is provided, which is when the performance or education programming is experienced by the end customer.

For performance obligations related to subscription performance ticket sales, control transfers to the customer over time. Subscription performance ticket sales provide the customer access to multiple performances throughout the Alliance's season. Most sales occur prior to the performance taking place, and as such, the Alliance records deferred revenue for these sales. Revenue from subscription performance ticket sales is recognized when the service is provided, which is over the period when the season's performances are experienced by the customer.

Revenue

Revenue recognized from performance obligations satisfied at a point in time and over time for 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Performance obligations satisfied at a point in time	\$ 1,097,120	\$ 522,558
Performance obligations satisfied over time	<u>671,486</u>	<u>80,632</u>
	<u>\$ 1,768,606</u>	<u>\$ 603,190</u>

NOTE 3 - PLEDGES RECEIVABLE

	<u>2022</u>	<u>2021</u>
Pledges		
Due in less than one year	\$ 1,322,137	\$ 1,299,295
Due in one to five years	<u>1,189,400</u>	<u>1,221,300</u>
	<u>2,511,537</u>	2,520,595
Less discount to net present value	<u>74,000</u>	<u>127,000</u>
	<u>\$ 2,437,537</u>	<u>\$ 2,393,595</u>

DAYTON PERFORMING ARTS ALLIANCE**NOTES TO FINANCIAL STATEMENTS****NOTE 3 - PLEDGES RECEIVABLE - CONTINUED**

At June 30, 2022 and 2021, the present value of the pledges receivable have been determined using a discount rate ranging between 3.25% and 5.50%.

The Alliance receives contributions from members of its Board of Trustees and employees who work for the Alliance. Total contributions from these parties were \$324,795 and \$193,581 for the years 2022 and 2021. Outstanding pledges receivable from these parties were \$222,200 and \$45,920 as of June 30, 2022 and 2021.

In addition to the above pledges, the Alliance has been informed by various individuals of their intentions to give to the Alliance in the future. Such communications are not unconditional promises to give because the individuals have not stipulated how or when they will give. Therefore, such intentions have not been recorded in the accompanying financial statements.

NOTE 4 - PROPERTY AND EQUIPMENT

	<u>2022</u>	<u>2021</u>
Equipment, sets and costumes	\$ 1,109,255	\$ 1,084,794
Office and computer equipment	532,278	480,673
Musical instruments and production equipment	414,708	407,900
Music library	179,787	179,787
Leasehold improvements	<u>117,941</u>	<u>91,521</u>
	2,353,969	2,244,675
Less accumulated depreciation	<u>2,062,896</u>	<u>1,964,233</u>
	<u>\$ 291,073</u>	<u>\$ 280,442</u>

NOTE 5 - INVESTMENTS

The following reflects the cost and estimated fair values of marketable securities held at June 30, 2022 and 2021. In addition, gross unrealized gains and unrealized losses are disclosed for the years 2022 and 2021.

	<u>2022</u>			
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Money market funds	\$ 268,106	\$ -	\$ -	\$ 268,106
Mutual funds	593,556	9,016	-	602,572
Equity securities	<u>813,853</u>	<u>232,411</u>	-	<u>1,046,264</u>
	<u>\$ 1,675,515</u>	<u>\$ 241,427</u>	<u>\$ -</u>	<u>\$ 1,916,942</u>

DAYTON PERFORMING ARTS ALLIANCE**NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INVESTMENTS - CONTINUED

	2021			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Money market funds	\$ 279,026	\$ -	\$ -	\$ 279,026
Mutual funds	591,241	80,510	-	671,751
Equity securities	<u>856,549</u>	<u>489,528</u>	-	<u>1,346,077</u>
	<u>\$ 1,726,816</u>	<u>\$ 570,038</u>	<u>\$ -</u>	<u>\$ 2,296,854</u>

Unrealized losses of \$328,611, and realized losses of \$10,697 from sales of investments, are included in the statement of activities for the year 2022. Unrealized gains of \$385,299, and realized gains of \$21,394 from sales of investments, are included in the statement of activities for the year 2021. Gross investment return for the years 2022 and 2021 totaled \$56,410 and \$32,871, and is netted with investment management fees of \$19,014 and \$16,360 in net investment return in the statements of activities for the years 2022 and 2021.

NOTE 6 - FAIR VALUE MEASUREMENTS

Accounting standards define fair value, outline a framework for measuring fair value and detail the required disclosures about fair value measurements. The standards require that certain non-financial assets and liabilities be recognized or disclosed at fair value. At the present time, the Alliance does not have any non-financial assets or liabilities that would require fair value recognition or disclosures under these standards.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Alliance uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value. Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. The Alliance uses valuation techniques in a consistent manner from year-to-year.

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.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FAIR VALUE MEASUREMENTS - CONTINUED

Fair values of the Alliance's financial assets measured on a recurring basis at June 30, 2022 and 2021 are as follows:

	2022			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market funds	\$ 268,106	\$ 268,106	\$ -	\$ -
Mutual funds	602,572	602,572	-	-
Equity securities	1,046,264	1,046,264	-	-
Beneficial interest in funds held at The Dayton Foundation	2,868,854	-	-	2,868,854
Beneficial interest in perpetual trusts	<u>1,995,661</u>	<u>-</u>	<u>-</u>	<u>1,995,661</u>
	<u>\$ 6,781,457</u>	<u>\$ 1,916,942</u>	<u>\$ -</u>	<u>\$ 4,864,515</u>
	2021			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market funds	\$ 279,026	\$ 279,026	\$ -	\$ -
Mutual funds	671,751	671,751	-	-
Equity securities	1,346,077	1,346,077	-	-
Beneficial interest in funds held at The Dayton Foundation	2,841,698	-	-	2,841,698
Beneficial interest in perpetual trust	<u>2,408,472</u>	<u>-</u>	<u>-</u>	<u>2,408,472</u>
	<u>\$ 7,547,024</u>	<u>\$ 2,296,854</u>	<u>\$ -</u>	<u>\$ 5,250,170</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodologies used at June 30, 2022 and 2021.

Money market, mutual funds and equity securities: Value based on quoted prices in active markets.

Beneficial interest in funds held at The Dayton Foundation: Value determined based on the fair value of the underlying trust assets, which is estimated to approximate the present value of future cash flow of the funds held and the fair market value of the underlying assets at June 30, 2022 and 2021.

Beneficial interest in perpetual trusts: Value determined based on the fair value of the underlying trust assets, which is estimated to approximate the present value of the future cash flow of the trust distributions and the fair market value of the underlying assets at June 30, 2022 and 2021.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FAIR VALUE MEASUREMENTS - CONTINUED

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 Alliance believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the Alliance's Level 3 assets for the years 2022 and 2021:

	2022	
	Beneficial Interest in Funds Held at The Dayton Foundation	Beneficial Interest in Perpetual Trusts
Value at the beginning of the year	\$ 2,841,698	\$ 2,408,472
Annual distribution	(98,266)	(117,926)
Contributions and support	584,127	-
Change in fair value	<u>(458,705)</u>	<u>(294,885)</u>
Value at the end of the year	<u>\$ 2,868,854</u>	<u>\$ 1,995,661</u>
	2021	
	Beneficial Interest in Funds Held at The Dayton Foundation	Beneficial Interest in Perpetual Trust
Value at the beginning of the year	\$ 1,724,987	\$ 1,981,959
Annual distribution	(49,431)	(115,037)
Contributions and support	613,163	-
Change in fair value	<u>552,979</u>	<u>541,550</u>
Value at the end of the year	<u>\$ 2,841,698</u>	<u>\$ 2,408,472</u>

NOTE 7 - LINE OF CREDIT

The Alliance has available a line of credit with a borrowing limit of \$525,000 that expires on May 31, 2023. The agreement was entered into with PNC Bank in May 2016. The line of credit was renewed in May 2022. The line of credit is secured by assets held at PNC Bank. Beginning with the renewal in May 2022, the line bears interest at the daily Bloomberg Short-Term Bank Yield Index rate ("BSBY") plus 2.50%. Prior to this, the line bore interest at the Daily LIBOR plus 2.50%. The daily BSBY was 1.58% at June 30, 2022, and the daily LIBOR was 0.09% at June 30, 2021. Interest expense for the line of credit was \$2,101 for 2021. There was no line of credit balance at June 30, 2022 and 2021 and no related interest expense for 2022.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - SMALL BUSINESS ADMINISTRATION FUNDING

As part of the Consolidated Appropriations Act, 2021, which was signed into law on December 27, 2020, Congress established the Shuttered Venue Operators Grant ("SVOG") program. The SVOG program provides funding to assist entities whose ability to host in-person events was adversely impacted by the COVID-19 pandemic. Awards made through this program are not required to be repaid, provided that the recipient uses the proceeds to cover certain expenses, as specified in the grant agreement. In August 2021, the Alliance received \$1,163,809 from the Small Business Administration ("SBA") through the SVOG program. In November 2021, the SBA provided an additional \$831,905 to the Alliance as part of its supplemental disbursement of the remaining unused program funds to qualified applicants. The Alliance believes it has used SVOG funds in compliance with the program's requirements in order to support its operating expenses and has thus recognized \$1,995,714 as grant revenue for the year ended June 30, 2022.

Congress also approved a second round of loans under the Paycheck Protection Program ("PPP") as part of the Consolidated Appropriations Act, 2021. PPP loans, which were originally established through the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), and the related accrued interest were forgivable after a "covered period" as long as the borrower met certain criteria. Any unforgiven portion of the PPP loan was payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Alliance applied for and received a loan totaling \$500,000 under this program. The Alliance initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Alliance recognized \$500,000 as contribution revenue for the year ended June 30, 2021. In January 2022, the Alliance received notification of forgiveness of the loan in full.

The Alliance applied for and received a loan through the SBA for \$150,000 in August 2020. The loan is meant to assist the Alliance with operating expenses as a result of the COVID-19 pandemic. The balance and terms of this loan are summarized in the table below. The terms of the loan require monthly payments beginning in August 2022, including accrued interest at 2.75%, through July 2051. Monthly payments are first applied to accrued interest. Certain assets of the Alliance are pledged as collateral against the loan.

	<u>2022</u>	<u>2021</u>
SBA loan, monthly payments beginning in August 2022, including interest at 2.75%, through July 2051. Certain assets of the Alliance are pledged as collateral against the loan.	\$ 149,000	\$ 149,000
Less current maturity	<u>-</u>	<u>-</u>
	<u>\$ 149,000</u>	<u>\$ 149,000</u>

Maturities on the Alliance's long-term debt obligations for each of the next five years and thereafter are as follows:

2023	\$ -
2024	3,418
2025	3,735
2026	3,839
2027	3,946
Thereafter	<u>134,062</u>
	<u>\$ 149,000</u>

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

Temporary restrictions on assets are released by incurring expenses that satisfy the intended purpose or the occurrence of events specified by donors.

	<u>2022</u>	<u>2021</u>
Time and purpose restrictions - support for completed performances and general operations	<u>\$ 1,171,184</u>	<u>\$ 954,700</u>

NOTE 10 - NET ASSETS

	<u>2022</u>	<u>2021</u>
Without Donor Restrictions		
Undesignated Fund	<u>\$ 1,025,902</u>	<u>\$ 83,161</u>
With Donor Restrictions		
Time Restricted	233,209	209,910
Purpose Restricted		
Investment returns on donor-restricted endowments	1,101,710	1,330,268
Future performances	552,500	902,600
Education programs	430,205	207,000
Other	<u>118,400</u>	<u>-</u>
	<u>2,202,815</u>	<u>2,439,868</u>
	<u>2,436,024</u>	<u>2,649,778</u>
Perpetual in Nature		
One Dayton, One Alliance Campaign	3,635,930	3,875,870
Catterton Endowment Opera Fund	851,422	1,032,945
Catterton Endowment Philharmonic Fund	747,644	906,905
Ballet Arts and Cultural Development Fund	396,595	468,622
National Endowment for the Arts Fund	400,000	400,000
Dayton Philharmonic Endowment Fund	337,000	337,000
Dayton Opera Endowment Fund	250,000	250,000
Q the Music Endowment Fund	100,000	100,000
Planned gifts	68,300	66,800
Other funds	<u>72,090</u>	<u>72,090</u>
	<u>6,858,981</u>	<u>7,510,232</u>
	<u>\$ 10,320,907</u>	<u>\$ 10,243,171</u>

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - NET ASSETS - CONTINUED

Time and Purpose Restricted

Olive Kettering Endowment Fund

This fund was established by a gift from the Kettering Fund which specified that the income from the fund be used by the Alliance for the purpose of annually underwriting the fee and any other expenses related to the performance of a recognized guest artist in connection with the regular series concerts. The donor also provides that if the stated purpose becomes impractical at any time in the future, the funds shall be used by the Alliance for its general musical and cultural purposes.

Perpetual in Nature

One Dayton, One Alliance Campaign

The Dayton Performing Arts Alliance has established funds at The Dayton Foundation as permanently restricted endowment funds. Only the earnings from these funds will be used to support the programming and mission of the Alliance. The funds can be restricted for Dayton Ballet, Dayton Opera, Dayton Philharmonic, education programming, or the general mission of the Dayton Performing Arts Alliance.

Catterton Endowment Funds

The Dayton Opera Trust Fund and the Dayton Philharmonic Trust Fund were established through a bequest from Hampton W. and Erma R. Catterton and consist of a beneficial interest in a perpetual trust. The trust permits interest and dividend income to be distributed annually to the Alliance for its unrestricted use. As described in Note 13, state law also allows additional amounts to be distributed to the Alliance.

Ballet Arts and Cultural Development Fund

This fund was established at The Dayton Foundation for the exclusive purpose of accepting undesignated and designated gifts and encouraging planned and deferred giving to enhance the arts in the Miami Valley.

National Endowment for the Arts Fund

This fund was established to meet a requirement set by the National Endowment for the Arts regarding a challenge grant received by the Alliance. This fund represents the aggregate amount of the challenge grant plus the required matching funds received by the Alliance.

Q the Music Endowment Fund

This fund was established to provide support for the Q the Music after school orchestra elementary education program.

Endowment Funds

These funds were established to account for endowment contributions whose corpus was required by the donors to be held in perpetuity. Earnings from these funds are unrestricted or temporarily restricted determined by the intent of the donor.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - NET ASSETS - CONTINUED

Other Funds

Other Funds consist of the following:

Musician Dinner Fund

This fund was established by a contribution from Solomon Rosenthal to provide an annual dinner for the orchestra's musicians.

Horine Memorial Endowment Fund

This fund was established by contributions from individuals in memory of David M. Horine, a former Dayton Philharmonic Orchestra member. Earnings from this fund are used to provide scholarships to Dayton Philharmonic Orchestra members for musical study.

David L. Pierson Young Musicians Competition Fund

This fund was established to fund cash prizes for the Pierson Competition.

Dr. David DiChiera and Thomas Bankston Fund for Emerging Artists

This fund was established to provide support of the cultivation and training of emerging opera singers.

NOTE 11 - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the year ended June 30, 2022.

	2022			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Undesignated</u>	<u>Time and Purpose Restrictions</u>	<u>Perpetual in Nature</u>	
Endowment net assets, beginning of period	\$ 306,306	\$ 67,454	\$ 5,101,760	\$ 5,475,520
Change in value in beneficial interest in funds held at The Dayton Foundation	(69,936)	-	-	(69,936)
Net investment loss (realized and unrealized)	(137,841)	(21,508)	-	(159,349)
Contributions to endowment fund	-	-	166,786	166,786
Net change in endowment fund	-	-	(322,635)	(322,635)
Amounts appropriated for expenditure	(43,823)	(6,750)	(82,591)	(133,164)
Endowment net assets, end of period	<u>\$ 54,706</u>	<u>\$ 39,196</u>	<u>\$ 4,863,320</u>	<u>\$ 4,957,222</u>

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - ENDOWMENT FUNDS AND NET ASSETS - CONTINUED

The following is a summary of all Alliance net assets as of June 30, 2022:

	2022			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Undesignated</u>	<u>Time and Purpose Restrictions</u>	<u>Perpetual in Nature</u>	
Endowment funds	\$ 54,706	\$ 39,196	\$ 4,863,320	\$ 4,957,222
Non-endowment funds:				
Operating	971,196	-	-	971,196
Beneficial interest in perpetual trust - Catterton	-	-	1,599,066	1,599,066
Beneficial interest in perpetual trust - Ballet Fund	-	-	396,595	396,595
Time and purpose restrictions	-	2,396,828	-	2,396,828
	<u>\$ 1,025,902</u>	<u>\$ 2,436,024</u>	<u>\$ 6,858,981</u>	<u>\$ 10,320,907</u>

The following is a summary of changes in endowment net assets for the year ended June 30, 2021:

	2021			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Undesignated</u>	<u>Time and Purpose Restrictions</u>	<u>Perpetual in Nature</u>	
Endowment net assets, beginning of period	\$ 80,014	\$ 34,865	\$ 4,567,139	\$ 4,682,018
Change in value in beneficial interest in funds held at The Dayton Foundation	86,153	-	-	86,153
Net investment income (realized and unrealized)	176,889	36,589	-	213,478
Contributions to endowment fund	-	-	73,301	73,301
Net change in endowment fund	-	-	495,251	495,251
Amounts appropriated for expenditure	(36,750)	(4,000)	(33,931)	(74,681)
Endowment net assets, end of period	<u>\$ 306,306</u>	<u>\$ 67,454</u>	<u>\$ 5,101,760</u>	<u>\$ 5,475,520</u>

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - ENDOWMENT FUNDS AND NET ASSETS - CONTINUED

The following is a summary of all Alliance net assets as of June 30, 2021:

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
	Undesignated	Time and Purpose Restrictions	Perpetual in Nature	
Endowment funds	\$ 306,306	\$ 67,454	\$ 5,101,760	\$ 5,475,520
Non-endowment funds:				
Operating	(223,145)	-	-	(223,145)
Beneficial interest in perpetual trust - Catterton	-	-	1,939,850	1,939,850
Beneficial interest in perpetual trust - Ballet Fund	-	-	468,622	468,622
Time and purpose restrictions	-	2,582,324	-	2,582,324
	<u>\$ 83,161</u>	<u>\$ 2,649,778</u>	<u>\$ 7,510,232</u>	<u>\$ 10,243,171</u>

NOTE 12 - BENEFICIAL INTEREST IN FUNDS HELD AT THE DAYTON FOUNDATION

The Alliance has a beneficial interest in several funds held at The Dayton Foundation, a community foundation that invests and manages donors' charitable funds. The Dayton Foundation manages these funds for the benefit of the Alliance. The funds were established with The Dayton Foundation to provide income and support to the Alliance. Net income from the funds shall be distributed not less than annually. Additionally, should an extraordinary need arise in an area consistent with the purpose of the fund, the Alliance, after the approval of its Board, may request from The Dayton Foundation an additional distribution, subject to the approval of The Dayton Foundation's Governing Board. The Alliance records the beneficial interest in these funds at fair market value. The fair market value of these funds was \$2,868,854 and \$2,841,698 at June 30, 2022 and 2021.

The Alliance is also the beneficiary of several funds held at The Dayton Foundation. Donors established these funds with The Dayton Foundation to provide annual income and support to the Alliance in accordance with The Dayton Foundation spending policies.

The fair market value of these funds at June 30, 2022 was:

Performing Arts Field of Interest Fund	\$ 2,270,117
Jesse Phillips Opera Fund	272,610
Beverly E. Cowden Opera Endowment Fund	259,225
S. Fiorita Memorial Scholarship	<u>25,429</u>
	<u>\$ 2,827,381</u>

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Alliance has two Beneficial Interest in a Perpetual Trust arrangements established by the Hampton W. and Erma R. Catterton Charitable Trust Fund, the Dayton Opera Trust Fund and the Dayton Philharmonic Trust Fund. The assets of the trust are not in the possession of the Alliance and are administered by an outside trustee, J.P. Morgan. Under the terms of the trust, the Alliance has the irrevocable right to receive the income earned on the trust assets in perpetuity. The Alliance's Board of Trustees may request, under certain circumstances, that the trustee make a distribution of some portion of the trust principal. However, the right to receive any of the trust principal is conditional, based on approved request, which is at the sole and absolute discretion of the outside trustee. Accordingly, the Alliance will only recognize any future distribution of trust principal when received from the trust. There were income distributions from the trusts in the amounts of \$54,535 and \$47,862 for the Opera and Philharmonic trusts, respectively, for year ended June 30, 2022. There were income distributions from the trusts in the amounts of \$50,000 for both the Opera and Philharmonic trusts for year ended June 30, 2021.

Accounting principles generally accepted in the United States of America require the Alliance to record a permanently restricted net asset entitled "Beneficial Interest in a Perpetual Trust", representing the present value of the expected future cash flows of income from the trust. At June 30, 2022, the present value of the expected future cash flows of income from the trust was equal to the fair market value of the assets held in the trust and amounted to \$851,422 and \$747,644 for the Opera and Philharmonic trusts, respectively. At June 30, 2021, the present value of the expected future cash flows of income from the trust was equal to the fair market value of the assets held in the trust and amounted to \$1,032,946 and \$906,904 for the Opera and Philharmonic trusts, respectively. The adjustment to fair market value is recognized as gains or losses in net assets with donor restrictions perpetual in nature. Annual distributions from the trust are reported as investment income that increases net assets without donor restrictions.

The Alliance is an income beneficiary of another perpetual trust from the Ballet Arts and Cultural Development Fund. The assets of this trust are maintained by The Dayton Foundation, a local charitable foundation, and are not under the control of the Alliance. The trust provides that the Alliance has the irrevocable right to receive the income earned on the trust assets in perpetuity. The Alliance has recorded a permanently restricted net asset entitled "Beneficial Interest in a Perpetual Trust", representing the present value of the expected future cash flows of income from the trust. At June 30, 2022 and 2021, the present value of the expected future cash flows of income from the trust was equal to the fair market value of the assets held in the trust and amounted to \$396,595 and \$468,622. Income distributions for the years 2022 and 2021 were \$15,529 and \$15,037.

NOTE 14 - CONTRIBUTED SERVICES, FACILITIES AND MATERIALS

	<u>2022</u>	<u>2021</u>
Printing, publicity, and promotion	\$ 101,035	\$ 96,000
Lodging	5,106	-
Property and equipment	<u>6,300</u>	<u>-</u>
	<u>\$ 112,441</u>	<u>\$ 96,000</u>

The Alliance recognized contributed services and materials within revenue and support, including contributed printing, publicity, and promotion, lodging, and property and equipment, all of which are utilized for the Alliance's performances. Unless otherwise noted, contributed services and materials did not have donor-imposed restrictions.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - CONTRIBUTIONS OF SERVICES, FACILITIES AND MATERIALS - CONTINUED

Contributed printing, publicity, and promotion recognized consist of various print, digital and radio advertising provided to the Alliance for their programming. Contributed printing, publicity, and promotion are valued and are reported at the estimated fair value in the financial statements based on current rates for similar advertising services.

Contributed lodging recognized consists of lodging provided to the Alliance for guest artists. Contributed lodging is valued and is reported at the estimated fair value in the financial statements based on the Alliance's nightly lodging rate at a local hotel.

Contributed property and equipment consists of instruments donated to the Alliance for use in their performances. The contributed property and equipment are valued and reported at the estimated fair value in the financial statements based on an independent appraisal of the instruments at the time of donation.

NOTE 15 - LIQUIDITY AND AVAILABILITY

The following reflects the Alliance's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions or internal designations. Financial assets are considered unavailable when not convertible to cash within one year such as endowments which include board designated endowments, which could be drawn upon if the Board of Trustees approves that action.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,399,128	\$ 28,477
Pledges receivable, net	2,437,537	2,393,595
Grants receivable	204,693	65,951
Trade and other receivables, net	153,933	31,894
Investments	1,916,942	2,296,854
Beneficial interest in funds held at The Dayton Foundation	2,868,854	2,841,698
Beneficial interest in perpetual trusts	<u>1,995,661</u>	<u>2,408,472</u>
Total financial assets	10,976,748	10,066,941
Less those unavailable for general expenditure within one year due to:		
Purpose restricted - investment returns on donor restricted net assets	(1,101,710)	(1,330,268)
Purpose restricted - performances and programs	(1,101,105)	(1,109,600)
Plus: purpose restrictions expected to be met within one year	869,117	979,600
Assets restricted in perpetuity for One Dayton, One Alliance endowment	(3,635,930)	(3,875,870)
Net assets with donor restrictions - perpetual in nature	(3,223,051)	(3,634,362)
Plus: next year's approved draws	313,000	254,000
Pledges receivable collectible beyond one year	<u>(30,000)</u>	<u>(15,000)</u>
	<u>(7,909,679)</u>	<u>(8,731,500)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,067,069</u>	<u>\$ 1,335,441</u>

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 15 - LIQUIDITY AND AVAILABILITY - CONTINUED

In addition to financial assets available to meet general expenditures within one year, the Alliance anticipates funding its general expenditures by collecting public support and earned revenue, utilizing donor-restricted resources from current gifts and appropriating the return on its investment portfolio. The Alliance also has available a line of credit with a borrowing limit of \$525,000 as described in Note 7.

Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use and the Alliance's mission. Donor-restricted endowment funds are not available for general expenditure.

The Alliance, as necessary, can request additional distributions from its beneficial interest in perpetual trusts for general expenditures. Additionally, the Alliance can request unrestricted earnings from beneficial interests in funds held at The Dayton Foundation. No request is planned for 2023 in excess of The Dayton Foundation's investment distribution policy.

Purpose restrictions expected to be met within one year represent net assets restricted by donors to support performances and educational programs that are expected to be released within one year.

NOTE 16 - MULTI-EMPLOYER PENSION PLAN

Effective September 1, 2017, the Alliance entered into a collective bargaining agreement with its contracted musicians which was originally set to expire on August 31, 2021. This agreement has since been extended under substantially the same terms through August 30, 2023.

The Alliance provides pension benefits to contracted musicians under a multi-employer defined benefit plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and requires payments of 6% of certain components of participants' wages by the Alliance. Total payments made to the Plan for the years 2022 and 2021 were \$66,809 and \$45,509.

The risks in participating in a multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to the employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Alliance chooses to stop participating in the plan, it may be required to pay a withdrawal liability to the plan.

The Alliance's participation in the Plan is outlined in the table below. The most recent Pension Protection Act ("PPA") status available for the Plan is critical and declining (red zone) under the Pension Protection Act of 2006. As of March 31, 2022, the Plan had \$1.7 billion in assets and approximately \$3.5 billion in liabilities, which represents the present value of all benefits earned by Plan participants payable in the future. As a result, the Plan was underfunded by approximately \$1.7 billion at March 31, 2022. For the purpose of determining the potential obligation to employers should they withdraw from the Plan, underfunding is calculated on a different basis and was not determined as of June 30, 2022.

Given underfunding will continue to grow over time, the Plan is projected to become insolvent during the Plan year ending March 31, 2038. In January 2020, Plan Trustees filed an application with the U.S. Treasury to reduce participant benefits under the Multiemployer Pension Reform Act of 2014 ("MPRA") to protect the solvency of the Plan. The U.S. Treasury denied the Plan's initial application in August 2020. The Plan Trustees have indicated they intend to file an updated application to reduce participant benefits under MPRA. The Plan also intends to apply for assistance under the American Rescue Plan Act of 2021 ("ARPA") in order to obtain relief through the federal Pension Benefit Guaranty Corporation ("PBGC"). This relief, if provided, will grant the Plan the amount required to pay all benefits due over the next 30 years. The Plan has stated its intention to submit its application before the 2026 deadline.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 16 - MULTI-EMPLOYER PENSION PLAN - CONTINUED

Name of Pension Fund	EIN and Plan Number	Pension Protection Act Zone Status		FIP/RP Status	Contributions for the Year Ended June 30		Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2022	2021		2022	2021		
American Federation of Musicians and Employers' Pension Plan	51-6120204 Plan No. 001	Red	Red	Implemented	<u>\$ 66,809</u>	<u>\$ 45,509</u>	No	8/30/2023

For the Plan years ended March 31, 2021 and 2020, the Company was not listed in the American Federation of Musicians and Employers' Pension Plan Form 5500 as providing more than 5% of the total contributions for the Plan. At the date these financial statements were issued, Form 5500 was not available for the Plan year ended March 31, 2022.

The Alliance has no plans to withdraw from the multi-employer pension plan. As of the date of the accompanying financial statements, the Alliance's share of the unfunded benefit obligation has not been determined and no liability has been reflected in the accompanying financial statements.

NOTE 17 - RETIREMENT PLAN

The Alliance maintains a 403(b)(7) retirement plan for any employee who is not covered under a collectively bargained union agreement. This plan is funded entirely by employees contributing a portion of their salary to this plan. No contributions were made to this plan by the Alliance during 2022 and 2021.

NOTE 18 - LEASE COMMITMENTS

The Alliance leases office space, studios and warehouse storage expiring at various times through 2023. The lessor and lessee share maintenance responsibilities, depending on the nature of the repair. The lessor is responsible for all real estate taxes and insurance, with the exception of liability insurance, which is the responsibility of the lessee. Rental expense under these leases for the years 2022 and 2021 was \$144,580 and \$127,519.

The Alliance leases various office equipment expiring at various times through 2028. Rental expense under these leases for the years 2022 and 2021 was \$28,758 and \$25,655.

Future minimum lease payments over the next five years and thereafter are as follows:

2023	\$ 182,811
2024	15,005
2025	4,355
2026	4,355
2027	4,355
Thereafter	<u>2,177</u>
	<u>\$ 213,058</u>



BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Dayton Performing Arts Alliance
Dayton, Ohio

We have audited the financial statements of **Dayton Performing Arts Alliance** as of and for the years ended June 30, 2022 and 2021, and our report thereon dated October 14, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1 - 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The net asset information in the accompanying schedules presents the balance and classification of the net assets associated with the funds presented and is not intended to be a complete presentation of total net assets.

The accompanying 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Brady, Ware & Schoenfeld, Inc.

Dayton, Ohio
October 14, 2022

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DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - INVESTMENTS

JUNE 30, 2022

	Olive Kettering Endowment Fund	National Endowment for the Arts Fund	Dayton Philharmonic Endowment Fund	Musician Dinner Fund	Horine Memorial Endowment Fund	David L. Pierson Young Musicians Competition Fund	Dermot Burke Premier Fund	Q the Music Endowment Fund	Total
Net assets, beginning of year	\$ 1,142,288	\$ 491,834	\$ 450,536	\$ 33,397	\$ 16,046	\$ 9,052	\$ 25,000	\$ 128,701	\$ 2,296,854
Contributions and support	-	-	-	-	-	-	-	-	-
Released from restrictions	(40,000)	(16,000)	(15,000)	(2,000)	(500)	(250)	-	(4,250)	(78,000)
Net investment income and transfers	<u>(138,323)</u>	<u>(66,262)</u>	<u>(71,579)</u>	<u>(3,941)</u>	<u>(1,951)</u>	<u>(1,105)</u>	<u>(3,135)</u>	<u>(15,616)</u>	<u>(301,912)</u>
Net assets, end of year	<u>\$ 963,965</u>	<u>\$ 409,572</u>	<u>\$ 363,957</u>	<u>\$ 27,456</u>	<u>\$ 13,595</u>	<u>\$ 7,697</u>	<u>\$ 21,865</u>	<u>\$ 108,835</u>	<u>\$ 1,916,942</u>
Net Assets									
Undesignated	\$ -	\$ 9,572	\$ 27,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,576
Time and purpose restrictions	963,965	-	-	12,456	4,505	7,697	21,865	8,835	1,019,323
Perpetual in nature	<u>-</u>	<u>400,000</u>	<u>336,953</u>	<u>15,000</u>	<u>9,090</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>861,043</u>
	<u>\$ 963,965</u>	<u>\$ 409,572</u>	<u>\$ 363,957</u>	<u>\$ 27,456</u>	<u>\$ 13,595</u>	<u>\$ 7,697</u>	<u>\$ 21,865</u>	<u>\$ 108,835</u>	<u>\$ 1,916,942</u>

See independent auditors' report on supplementary information.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - INVESTMENTS

JUNE 30, 2021

	Olive Kettering Endowment Fund	National Endowment for the Arts Fund	Dayton Philharmonic Endowment Fund	Musician Dinner Fund	Horine Memorial Endowment Fund	David L. Pierson Young Musicians Competition Fund	Dermot Burke Premier Fund	Q the Music Endowment Fund	Total
Net assets, beginning of year	\$ 634,408	\$ 413,650	\$ 375,831	\$ 26,584	\$ 12,773	\$ 7,205	\$ -	\$ 106,199	\$ 1,576,650
Contributions and support	300,000	-	-	-	-	-	25,000	-	325,000
Released from restrictions	-	(10,000)	(14,000)	-	-	-	-	(4,000)	(28,000)
Net investment income and transfers	<u>207,880</u>	<u>88,184</u>	<u>88,705</u>	<u>6,813</u>	<u>3,273</u>	<u>1,847</u>	<u>-</u>	<u>26,502</u>	<u>423,204</u>
Net assets, end of year	<u>\$ 1,142,288</u>	<u>\$ 491,834</u>	<u>\$ 450,536</u>	<u>\$ 33,397</u>	<u>\$ 16,046</u>	<u>\$ 9,052</u>	<u>\$ 25,000</u>	<u>\$ 128,701</u>	<u>\$ 2,296,854</u>
Net Assets									
Undesignated	\$ -	\$ 91,834	\$ 113,583	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,417
Time and purpose restrictions	1,142,288	-	-	18,397	6,956	9,052	25,000	28,701	1,230,394
Perpetual in nature	<u>-</u>	<u>400,000</u>	<u>336,953</u>	<u>15,000</u>	<u>9,090</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>861,043</u>
	<u>\$ 1,142,288</u>	<u>\$ 491,834</u>	<u>\$ 450,536</u>	<u>\$ 33,397</u>	<u>\$ 16,046</u>	<u>\$ 9,052</u>	<u>\$ 25,000</u>	<u>\$ 128,701</u>	<u>\$ 2,296,854</u>

See independent auditors' report on supplementary information.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - BENEFICIAL INTEREST IN FUNDS HELD AT THE DAYTON FOUNDATION

JUNE 30, 2022

	Dayton Opera Endowment Fund	Baritone Trust Investment	Dayton Philharmonic Endowment Fund	Dr. David DiChiera and Thomas Bankston Fund for Emerging Artists	Dayton Performing Arts Alliance Endowment Fund	Dayton Performing Arts Alliance Ballet Endowment Fund	Dayton Performing Arts Alliance Opera Endowment Fund	Dayton Philharmonic Orchestra Endowment Fund	Arts Education Endowment Fund	Total
Net assets, beginning of year	\$ 325,105	\$ 86,475	\$ 66,126	\$ 21,057	\$2,281,624	\$ 5,181	\$ 30,770	\$ 24,001	\$ 1,359	\$ 2,841,698
Contributions and support	-	-	-	-	435,939	33,828	96,695	17,665	-	584,127
Transfer of assets from beneficial interest	(10,650)	(2,852)	(2,171)	-	(80,627)	-	(1,055)	(911)	-	(98,266)
Change in beneficial interest	<u>(55,030)</u>	<u>(14,635)</u>	<u>(11,193)</u>	<u>(3,713)</u>	<u>(347,701)</u>	<u>(907)</u>	<u>(19,709)</u>	<u>(5,579)</u>	<u>(238)</u>	<u>(458,705)</u>
Net assets, end of year	<u>\$ 259,425</u>	<u>\$ 68,988</u>	<u>\$ 52,762</u>	<u>\$ 17,344</u>	<u>\$2,289,235</u>	<u>\$ 38,102</u>	<u>\$ 106,701</u>	<u>\$ 35,176</u>	<u>\$ 1,121</u>	<u>\$ 2,868,854</u>
Net Assets										
Undesignated	\$ 9,425	\$ -	\$ 6,363	\$ 2,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,132
Time and purpose restrictions	-	68,988	13,399	-	-	-	-	-	-	82,387
Perpetual in nature	<u>250,000</u>	<u>-</u>	<u>33,000</u>	<u>15,000</u>	<u>2,289,235</u>	<u>38,102</u>	<u>106,701</u>	<u>35,176</u>	<u>1,121</u>	<u>2,768,335</u>
	<u>\$ 259,425</u>	<u>\$ 68,988</u>	<u>\$ 52,762</u>	<u>\$ 17,344</u>	<u>\$2,289,235</u>	<u>\$ 38,102</u>	<u>\$ 106,701</u>	<u>\$ 35,176</u>	<u>\$ 1,121</u>	<u>\$ 2,868,854</u>

See independent auditors' report on supplementary information.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - BENEFICIAL INTEREST IN FUNDS HELD AT THE DAYTON FOUNDATION

JUNE 30, 2021

	Dayton Opera Endowment Fund	Baritone Trust Investment	Dayton Philharmonic Endowment Fund	Dr. David DiChiera and Thomas Bankston Fund for Emerging Artists	Dayton Performing Arts Alliance Endowment Fund	Dayton Performing Arts Alliance Ballet Endowment Fund	Dayton Performing Arts Alliance Opera Endowment Fund	Dayton Philharmonic Orchestra Endowment Fund	Arts Education Endowment Fund	Total
Net assets, beginning of year	\$ 267,400	\$ 71,154	\$ 54,312	\$ 17,173	\$ 1,273,975	\$ 4,102	\$ 25,404	\$ 10,395	\$ 1,072	\$ 1,724,987
Contributions and support	-	-	-	-	602,895	-	-	10,268	-	613,163
Transfer of assets from beneficial interest	(10,250)	(2,750)	(2,000)	(500)	(32,908)	-	(1,023)	-	-	(49,431)
Change in beneficial interest	<u>67,955</u>	<u>18,071</u>	<u>13,814</u>	<u>4,384</u>	<u>437,662</u>	<u>1,079</u>	<u>6,389</u>	<u>3,338</u>	<u>287</u>	<u>552,979</u>
Net assets, end of year	<u>\$ 325,105</u>	<u>\$ 86,475</u>	<u>\$ 66,126</u>	<u>\$ 21,057</u>	<u>\$ 2,281,624</u>	<u>\$ 5,181</u>	<u>\$ 30,770</u>	<u>\$ 24,001</u>	<u>\$ 1,359</u>	<u>\$ 2,841,698</u>
Net Assets										
Undesignated	\$ 75,105	\$ -	\$ 19,727	\$ 6,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,889
Time and purpose restrictions	-	86,475	13,399	-	-	-	-	-	-	99,874
Perpetual in nature	<u>250,000</u>	<u>-</u>	<u>33,000</u>	<u>15,000</u>	<u>2,281,624</u>	<u>5,181</u>	<u>30,770</u>	<u>24,001</u>	<u>1,359</u>	<u>2,640,935</u>
	<u>\$ 325,105</u>	<u>\$ 86,475</u>	<u>\$ 66,126</u>	<u>\$ 21,057</u>	<u>\$ 2,281,624</u>	<u>\$ 5,181</u>	<u>\$ 30,770</u>	<u>\$ 24,001</u>	<u>\$ 1,359</u>	<u>\$ 2,841,698</u>

See independent auditors' report on supplementary information.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

JUNE 30, 2022

	<u>Catterton Trust- Opera Fund</u>	<u>Catterton Trust- Philharmonic Fund</u>	<u>Ballet Arts and Cultural Development Fund</u>	<u>Total</u>
Net assets, beginning of year	\$ 1,032,946	\$ 906,904	\$ 468,622	\$ 2,408,472
Released from restrictions	(54,535)	(47,862)	(15,529)	(117,926)
Change in beneficial interest	<u>(126,989)</u>	<u>(111,398)</u>	<u>(56,498)</u>	<u>(294,885)</u>
Net assets, end of year	<u>\$ 851,422</u>	<u>\$ 747,644</u>	<u>\$ 396,595</u>	<u>\$ 1,995,661</u>
Net Assets Perpetual in nature	<u>\$ 851,422</u>	<u>\$ 747,644</u>	<u>\$ 396,595</u>	<u>\$ 1,995,661</u>

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

JUNE 30, 2021

	<u>Catterton Trust- Opera Fund</u>	<u>Catterton Trust- Philharmonic Fund</u>	<u>Ballet Arts and Cultural Development Fund</u>	<u>Total</u>
Net assets, beginning of year	\$ 845,651	\$ 746,975	\$ 389,333	\$ 1,981,959
Released from restrictions	(50,000)	(50,000)	(15,037)	(115,037)
Change in beneficial interest	<u>237,295</u>	<u>209,929</u>	<u>94,326</u>	<u>541,550</u>
Net assets, end of year	<u>\$ 1,032,946</u>	<u>\$ 906,904</u>	<u>\$ 468,622</u>	<u>\$ 2,408,472</u>
Net Assets Perpetual in nature	<u>\$ 1,032,946</u>	<u>\$ 906,904</u>	<u>\$ 468,622</u>	<u>\$ 2,408,472</u>