

Dayton Performing Arts Alliance

**Financial Statements with Supplementary Information
June 30, 2023 and 2022, and
Independent Auditors' Report**

DAYTON PERFORMING ARTS ALLIANCE
June 30, 2023 and 2022

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Independent Auditors' Report

To the 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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2023 financial statements referred to above present fairly, in all material respects, the financial position of Dayton Performing Arts Alliance as of June 30, 2023, and the changes in their net assets and their 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 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.

Prior Period Financial Statements

The financial statements of Dayton Performing Arts Alliance as of June 30, 2022 were audited by other auditors whose report dated October 14, 2022 expressed an unmodified opinion on those statements.

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.

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.

**Independent Auditors' Report
(Continued)**

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 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.

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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of activities by fund are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit 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.

Barnes, Dennig & Co., Ltd.

October 6, 2023
Dayton, Ohio

DAYTON PERFORMING ARTS ALLIANCE

Statements of Financial Position June 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,341,608	\$ 1,399,128
Pledges receivable - due within one year	1,622,406	1,322,137
Grants receivable	194,556	204,693
Trade and other receivables, net	150,830	153,933
Employee retention credit receivable	1,008,354	-
Right-of-use asset - operating	39,067	-
Prepaid expenses	136,016	89,374
Total current assets	4,492,837	3,169,265
Noncurrent assets:		
Pledges receivable, net - due within one to five years	500,000	1,115,400
Property and equipment, net	261,469	291,073
Right-of-use asset - operating, net of current portion	75,643	-
Investments	2,113,267	1,916,942
Beneficial interest in funds held at the Dayton Foundation	3,385,915	2,868,854
Beneficial interest in perpetual trusts	2,100,963	1,995,661
Total assets	\$ 12,930,094	\$ 11,357,195
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 60,456	\$ 153,091
Current portion of lease liability - operating	39,067	-
Deferred revenue	674,691	734,197
Total current liabilities	774,214	887,288
Noncurrent liabilities:		
Lease liability - operating, net of current portion	75,643	-
Note payable	150,000	149,000
Total liabilities	999,857	1,036,288
Net Assets		
Without donor restrictions	1,149,767	1,025,902
With donor restrictions		
Time restrictions	1,199,036	233,209
Purpose restrictions	2,579,926	2,202,815
Perpetual in nature	7,001,508	6,858,981
Total net assets	11,930,237	10,320,907
Total liabilities and net assets	\$ 12,930,094	\$ 11,357,195

See accompanying notes to financial statements

DAYTON PERFORMING ARTS ALLIANCE

Statement of Activities Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Performance ticket sales	\$ 2,044,952	\$ -	\$ 2,044,952
Performance - other	2,400	-	2,400
Education	356,940	5,150	362,090
Other operating income	54,510	-	54,510
Total revenues	<u>2,458,802</u>	<u>5,150</u>	<u>2,463,952</u>
Support			
Contributions and support	2,875,569	1,564,198	4,439,767
Employee retention credit	1,008,354	-	1,008,354
One Dayton, One Alliance Campaign	-	37,547	37,547
Government grants	236,422	66,137	302,559
Culture Works	93,864	-	93,864
Bequests	455,063	350,000	805,063
Contributed services and materials	196,602	-	196,602
Endowment releases	271,570	(271,570)	-
Net assets released from restriction	969,118	(969,118)	-
Total support	<u>6,106,562</u>	<u>777,194</u>	<u>6,883,756</u>
Total revenues and support	<u>8,565,364</u>	<u>782,344</u>	<u>9,347,708</u>
Cost of Direct Programming			
Performances	5,464,420	-	5,464,420
Education	881,312	-	881,312
Total cost of direct programming	<u>6,345,732</u>	<u>-</u>	<u>6,345,732</u>
Contribution Margin	2,219,632	782,344	3,001,976
Operating Expenses			
Administrative	765,294	-	765,294
Marketing	758,992	-	758,992
Development	692,028	-	692,028
Total operating expenses	<u>2,216,314</u>	<u>-</u>	<u>2,216,314</u>
Net Operating Income (Loss)	<u>3,318</u>	<u>782,344</u>	<u>785,662</u>
Non-Operating Income (Loss)			
Investment return, net	86,381	196,562	282,943
Change in beneficial interest funds held at The Dayton Foundation	34,166	286,410	320,576
Change in value in beneficial interest in perpetual trusts	-	220,149	220,149
Total non-operating income (loss)	<u>120,547</u>	<u>703,121</u>	<u>823,668</u>
Change in net assets	123,865	1,485,465	1,609,330
Net assets, beginning of year	<u>1,025,902</u>	<u>9,295,005</u>	<u>10,320,907</u>
Net assets, end of year	<u>\$ 1,149,767</u>	<u>\$ 10,780,470</u>	<u>\$ 11,930,237</u>

See accompanying notes to financial statements

DAYTON PERFORMING ARTS ALLIANCE

Statement of Activities Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Performance ticket sales	\$ 1,445,952	\$ -	\$ 1,445,952
Performance - other	19,750	-	19,750
Education	265,517	-	265,517
Other operating income	37,387	-	37,387
Total revenues	<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 releases	250,370	(250,370)	-
Net assets released from restriction	1,171,184	(1,171,184)	-
Total support	<u>6,602,248</u>	<u>(17,278)</u>	<u>6,584,970</u>
Total revenues and support	<u>8,370,854</u>	<u>(17,278)</u>	<u>8,353,576</u>
Cost of Direct Programming			
Performances	4,600,755	-	4,600,755
Education	748,313	-	748,313
Total cost of direct programming	<u>5,349,068</u>	<u>-</u>	<u>5,349,068</u>
Contribution Margin	3,021,786	(17,278)	3,004,508
Operating Expenses			
Administrative	801,800	-	801,800
Marketing	602,799	-	602,799
Development	466,671	-	466,671
Total operating expenses	<u>1,871,270</u>	<u>-</u>	<u>1,871,270</u>
Net Operating Income (Loss)	<u>1,150,516</u>	<u>(17,278)</u>	<u>1,133,238</u>
Non-Operating Income (Loss)			
Investment return, net	(137,841)	(164,071)	(301,912)
Change in beneficial interest funds held at The Dayton Foundation	(69,934)	(388,771)	(458,705)
Change in value in beneficial interest in perpetual trusts	-	(294,885)	(294,885)
Total non-operating income (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>
Net assets, end of year	<u>\$ 1,025,902</u>	<u>\$ 9,295,005</u>	<u>\$ 10,320,907</u>

See accompanying notes to financial statements

DAYTON PERFORMING ARTS ALLIANCE

Statement of Functional Expenses Year Ended June 30, 2023

	Dayton Ballet	Dayton Opera	Dayton Philharmonic	Total Performances	Education	Total Program Service	Supporting Services			Total Supporting Service	Total Expenses
							Administrative	Marketing	Development		
Salaries and benefits	\$ 832,207	\$ 425,254	\$ 1,590,669	\$ 2,848,130	\$ 666,829	\$ 3,514,959	\$ 425,687	\$ 308,710	\$ 465,439	\$ 1,199,836	\$ 4,714,795
Professional fees	287,673	391,211	494,970	1,173,854	103,188	1,277,042	799	61,107	80,619	142,525	1,419,567
Production expenses	249,519	205,978	524,728	980,225	55,688	1,035,913	-	13,850	9,651	23,501	1,059,414
Contributed services and materials	56,794	46,794	66,361	169,949	1,653	171,602	25,000	-	-	25,000	196,602
Occupancy	61,029	6,400	16,235	83,664	29,472	113,136	69,608	-	-	69,608	182,744
Supplies	283	-	280	563	6,747	7,310	10,074	2,501	855	13,430	20,740
Postage	27	169	55	251	8	259	1,600	11,832	7,820	21,252	21,511
Printing	-	-	-	-	-	-	-	100,224	15,831	116,055	116,055
Telemarketing	-	-	-	-	-	-	-	24,061	-	24,061	24,061
Advertising and promotion	-	-	-	-	120	120	-	201,262	-	201,262	201,382
Bank and other fees	-	-	670	670	8,442	9,112	103,538	14,916	9,724	128,178	137,290
Benefit administration	-	-	-	-	-	-	36,698	-	-	36,698	36,698
Copier and postage leases	-	-	5,363	5,363	5,363	10,726	9,874	5,363	5,363	20,600	31,326
Donor benefits and cultivation	-	-	1,011	1,011	253	1,264	790	130	51,651	52,571	53,835
Meals and travel	192	2,273	2,338	4,803	1,000	5,803	4,557	2,019	2,267	8,843	14,646
Bad debts	-	-	-	-	-	-	-	-	40,200	40,200	40,200
Insurance	6,875	2,292	3,000	12,167	-	12,167	15,671	-	-	15,671	27,838
Depreciation	52,030	17,490	11,912	81,432	517	81,949	31,355	-	-	31,355	113,304
Miscellaneous	59,218	4,383	38,737	102,338	2,032	104,370	30,043	13,017	2,608	45,668	150,038
	<u>\$ 1,605,847</u>	<u>\$ 1,102,244</u>	<u>\$ 2,756,329</u>	<u>\$ 5,464,420</u>	<u>\$ 881,312</u>	<u>\$ 6,345,732</u>	<u>\$ 765,294</u>	<u>\$ 758,992</u>	<u>\$ 692,028</u>	<u>\$ 2,216,314</u>	<u>\$ 8,562,046</u>

See accompanying notes to financial statements

DAYTON PERFORMING ARTS ALLIANCE

Statement of Functional Expenses Year Ended June 30, 2022

	Dayton Ballet	Dayton Opera	Dayton Philharmonic	Total Performances	Education	Total Program Service	Supporting Services			Total Supporting Service	Total Expenses
							Administrative	Marketing	Development		
Salaries and benefits	\$ 618,646	\$ 347,687	\$ 1,555,493	\$ 2,521,826	\$ 583,521	\$ 3,105,347	\$ 448,541	\$ 284,907	\$ 260,266	\$ 993,714	\$ 4,099,061
Professional fees	189,103	297,041	364,505	850,649	58,082	908,731	2,253	50,476	62,062	114,791	1,023,522
Production expenses	125,879	317,513	484,274	927,666	62,496	990,162	150	3,200	-	3,350	993,512
Contributed services and materials	-	-	106,141	106,141	-	106,141	-	-	-	-	106,141
Occupancy	60,242	6,000	15,554	81,796	24,108	105,904	52,246	-	330	52,576	158,480
Supplies	1,175	70	10,530	11,775	2,149	13,924	8,633	837	1,458	10,928	24,852
Postage	96	344	116	556	473	1,029	1,963	4,875	19,625	26,463	27,492
Printing	-	-	-	-	2,112	2,112	495	44,122	50,402	95,019	97,131
Telemarketing	-	-	-	-	-	-	-	63,897	-	63,897	63,897
Advertising and promotion	-	-	-	-	568	568	-	103,538	-	103,538	104,106
IT licenses and support	-	-	-	-	-	-	131,828	924	19,431	152,183	152,183
Accounting and legal fees	-	-	-	-	-	-	41,239	-	-	41,239	41,239
Bank and other fees	139	-	-	139	7,239	7,378	11,285	-	628	11,913	19,291
Benefit administration	-	-	-	-	-	-	33,559	-	-	33,559	33,559
Copier and postage leases	-	-	4,849	4,849	4,850	9,699	9,360	4,849	4,850	19,059	28,758
Donor benefits and cultivation	-	355	-	355	-	355	471	-	36,168	36,639	36,994
Meals and travel	28	-	8,377	8,405	-	8,405	3,696	1,894	5,558	11,148	19,553
Insurance	7,500	2,500	-	10,000	-	10,000	16,573	-	-	16,573	26,573
Depreciation	46,180	13,714	8,841	68,735	631	69,366	29,297	-	-	29,297	98,663
Miscellaneous	-	110	7,753	7,863	2,084	9,947	10,211	39,280	5,893	55,384	65,331
	<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>	<u>\$ 801,800</u>	<u>\$ 602,799</u>	<u>\$ 466,671</u>	<u>\$ 1,871,270</u>	<u>\$ 7,220,338</u>

See accompanying notes to financial statements

DAYTON PERFORMING ARTS ALLIANCE

Statements of Cash Flows Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 1,609,330	\$ 77,736
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	113,304	98,663
Provision for bad debts	40,200	-
Non-cash contributions of property and equipment	-	(6,300)
Change in beneficial interest in funds held at The Dayton Foundation	(320,576)	458,705
Change in beneficial interest in perpetual trusts	(220,149)	294,885
Change in discount for net present value of pledges	-	(53,000)
Net realized and unrealized (gains) losses on investments	(234,707)	339,308
Changes in operating assets and liabilities:		
Pledges, grants, trade and other receivables	(720,183)	(251,723)
Prepaid expenses and other assets	(46,642)	99,576
Accounts payable, accrued expenses and notes payable	(91,635)	46,368
Deferred revenue	(59,506)	696,758
	69,436	1,800,976
Cash flows from investing activities		
Purchase of property and equipment	(83,700)	(102,994)
Proceeds from sale of investments	(277,441)	135,767
Purchase of investments	315,823	(95,163)
Transfers of assets from beneficial interest in funds held at The Dayton Foundation	125,975	98,266
Transfers of assets to beneficial interest in funds held at The Dayton Foundation	(322,460)	(584,127)
Distributions from beneficial interest in perpetual trusts	114,847	117,926
	(126,956)	(430,325)
Net change in cash and cash equivalents	(57,520)	1,370,651
Cash and cash equivalents, beginning of year	1,399,128	28,477
Cash and cash equivalents, end of year	\$ 1,341,608	\$ 1,399,128

See accompanying notes to financial statements

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Dayton Performing Arts Alliance (the Alliance) was formed on 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.

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 patrons in metropolitan Dayton, Ohio. The Alliance also obtains the majority of its contributions from donors in the Dayton area.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value Measurements

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2023 and 2022, cash equivalents consisted primarily of money market accounts. The Alliance maintains its cash in deposit accounts, which at times, may exceed 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.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Return (Continued)

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as revenues with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities as revenues with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Accounts Receivable

The Alliance carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Alliance evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. The Alliance has established an allowance for doubtful accounts receivable of \$5,000 at June 30, 2023 and 2022.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value at the time of the gift or determination. Costs, including labor to construct productions, costumes and sets are included in the cost of the productions, costumes and sets. Depreciation is calculated on a straight-line basis over the estimated useful lives of the property and equipment. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

In accordance with GAAP, the Alliance assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in the market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Alliance believes no impairments existed at June 30, 2023 and 2022.

Leases

The Alliance leases office and performance space under non-cancellable leases. The Alliance determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the Alliance's statements of financial position.

ROU assets represent the Alliance's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Alliance uses rates implicit in the lease, if readily available. For leases that do not provide an implicit rate, a risk-free rate based on information available at commencement date is used in determining the present value of lease payments. The Alliance's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Alliance accounts for lease and non-lease components as a single lease component. There may be variability in future lease payments as the amount of the non-lease component is typically revised from one period to the next. These variable lease payments are recognized in operating expenses in the period in which the obligation for those payments was incurred. The Alliance's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Alliance made an accounting policy election that payments under agreements with an initial term of 12 months or less will not be included on the statement of financial position but will be recognized in the statement of activities on a straight-line basis over the term of the agreement. The Alliance has elected to apply the short-term lease exception to all classes of underlying assets.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenues and net assets without donor restrictions. Gifts received with donor stipulations that limit their use are reported as revenue and net assets with donor restrictions. When a donor 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 statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenues without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Alliance reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in-service.

Unconditional gifts expected to be collected within one year are recorded at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenues when the conditions are substantially met and the gift becomes unconditional.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Alliance identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Alliance evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, the Alliance evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as a single or more than one performance obligation.

Revenue from customers is primarily recognized from performances and education programming.

Performances include single-performance sales and multiple-performance subscription sales. Contracts related to single performances consist of one performance obligation with revenue recognized over the time of the performance delivery using the time elapsed method. Contracts related to subscription sales consist of multiple performance obligations with revenue proportionally recognized for each show in the subscription series over the time of the performance delivery.

Education consists of performing arts instruction. Contracts contain a single performance obligation as the promise to transfer the service is not separately identifiable from other promises in the contract. Revenue is recognized as the service is provided to the customer using the time elapsed method, an input measure, as the Alliance considers it to best depict the simultaneous consumption and delivery of its services. Educational instruction ranges from weekly to monthly periods. The determination of the method by which the Alliance measures its progress towards the satisfaction of its performance obligation requires judgment.

The transaction price for performances and educational instruction is stated in the contracts and known at time of contract inception. Variable consideration in the form of discounts and financial assistance is available to eligible customers and is reflected as a reduction of gross fees. Fees are typically collected in advance of performance or educational service date. Cancellation provisions vary by contract, but most transactions are cancellable, and refunds may be available for services not provided. The Alliance has elected the policy to exclude from the measurement of the transaction price all taxes assessed by a government authority related to revenue-producing transactions and collected from a customer. Fees paid in advance for customer contracts represent contract liabilities and are recorded as deferred revenues. Contract liabilities for performance ticket sales included with deferred revenues on the statement of financial position for the years ended June 30, 2023, 2022 and 2021 was \$650,766, \$712,377 and \$17,861, respectively. Contract liabilities for educational fees included with deferred revenues on the statement of financial position for the years ended June 30, 2023, 2022 and 2021 was \$23,925, \$21,820 and \$3,575, respectively.

Advertising

All advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2023 and 2022 were \$201,383 and \$104,106, respectively.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. All costs are charged directly to the program or supporting services for which they are attributable. There are no significant costs allocated among program or supporting services.

Income Taxes

The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, the Alliance is subject to federal income tax on any unrelated business taxable income.

The Alliance's tax returns are subject to review and examination by federal, state and local authorities. The Alliance believes they have appropriate support for any tax positions taken, and therefore, do not have any uncertain income tax positions that are material to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Reclassifications

Certain 2022 figures were reclassified to conform to the 2023 presentation.

Subsequent Events

The Organization has evaluated subsequent events through October 6, 2023, the date which the financial statements were available to be issued.

Effect of Adopting New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* which created Accounting Standards Codification (ASC) 842. This ASU requires organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The Alliance has adopted ASC 842 on July 1, 2022. The Alliance recorded both operating lease right-of-use (ROU) assets and lease liabilities of \$24,262. The standard had a material impact on the Alliance's statement of financial position but did not have an impact on its statement of activities, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while its accounting for finance leases remained substantially unchanged.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, comprise of the following:

	2023	2022
Cash and cash equivalents	\$ 1,341,608	\$ 1,399,128
Pledges receivable, net	2,122,406	2,437,537
Grants receivable	194,556	204,693
Trade and other receivables, net	150,830	153,933
Employee retention credit receivable	1,008,354	-
Investments	2,113,267	1,916,942
Beneficial interest in funds held at The Dayton Foundation	3,385,915	2,868,854
Beneficial interest in perpetual trusts	2,100,963	1,995,661
Total financial assets	12,417,899	10,976,748
Less One Dayton, One Alliance Campaign pledges	(778,142)	(1,103,921)
Less Olive Kettering Endowment Fund	(1,091,672)	(963,965)
Less donor-restricted endowment funds	(4,122,403)	(3,691,099)
Less beneficial interest in perpetual trusts	(2,100,963)	(1,995,661)
Add budgeted spending policy draw on endowment funds	400,000	313,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,724,719	\$ 3,535,102

The Alliance's endowment funds consist of donor restricted endowments. As described in Note 13, the endowment has a spending rate of 4 percent or less.

As part of the Alliance'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. To help manage unanticipated liquidity needs, the Alliance has a committed line of credit in the amount of \$525,000, which it could draw upon.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable on June 30 consisted of the following:

	2023	2022
Due in less than one year	\$ 1,622,406	\$ 1,322,137
Due in one to five years	525,000	1,189,400
Less discount to net present value	(25,000)	(74,000)
	\$ 2,122,406	\$ 2,437,537

The discount rate ranged between 3.25% and 5.50% at June 30, 2023 and 2022.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 4 INVESTMENTS AT FAIR VALUE

Investments at fair value as of June 30 consisted of the following:

	2023	2022
Level 1:		
Equity exchange traded and mutual funds	\$ 712,721	\$ 494,959
Common stock	672,095	564,337
Fixed income exchange traded and mutual funds	540,496	589,221
Alternative exchange traded funds	29,512	-
Level 2:		
Money market funds	158,443	268,425
	\$ 2,113,267	\$ 1,916,942

When quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity and fixed income mutual funds. If quoted market prices are not available, then fair values are estimated using pricing models or quoted prices of securities with similar characteristics. Level 2 securities include money market funds.

NOTE 5 BENEFICIAL INTEREST IN FUNDS HELD WITH 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 \$3,385,915 and \$2,868,854 at June 30, 2023 and 2022.

Due to the nature of valuation inputs, the interest in funds held with The Dayton Foundation are classified within Level 3 of the fair value hierarchy. The following table is a reconciliation of all assets measured at fair value on a recurring basis under management's best estimate of what market participants would use as fair value (Level 3) at June 30:

	2023	2022
Balance at beginning of year	\$ 2,868,854	\$ 2,841,698
Distributions received	(125,975)	(98,266)
Contributions and support	322,460	584,127
Change in value	320,576	(458,705)
Balance at end of year	\$ 3,385,915	\$ 2,868,854

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 5 BENEFICIAL INTEREST IN FUNDS HELD WITH THE DAYTON FOUNDATION (CONTINUED)

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.

	2023	2022
Performing Arts Field of Interest Fund	\$ 2,551,762	\$ 2,270,117
Jesse Phillips Opera Fund	280,284	272,610
Beverly E. Cowden Opera Endowment Fund	274,684	259,225
S. Fiorita Memorial Scholarship	26,401	25,429
	\$ 3,133,131	\$ 2,827,381

NOTE 6 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Alliance is an income beneficiary of two perpetual trusts established by the Hampton W. and Erma R. Catterton Charitable Trust Fund which are administered by outside parties. Under the terms of the trusts, the Alliance has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$1,692,182 and \$1,599,066, which represents the fair value of the trust assets as of June 30, 2023 and 2022, respectively. Distributions received from the trusts for 2023 and 2022 was \$98,500 and \$102,397, respectively.

The Alliance is also an income beneficiary of a perpetual trust established from the Ballet Arts and Culture Development Fund which is administered by The Dayton Foundation. Under the terms of the trusts, the Alliance has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$408,781 and \$396,595, which represents the fair value of the trust assets as of June 30, 2023 and 2022, respectively. Distributions received from the trust for 2023 and 2022 was \$16,347 and \$15,529, respectively.

Due to the nature of valuation inputs, the interest in perpetual trusts are classified within Level 3 of the fair value hierarchy. The following table is a reconciliation of all assets measured at fair value on a recurring basis under management's best estimate of what market participants would use as fair value (Level 3) at June 30:

	2023	2022
Balance at beginning of year	\$ 1,995,661	\$ 2,408,472
Distributions received	(114,847)	(117,926)
Contributions and support	-	-
Change in value	220,149	(294,885)
Balance at end of year	\$ 2,100,963	\$ 1,995,661

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Performance equipment, sets and costumes	\$ 1,172,435	\$ 1,109,255
Office and computer equipment	549,230	532,278
Musical instruments and production equipment	418,276	414,708
Music library	179,787	179,787
Leasehold improvements	117,941	117,941
Less accumulated depreciation	<u>(2,176,200)</u>	<u>(2,062,896)</u>
	<u>\$ 261,469</u>	<u>\$ 291,073</u>

NOTE 8 LINE OF CREDIT

The Alliance has available a line of credit with a borrowing limit of \$525,000 that expires on May 31, 2024. The line is collateralized by certain investment accounts. Interest accrues at the Daily Bloomberg Short-Term Bank Yield Index (BSBY) rate plus 2.5% (7.72% at June 30, 2023). There was no balance outstanding as of June 30, 2023 and 2022.

NOTE 9 CONDITIONAL CONTRIBUTIONS

During 2022, the Organization received \$1,995,714 of funding from the Shuttered Venue Operators Grant (SVOG) program operated by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security's (CARES) Act. The availability of program funding is conditioned upon the Organization incurring certain qualifying expenses under the program. As of June 30, 2022, the Organization had utilized all of this funding to cover qualifying expenses.

During 2023, the Alliance determined it was eligible for the Employee Retention Credit ("ERC") program under the CARES Act for qualified wages paid to employees. As of June 30, 2023, \$1,008,354 is included as a receivable and revenue, which represents refunds due for the quarters ended September 30, 2020, December 31, 2020, March 31, 2021 and September 30, 2021. The Alliance has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the timing of recognition for ERC.

NOTE 10 RETIREMENT PLANS

The Alliance maintains a 403(b)(7) retirement plan for any employee who is not covered under a collectively bargained union agreement. The plan is funded through employee deferrals and an employer discretionary match to be determined on an annual basis. The Alliance made contributions of \$28,004 in 2023 to the plan. No contributions were made to this plan by the Alliance during 2022.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 11 LEASES

The Alliance has one long-term lease for storage space extending beyond 12 months. This lease is for a term of 5 years and expired on April 1, 2023. The Alliance exercised the option to extend this lease for an additional term of 3 years expiring on April 1, 2026. The total operating lease expenses for the year ended June 30, 2023 was \$42,772.

The Alliance also rents administrative office, box office and performance space with a term of 12 months or less which is considered a short term lease in accordance with GAAP. The total short term lease expense for the year ended June 30, 2023 was \$790,452.

Other information related to leases as of June 30, 2023 was as follows:

Operating cash flows	\$	42,772
Weighted average remaining lease term		34 mos.
Weighted average discount rate		3.85%

Future minimum lease payments under non-cancellable leases as of June 30, 2023, are as follows:

2024	\$	42,799
2025		42,799
2026		<u>35,666</u>
Total future minimum lease payments		121,264
Less present value discount		<u>(6,554)</u>
Lease liability	\$	<u>114,710</u>

Lease disclosures for the year ended June 30, 2022

The Alliance leases warehouse storage expiring in April 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 this lease for the year ended June 30, 2022 was \$36,215. Future minimum lease payments for this lease was \$27,161 for 2023.

DAYTON PERFORMING ARTS ALLIANCE

**Notes to Financial Statements
(Continued)**

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 were available for the following purposes or periods:

	2023	2022
Time restricted	\$ 1,199,036	\$ 233,209
Purpose restricted:		
Olive Kettering Endowment Fund	1,091,672	963,965
Future performances	996,150	552,500
Education programs	326,470	430,205
Other	165,634	256,145
Total purpose restricted	2,579,926	2,202,815
Planned gifts	-	68,300
One Dayton, One Alliance Campaign - pledges	778,142	1,103,921
Perpetual in nature:		
One Dayton, One Alliance Campaign - investments	2,963,313	2,532,009
National Endowment for the Arts Fund	400,000	400,000
Dayton Philharmonic Endowment Fund	336,953	336,953
Dayton Opera Endowment Fund	250,000	250,000
Q the Music Endowment Fund	100,000	100,000
Other funds	72,137	72,137
Total perpetual in nature	4,122,403	3,691,099
Beneficial interest in perpetual trusts:		
Catterton Endowment Opera Fund	866,214	851,422
Catterton Endowment Philharmonic Fund	825,968	747,644
Ballet Arts and Cultural Development Fund	408,781	396,595
Total beneficial interest in perpetual trusts	2,100,963	1,995,661
	\$ 10,780,470	\$ 9,295,005

NOTE 13 ENDOWMENT

GAAP requires that the net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Alliance's endowment consists of funds established to provide income to operations. Its endowment includes donor restricted funds and funds held by others for the benefit of the Alliance.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 13 ENDOWMENT (CONTINUED)

The Alliance 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. As a result of this interpretation, the Alliance classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Alliance in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Alliance considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the Alliance and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Alliance and the investment policies of the Alliance.

Changes in endowment assets for the years ended June 30 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets - June 30, 2021	\$ 319,705	\$ 3,556,032	\$ 3,875,737
Contributions	-	584,127	584,127
Change in value in beneficial interest in the funds held at The Dayton Foundation	(69,936)	(374,134)	(444,070)
Investment return, net	(137,841)	(21,508)	(159,349)
Amounts appropriated for expenditures	(43,821)	(89,343)	(133,164)
Endowment assets - June 30, 2022	68,107	3,655,174	3,723,281
Contributions	-	322,462	322,462
Change in value in beneficial interest in the funds held at The Dayton Foundation	34,165	279,251	313,416
Investment return, net	74,763	25,669	100,432
Amounts appropriated for expenditures	(44,253)	(115,483)	(159,736)
Endowment assets - June 30, 2023	\$ 132,782	\$ 4,167,073	\$ 4,299,855

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 13 ENDOWMENT (CONTINUED)

Investment and Spending Policies

The Alliance's primary objective for the endowment fund is to grow the investments in a prudent manner without undue exposure to risk and to provide the Alliance an ongoing source of funds for operations in an amount that is limited on an annual basis to 4% or less of the endowment market value. The growth objective should be accomplished through a balanced strategy of cash, fixed income, equities and other alternative investments. The target asset allocation is the strategy put forth to create a diversified portfolio that is likely to meet the investment objectives over a long-term time horizon of at least five years. The long-term asset allocation targets and allowable ranges are as follows: cash (target – 0/10%; range – 0 – 10%); fixed income (25/30%; 10 – 40%); equities (65/70%; 40 – 80%); alternative investments (0%; 0 – 10%). The portfolio should be rebalanced from time to time within the specified ranges, based on changing market conditions that may cause the value of the investment classes to deviate from their targets. The trustees shall monitor the overall asset allocation targets on an annual basis to determine whether they still best meet the investment objectives of the endowment fund.

NOTE 14 RISKS AND UNCERTAINTIES

The Alliance's investments consist of common stocks, U.S Government and fixed income securities and mutual funds. Investment securities are exposed to various risks, such as credit, market and interest rate. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at June 30, 2023. However, the diversification of the Alliance's investments among various asset classes should mitigate the impact of any adverse changes on any one asset class. Investments are managed by the Board of Trustees with advice and assistance from investment professionals.

NOTE 15 IN-KIND DONATIONS

The Alliance receives certain in-kind donations during the year, which are recorded at fair value as contribution revenue and an expense in the financial statements. In-kind donations used in programs consisted of primarily of printing, publicity and promotional materials totaling \$103,316 and \$101,035, respectively, for the years ended June 30, 2023 and 2022, respectively. Other in-kind donations received were for lodging, equipment and professional services which were used in its programs. No in-kind donations contained donor restrictions.

NOTE 16 SIGNIFICANT AGREEMENTS AND MULTI-EMPLOYER PENSION PLAN

The Alliance entered into a collective bargaining agreement with American Federation of Musicians and Employers (AFME) as the exclusive representative of the Alliance's contracted musicians for the purposes of collective bargaining and administration of certain employment requirements. The AFME agreement commenced on September 1, 2017 and is set to expire on 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.

DAYTON PERFORMING ARTS ALLIANCE

Notes to Financial Statements (Continued)

NOTE 16 SIGNIFICANT AGREEMENTS AND MULTI-EMPLOYER PENSION PLAN (CONTINUED)

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 December 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 \$1.8 billion at December 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 determinable as of June 30, 2023.

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.

Name of Pension Fund	EIN and Plan Number	Pension Protection Act Zone Status		FIP/RP Status	Contributions for the Year Ended 30-Jun		Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2023	2022		2023	2022		
American Federation of Musicians and Employer's Pension Plan	51-6120204 Plan No. 001	Red	Red	Implemented	\$ 70,221	\$ 66,809	No	8/30/2023

For the Plan years ended March 31, 2022 and 2021, the Alliance was not listed in the AFME Pension Plan Form 5500 as providing more than 5% of the total contributions to the Plan. As of the date these financial statements were available to be issued, the Form 5500 for the Plan year ended March 31, 2023 was not yet available.

The Alliance has no plans to withdraw from the multi-employer pension plan.

SUPPLEMENTARY INFORMATION

DAYTON PERFORMING ARTS ALLIANCE

Schedule of Activities by Fund - Investments For the Year Ended June 30, 2023

	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	\$ 963,965	\$ 409,572	\$ 363,957	\$ 27,456	\$ 13,595	\$ 7,697	\$ 21,865	\$ 108,835	\$ 1,916,942
Contributions and support	-	-	-	-	-	-	-	-	-
Released from restrictions	(38,000)	(15,000)	(15,000)	(2,000)	(500)	(250)	-	(4,250)	(75,000)
Net investment income and transfers	165,707	38,398	36,365	4,614	2,342	1,329	3,857	18,713	271,325
Net assets, end of year	<u>\$ 1,091,672</u>	<u>\$ 432,970</u>	<u>\$ 385,322</u>	<u>\$ 30,070</u>	<u>\$ 15,437</u>	<u>\$ 8,776</u>	<u>\$ 25,722</u>	<u>\$ 123,298</u>	<u>\$ 2,113,267</u>
Net assets:									
Undesignated	\$ -	\$ 32,970	\$ 48,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,339
Time and purpose restrictions	1,091,672	-	-	15,070	6,346	8,776	25,722	23,298	1,170,884
Perpetual in nature	-	400,000	336,953	15,000	9,091	-	-	100,000	861,044
	<u>\$ 1,091,672</u>	<u>\$ 432,970</u>	<u>\$ 385,322</u>	<u>\$ 30,070</u>	<u>\$ 15,437</u>	<u>\$ 8,776</u>	<u>\$ 25,722</u>	<u>\$ 123,298</u>	<u>\$ 2,113,267</u>

See independent auditors' report

DAYTON PERFORMING ARTS ALLIANCE

Schedule of Activities by Fund - Investments For the Year Ended 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

DAYTON PERFORMING ARTS ALLIANCE

Schedule of Activities by Fund – Beneficial Interest in Funds Held at The Dayton Foundation For the Year Ended June 30, 2023

	Dayton Opera Endowment Fund	Baritone Trust Endowment	Dayton Philharmonic Endowment Fund	Dr. David Chiera 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	\$ 259,425	\$ 68,988	\$ 52,762	\$ 17,344	\$ 2,289,235	\$ 38,102	\$ 106,701	\$ 35,176	\$ 1,121	\$ 2,868,854
Contributions and support	-	-	-	-	299,913	-	-	22,547	-	322,460
Released from restrictions	(11,223)	(2,989)	(2,280)	(750)	(102,021)	(530)	(4,832)	(1,350)	-	(125,975)
Net investment income and transfers	26,929	7,160	5,476	1,760	259,532	2,334	10,240	7,026	119	320,576
Net assets, end of year	<u>\$ 275,131</u>	<u>\$ 73,159</u>	<u>\$ 55,958</u>	<u>\$ 18,354</u>	<u>\$ 2,746,659</u>	<u>\$ 39,906</u>	<u>\$ 112,109</u>	<u>\$ 63,399</u>	<u>\$ 1,240</u>	<u>\$ 3,385,915</u>
Net assets:										
Undesignated	\$ 25,131	\$ -	\$ 9,560	\$ 3,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,045
Time and purpose restrictions	-	73,159	13,398	-	-	-	-	-	-	86,557
Perpetual in nature	250,000	-	33,000	15,000	2,746,659	39,906	112,109	63,399	1,240	3,261,313
	<u>\$ 275,131</u>	<u>\$ 73,159</u>	<u>\$ 55,958</u>	<u>\$ 18,354</u>	<u>\$ 2,746,659</u>	<u>\$ 39,906</u>	<u>\$ 112,109</u>	<u>\$ 63,399</u>	<u>\$ 1,240</u>	<u>\$ 3,385,915</u>

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DAYTON PERFORMING ARTS ALLIANCE

Schedule of Activities by Fund – Beneficial Interest in Funds Held at The Dayton Foundation For the Year Ended June 30, 2022

	Dayton Opera Endowment Fund	Baritone Trust Endowment	Dayton Philharmonic Endowment Fund	Dr. David Chiera 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
Released from restrictions	(10,650)	(2,852)	(2,171)	-	(80,627)	-	(1,055)	(911)	-	(98,266)
Net investment income and transfers	(55,030)	(14,635)	(11,193)	(3,713)	(347,701)	(907)	(19,709)	(5,579)	(238)	(458,705)
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	250,000	-	33,000	15,000	2,289,235	38,102	106,701	35,176	1,121	2,768,335
	<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>

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DAYTON PERFORMING ARTS ALLIANCE

**Schedule of Activities by Fund – Beneficial Interest in Perpetual Trusts
For the Year Ended June 30, 2023**

	Catterton Trust - Opera Fund	Catterton Trust - Philharmonic Fund	Ballet Arts and Cultural Development Fund	Total
Net assets, beginning of year	\$ 851,422	\$ 747,644	\$ 396,595	\$ 1,995,661
Released from restrictions	(85,000)	(13,500)	(16,347)	(114,847)
Change in beneficial interest	<u>99,792</u>	<u>91,824</u>	<u>28,533</u>	<u>220,149</u>
Net assets, end of year	<u>\$ 866,214</u>	<u>\$ 825,968</u>	<u>\$ 408,781</u>	<u>\$ 2,100,963</u>
Net assets: Perpetual in nature	<u>\$ 866,214</u>	<u>\$ 825,968</u>	<u>\$ 408,781</u>	<u>\$ 2,100,963</u>

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DAYTON PERFORMING ARTS ALLIANCE

**Schedule of Activities by Fund – Beneficial Interest in Perpetual Trusts
For the Year Ended 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>

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DAYTON PERFORMING ARTS ALLIANCE

Fund Descriptions For the Year Ended June 30, 2023

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 Alliance has established funds at The Dayton Foundation as perpetual 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 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 use without restriction. 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.

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DAYTON PERFORMING ARTS ALLIANCE

Fund Descriptions For the Year Ended June 30, 2023 (Continued)

Perpetual in Nature (Continued)

Other 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 with or without donor restrictions determined by the intent of the donor.

Other Funds

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.

Dermot Burke Premier Fund

This fund was established to support creating and obtaining new and innovative works for Ballet audiences, which includes cutting-edge artists and iconic choreographers.