

DAYTON PERFORMING ARTS ALLIANCE
(A Nonprofit Organization)
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dayton Performing Arts Alliance
Dayton, Ohio

We have audited the accompanying financial statements of the **Dayton Performing Arts Alliance** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, schedules of cost of revenue earned, and statements of operating expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Dayton Performing Arts Alliance** as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As disclosed in Note 15 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.



Dayton, Ohio
October 15, 2020

DAYTON PERFORMING ARTS ALLIANCE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 87,579 | \$ 25,274 |
| Accounts receivable | | |
| Pledges receivable | 1,592,900 | 1,716,754 |
| Grants receivable | 50,000 | 212,418 |
| Trade and other receivables | 190,029 | 173,366 |
| Prepaid expenses | 201,687 | 296,842 |
| Inventory and supplies | <u>24,647</u> | <u>56,108</u> |
| | 2,146,842 | 2,480,762 |
| LONG-TERM PLEDGES RECEIVABLE, NET | 1,676,386 | 1,878,936 |
| PROPERTY AND EQUIPMENT, NET | 363,297 | 417,276 |
| INVESTMENTS | 1,576,650 | 1,637,829 |
| BENEFICIAL INTEREST IN FUNDS HELD AT THE DAYTON FOUNDATION | 1,724,987 | 998,259 |
| BENEFICIAL INTEREST IN PERPETUAL TRUSTS | <u>1,981,959</u> | <u>2,221,650</u> |
| | <u>\$ 9,470,121</u> | <u>\$ 9,634,712</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Line of credit | \$ 300,000 | \$ 525,000 |
| Accounts payable and accrued expenses | 189,436 | 431,106 |
| Deferred revenue | <u>1,377,312</u> | <u>1,491,447</u> |
| | <u>1,866,748</u> | <u>2,447,553</u> |
| NET ASSETS (DEFICIT) | | |
| Without donor restrictions | | |
| Undesignated | (1,815,670) | (2,294,424) |
| With donor restrictions | | |
| Time restrictions | 302,740 | 720,087 |
| Purpose restrictions | 2,567,205 | 2,553,790 |
| Perpetual in nature | <u>6,549,098</u> | <u>6,207,706</u> |
| | <u>7,603,373</u> | <u>7,187,159</u> |
| | <u>\$ 9,470,121</u> | <u>\$ 9,634,712</u> |

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|---------------------|
| REVENUE | | | |
| Performance ticket sales | \$ 1,984,235 | \$ - | \$ 1,984,235 |
| Performance other | 56,846 | - | 56,846 |
| Education | 289,541 | - | 289,541 |
| Other income | 51,378 | - | 51,378 |
| | <u>2,382,000</u> | <u>-</u> | <u>2,382,000</u> |
| SUPPORT | | | |
| Contributions and support | 2,859,848 | 949,283 | 3,809,131 |
| Payroll Protection Program Contribution | 825,300 | - | 825,300 |
| One Dayton, One Alliance Campaign | - | 566,270 | 566,270 |
| Government grants | 198,369 | 39,883 | 238,252 |
| Culture Works | - | 54,261 | 54,261 |
| Bequests | 22,874 | - | 22,874 |
| Contributed services and materials | 215,997 | - | 215,997 |
| Special events, net | 73,305 | 7,500 | 80,805 |
| Endowment distributions | 345,035 | - | 345,035 |
| Endowment releases | - | (345,035) | (345,035) |
| Net assets released from restrictions | 1,442,286 | (1,442,286) | - |
| | <u>5,983,014</u> | <u>(170,124)</u> | <u>5,812,890</u> |
| Total Revenue and Support | <u>8,365,014</u> | <u>(170,124)</u> | <u>8,194,890</u> |
| COST OF EARNED REVENUE | | | |
| Performances | 5,435,684 | - | 5,435,684 |
| Education | 748,892 | - | 748,892 |
| Total Cost of Earned Revenue | <u>6,184,576</u> | <u>-</u> | <u>6,184,576</u> |
| CONTRIBUTION MARGIN | <u>2,180,438</u> | <u>(170,124)</u> | <u>2,010,314</u> |
| OPERATING EXPENSES | | | |
| Administration | 567,385 | - | 567,385 |
| Marketing | 666,207 | - | 666,207 |
| Development | 489,141 | - | 489,141 |
| Total Operating Expenses | <u>1,722,733</u> | <u>-</u> | <u>1,722,733</u> |
| NET OPERATING INCOME (DEFICIT) | <u>457,705</u> | <u>(170,124)</u> | <u>287,581</u> |
| NON-OPERATING INCOME | | | |
| Net investment return | 13,418 | 10,065 | 23,483 |
| Realized/unrealized gains | 4,546 | 20,792 | 25,338 |
| Change in beneficial interest in funds held at The Dayton Foundation | 3,085 | 30,344 | 33,429 |
| Change in value in beneficial interest in perpetual trusts | - | 46,383 | 46,383 |
| NET NON-OPERATING INCOME | <u>21,049</u> | <u>107,584</u> | <u>128,633</u> |
| CHANGE IN NET ASSETS | 478,754 | (62,540) | 416,214 |
| NET ASSETS (DEFICIT) | | | |
| Beginning of Year | <u>(2,294,424)</u> | <u>9,481,583</u> | <u>7,187,159</u> |
| End of Year | <u>\$ (1,815,670)</u> | <u>\$ 9,419,043</u> | <u>\$ 7,603,373</u> |

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|---------------------|
| REVENUE | | | |
| Performance ticket sales | \$ 3,031,908 | \$ - | \$ 3,031,908 |
| Performance other | 165,882 | 57,729 | 223,611 |
| Education | 366,721 | - | 366,721 |
| Other income | 139,448 | - | 139,448 |
| | <u>3,703,959</u> | <u>57,729</u> | <u>3,761,688</u> |
| SUPPORT | | | |
| Contributions and support | 1,672,272 | 1,396,161 | 3,068,433 |
| Advancing Together Campaign | 113,306 | - | 113,306 |
| One Dayton, One Alliance Campaign | 75,000 | 1,161,500 | 1,236,500 |
| Government grants | 213,331 | 49,883 | 263,214 |
| Culture Works | 280 | 85,567 | 85,847 |
| Bequests | 5,728 | - | 5,728 |
| Contributed services and materials | 295,978 | - | 295,978 |
| Special events, net | 98,756 | 15,500 | 114,256 |
| Endowment distributions | 652,118 | - | 652,118 |
| Endowment releases | - | (652,118) | (652,118) |
| Net assets released from restrictions | 1,450,736 | (1,450,736) | - |
| | <u>4,577,505</u> | <u>605,757</u> | <u>5,183,262</u> |
| Total Revenue and Support | <u>8,281,464</u> | <u>663,486</u> | <u>8,944,950</u> |
| COST OF EARNED REVENUE | | | |
| Performances | 6,160,454 | - | 6,160,454 |
| Education | 753,014 | - | 753,014 |
| Total Cost of Earned Revenue | <u>6,913,468</u> | <u>-</u> | <u>6,913,468</u> |
| CONTRIBUTION MARGIN | <u>1,367,996</u> | <u>663,486</u> | <u>2,031,482</u> |
| OPERATING EXPENSES | | | |
| Administration | 574,039 | - | 574,039 |
| Marketing | 774,588 | - | 774,588 |
| Development | 581,423 | - | 581,423 |
| Total Operating Expenses | <u>1,930,050</u> | <u>-</u> | <u>1,930,050</u> |
| NET OPERATING INCOME (DEFICIT) | <u>(562,054)</u> | <u>663,486</u> | <u>101,432</u> |
| NON-OPERATING INCOME | | | |
| Net investment return | 21,678 | 11,771 | 33,449 |
| Realized/unrealized gains | 20,078 | 21,579 | 41,657 |
| Change in beneficial interest in funds held at The Dayton Foundation | 15,285 | 27,056 | 42,341 |
| Change in value in beneficial interest in perpetual trusts | - | 84,169 | 84,169 |
| NET NON-OPERATING INCOME | <u>57,041</u> | <u>144,575</u> | <u>201,616</u> |
| CHANGE IN NET ASSETS | <u>(505,013)</u> | <u>808,061</u> | <u>303,048</u> |
| NET ASSETS (DEFICIT) | | | |
| Beginning of Year | <u>(1,789,411)</u> | <u>8,673,522</u> | <u>6,884,111</u> |
| End of Year | <u>\$ (2,294,424)</u> | <u>\$ 9,481,583</u> | <u>\$ 7,187,159</u> |

DAYTON PERFORMING ARTS ALLIANCE

SCHEDULE OF COST OF REVENUE EARNED

YEAR ENDED JUNE 30, 2020

| | <u>Dayton Ballet</u> | <u>Dayton Opera</u> | <u>Dayton Philharmonic</u> | <u>Total Performances</u> | <u>Educational Programs</u> | <u>Total</u> |
|--------------------------------|--------------------------|-------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------|
| Salaries and benefits | \$ 636,338 | \$ 328,679 | \$ 1,995,332 | \$ 2,960,349 | \$ 640,880 | \$ 3,601,229 |
| Professional fees | 162,007 | 273,678 | 554,719 | 990,404 | 34,740 | 1,025,144 |
| Production expenses | 146,987 | 107,852 | 579,892 | 834,731 | 36,828 | 871,559 |
| Telemarketing | 73,222 | 23,536 | 164,749 | 261,507 | - | 261,507 |
| Gifts in-kind | 8,780 | 39,156 | 168,060 | 215,996 | - | 215,996 |
| Occupancy | 54,497 | 6,000 | 15,339 | 75,836 | 26,024 | 101,860 |
| Supplies | 599 | 52 | 763 | 1,414 | 1,346 | 2,760 |
| Postage | 162 | 683 | 44 | 889 | 612 | 1,501 |
| Printing | 98 | - | - | 98 | 2,072 | 2,170 |
| Advertising and promotion | 677 | - | - | 677 | 506 | 1,183 |
| Copier and postage leases | - | - | 4,937 | 4,937 | 4,451 | 9,388 |
| Donor benefits and cultivation | - | 672 | 1,221 | 1,893 | - | 1,893 |
| Meals and travel | - | 2,000 | 3,347 | 5,347 | 472 | 5,819 |
| Insurance | 7,000 | - | - | 7,000 | - | 7,000 |
| Depreciation | 44,646 | 12,750 | 12,881 | 70,277 | - | 70,277 |
| Miscellaneous | 33 | 1,448 | 2,848 | 4,329 | 961 | 5,290 |
| Total expenses by function | <u>\$ 1,135,046</u> | <u>\$ 796,506</u> | <u>\$ 3,504,132</u> | <u>\$ 5,435,684</u> | <u>\$ 748,892</u> | <u>\$ 6,184,576</u> |

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE

SCHEDULE OF COST OF REVENUE EARNED

YEAR ENDED JUNE 30, 2019

| | <u>Dayton Ballet</u> | <u>Dayton Opera</u> | <u>Dayton Philharmonic</u> | <u>Total Performances</u> | <u>Educational Programs</u> | <u>Total</u> |
|--------------------------------|--------------------------|-------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------|
| Salaries and benefits | \$ 789,779 | \$ 423,803 | \$ 1,990,799 | \$ 3,204,381 | \$ 597,494 | \$ 3,801,875 |
| Professional fees | 205,836 | 391,013 | 646,450 | 1,243,299 | 50,051 | 1,293,350 |
| Production expenses | 153,768 | 171,370 | 675,129 | 1,000,267 | 61,542 | 1,061,809 |
| Telemarketing | 63,936 | 26,048 | 146,817 | 236,801 | - | 236,801 |
| Gifts in-kind | 65,908 | 66,002 | 164,068 | 295,978 | - | 295,978 |
| Occupancy | 52,766 | 6,000 | 15,458 | 74,224 | 31,143 | 105,367 |
| Supplies | 1,487 | 222 | 1,154 | 2,863 | 1,612 | 4,475 |
| Postage | 505 | 662 | 104 | 1,271 | 1,288 | 2,559 |
| Printing | - | - | 220 | 220 | 3,009 | 3,229 |
| Advertising and promotion | 737 | - | 100 | 837 | 891 | 1,728 |
| Bank and other fees | - | - | - | - | 50 | 50 |
| Copier and postage leases | - | - | 5,902 | 5,902 | 3,798 | 9,700 |
| Donor benefits and cultivation | - | - | 11,016 | 11,016 | - | 11,016 |
| Meals and travel | 381 | 3 | 5,120 | 5,504 | 1,073 | 6,577 |
| Insurance | 7,000 | 149 | - | 7,149 | - | 7,149 |
| Depreciation | 39,960 | 12,750 | 13,755 | 66,465 | - | 66,465 |
| Miscellaneous | 260 | 2,371 | 1,646 | 4,277 | 1,063 | 5,340 |
| Total expenses by function | <u>\$ 1,382,323</u> | <u>\$ 1,100,393</u> | <u>\$ 3,677,738</u> | <u>\$ 6,160,454</u> | <u>\$ 753,014</u> | <u>\$ 6,913,468</u> |

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE
STATEMENT OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2020

| | <u>Administration</u> | <u>Marketing</u> | <u>Development</u> | <u>Total</u> |
|--------------------------------|-----------------------|-------------------|--------------------|---------------------|
| Salaries and benefits | \$ 330,444 | \$ 228,859 | \$ 353,829 | \$ 913,132 |
| Professional fees | - | 171,452 | 1,049 | 172,501 |
| Production expenses | 326 | 185 | 3,109 | 3,620 |
| Occupancy | 40,781 | 3,609 | - | 44,390 |
| Supplies | 7,165 | - | 2,670 | 9,835 |
| Postage | 1,835 | 71,367 | 9,037 | 82,239 |
| Printing | - | 89,121 | 34,917 | 124,038 |
| Advertising and promotion | - | 96,769 | 19 | 96,788 |
| Bank and other fees | 77,678 | - | 15,213 | 92,891 |
| Benefit administration | 33,950 | - | - | 33,950 |
| Copier and postage leases | 8,962 | 4,096 | 4,451 | 17,509 |
| Donor benefits and cultivation | - | - | 31,408 | 31,408 |
| Meals and travel | 2,135 | - | 1,367 | 3,502 |
| Bad debt expense | - | - | 24,829 | 24,829 |
| Interest | 24,982 | - | - | 24,982 |
| Insurance | 17,407 | - | - | 17,407 |
| Depreciation | 10,293 | - | - | 10,293 |
| Miscellaneous | 11,427 | 749 | 7,243 | 19,419 |
| | <u>11,427</u> | <u>749</u> | <u>7,243</u> | <u>19,419</u> |
| Total expenses by function | <u>\$ 567,385</u> | <u>\$ 666,207</u> | <u>\$ 489,141</u> | <u>\$ 1,722,733</u> |

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE
STATEMENT OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2019

| | <u>Administration</u> | <u>Marketing</u> | <u>Development</u> | <u>Total</u> |
|--------------------------------|-----------------------|-------------------|--------------------|---------------------|
| Salaries and benefits | \$ 331,593 | \$ 196,895 | \$ 358,053 | \$ 886,541 |
| Professional fees | 17,418 | 195,323 | 35,754 | 248,495 |
| Production expenses | 141 | 2,357 | 462 | 2,960 |
| Occupancy | 42,910 | 6,674 | - | 49,584 |
| Supplies | 6,909 | 147 | 940 | 7,996 |
| Postage | 592 | 70,299 | 14,218 | 85,109 |
| Printing | - | 137,033 | 49,226 | 186,259 |
| Telemarketing | - | - | 17,238 | 17,238 |
| Advertising and promotion | - | 155,107 | - | 155,107 |
| Bank and other fees | 64,524 | - | 19,555 | 84,079 |
| Benefit administration | 34,641 | - | - | 34,641 |
| Copier and postage leases | 8,792 | 3,798 | 4,172 | 16,762 |
| Donor benefits and cultivation | 107 | - | 49,571 | 49,678 |
| Meals and travel | 3,016 | 6,082 | 4,825 | 13,923 |
| Bad debt expense | - | - | 22,586 | 22,586 |
| Interest | 27,877 | 20 | - | 27,897 |
| Insurance | 16,386 | - | - | 16,386 |
| Depreciation | 8,796 | - | - | 8,796 |
| Miscellaneous | 10,337 | 853 | 4,823 | 16,013 |
| Total expenses by function | <u>\$ 574,039</u> | <u>\$ 774,588</u> | <u>\$ 581,423</u> | <u>\$ 1,930,050</u> |

See notes to financial statements.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ 416,214 | \$ 303,048 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 80,570 | 75,261 |
| Change in beneficial interest in funds held at The Dayton Foundation | (33,429) | (42,341) |
| Change in beneficial interest in perpetual trusts | (46,383) | (84,169) |
| Change in discount for net present value of pledges | (42,000) | 70,844 |
| Net realized (gain) loss on investments | 3,802 | (73,115) |
| Net unrealized (gain) loss on investments | <u>(29,140)</u> | <u>31,458</u> |
| | 349,634 | 280,986 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 269,609 | 72,345 |
| Prepaid expenses | 95,155 | 10,779 |
| Inventory and supplies | 31,461 | (10,847) |
| Long-term pledges receivable | 244,550 | (586,650) |
| Accounts payable and accrued expenses | (241,670) | 30,612 |
| Deferred revenue | <u>(114,135)</u> | <u>20,366</u> |
| Net Cash Provided (Used) by Operating Activities | <u>634,604</u> | <u>(182,409)</u> |
| INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (26,591) | (99,757) |
| Proceeds from sale of investments | 421,120 | 914,133 |
| Purchases of investments | (334,603) | (892,907) |
| Transfers of assets from beneficial interest in funds held at The Dayton Foundation | 35,871 | 14,700 |
| Transfers of assets to beneficial interest in funds held at The Dayton Foundation | (729,170) | (513,300) |
| Distributions from beneficial interest in perpetual trusts | <u>286,074</u> | <u>614,743</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(347,299)</u> | <u>37,612</u> |
| FINANCING ACTIVITIES | | |
| Net payments on line of credit | (225,000) | - |
| Payments on short-term loan | <u>-</u> | <u>(10,000)</u> |
| Net Cash Used by Financing Activities | <u>(225,000)</u> | <u>(10,000)</u> |
| NET INCREASE (DECREASE) IN CASH | 62,305 | (154,797) |
| CASH | | |
| Beginning of year | <u>25,274</u> | <u>180,071</u> |
| End of year | <u>\$ 87,579</u> | <u>\$ 25,274</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 Foundation 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.

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.

Concentrations - The Alliance's cash as of June 30, 2020 and 2019 was on deposit in several financial institutions which, at various times throughout the year, were in excess of FDIC insurance limits of \$250,000.

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, 2020 and 2019.

Inventory and Supplies - Balance consists of merchandise available for sale and dancers' shoes and equipment. Items are stated at the lower of cost or net realizable value.

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.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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, 2020 and 2019.

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 are 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, 2020.

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 \$97,971 and \$156,835 for the years 2020 and 2019. Advertising costs for future performances are recorded as prepaid expenses. There was no prepaid advertising at June 30, 2020. Prepaid advertising was \$35,788 at June 30, 2019.

Donated advertising is recorded separately from advertising expense and totaled \$157,784 and \$187,037 for the years 2020 and 2019.

Recently Issued Accounting Standards Not Yet Adopted - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. 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, 2021. The Alliance is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

In February 2016, the FASB issued 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. Early application will be permitted. The Alliance is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

Adoption of New Accounting Standards - The Alliance adopted the provisions of the FASB's Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of July 1, 2019. The ASU clarifies and improves the scope and the accounting guidance for contributions received, including determining whether a contribution is conditional, and contributions made.

Reclassifications - Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 financial statement presentation.

Subsequent Events - In preparing these financial statements, the Alliance has evaluated events and transactions for potential recognition or disclosure through October 15, 2020, the date the financial statements were available to be issued.

NOTE 2 - PLEDGES RECEIVABLE

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|---------------------|---------------------|
| Pledges | | |
| Due in less than one year | \$ 1,592,900 | \$ 1,716,754 |
| Due in one to five years | <u>1,881,600</u> | <u>2,126,150</u> |
| | 3,474,500 | 3,842,904 |
| Less discount to net present value | <u>205,214</u> | <u>247,214</u> |
| | <u>\$ 3,269,286</u> | <u>\$ 3,595,690</u> |

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - PLEDGES RECEIVABLE - CONTINUED

At June 30, 2020 and 2019, 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 \$186,493 and \$214,082 for the years 2020 and 2019. Outstanding pledges receivable from these parties were \$72,719 and \$24,069 as of June 30, 2020 and 2019.

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 3 - INVESTMENTS

The following reflects the cost and estimated fair values of marketable securities held at June 30, 2020 and 2019. In addition, gross unrealized gains and unrealized losses are disclosed for the years 2020 and 2019.

| | 2020 | | | |
|--------------------|---------------------|---------------------------------------|--|---------------------------------|
| | <u>Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Estimated Fair Value</u> |
| Money market funds | \$ 225,199 | \$ - | \$ - | \$ 225,199 |
| Mutual funds | 424,820 | 25,286 | - | 450,106 |
| Equity securities | <u>741,892</u> | <u>159,453</u> | - | <u>901,345</u> |
| | <u>\$ 1,391,911</u> | <u>\$ 184,739</u> | <u>\$ -</u> | <u>\$ 1,576,650</u> |
| | 2019 | | | |
| | <u>Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Estimated Fair Value</u> |
| Money market funds | \$ 217,433 | \$ - | \$ - | \$ 217,433 |
| Mutual funds | 510,815 | 15,267 | - | 526,082 |
| Equity securities | <u>754,271</u> | <u>140,043</u> | - | <u>894,314</u> |
| | <u>\$ 1,482,519</u> | <u>\$ 155,310</u> | <u>\$ -</u> | <u>\$ 1,637,829</u> |

Unrealized gains of \$29,140, and realized losses of \$(3,802) from sales of investments, are included in the statement of activities for the year 2020. Unrealized losses of \$(31,458), and realized gains of \$73,115 from sales of investments, are included in the statements of activities for the year 2019. Gross investment return for the years 2020 and 2019 totaled \$37,505 and \$47,606, and is netted with investment management fees of \$14,022 and \$14,157 in net investment return in the statements of activities for the years 2020 and 2019.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair values of the Alliance's financial assets measured on a recurring basis at June 30, 2020 and 2019 are as follows:

| | 2020 | | | |
|--|---------------------|--|---|---|
| | 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 | \$ 225,199 | \$ 225,199 | \$ - | \$ - |
| Mutual funds | 450,106 | 450,106 | - | - |
| Equity securities | 901,345 | 901,345 | - | - |
| Beneficial interest in funds held at The Dayton Foundation | 1,724,987 | - | - | 1,724,987 |
| Beneficial interest in perpetual trusts | <u>1,981,959</u> | <u>-</u> | <u>-</u> | <u>1,981,959</u> |
| | <u>\$ 5,283,596</u> | <u>\$ 1,576,650</u> | <u>\$ -</u> | <u>\$ 3,706,946</u> |
| | | | | |
| | 2019 | | | |
| | 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 | \$ 217,433 | \$ 217,433 | \$ - | \$ - |
| Mutual funds | 526,082 | 526,082 | - | - |
| Equity securities | 894,314 | 894,314 | - | - |
| Beneficial interest in funds held at The Dayton Foundation | 998,259 | - | - | 998,259 |
| Beneficial interest in perpetual trust | <u>2,221,650</u> | <u>-</u> | <u>-</u> | <u>2,221,650</u> |
| | <u>\$ 4,857,738</u> | <u>\$ 1,637,829</u> | <u>\$ -</u> | <u>\$ 3,219,909</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, 2020 and 2019.

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, 2020 and 2019.

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, 2020 and 2019.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS - CONTINUED

The following table sets forth a summary of changes in the fair value of the Alliance's Level 3 assets for the years 2020 and 2019:

| | <u>2020</u> | |
|---|---|--|
| | <u>Beneficial Interest in Funds Held at The Dayton Foundation</u> | <u>Beneficial Interest in Perpetual Trusts</u> |
| Value at the beginning of the year | \$ 998,259 | \$ 2,221,650 |
| Transfer of assets from beneficial interest | (35,871) | (286,074) |
| Contributions and support | 729,170 | - |
| Change in fair value | <u>33,429</u> | <u>46,383</u> |
| Value at the end of the year | <u>\$ 1,724,987</u> | <u>\$ 1,981,959</u> |

| | <u>2019</u> | |
|---|---|---|
| | <u>Beneficial Interest in Funds Held at The Dayton Foundation</u> | <u>Beneficial Interest in Perpetual Trust</u> |
| Value at the beginning of the year | \$ 457,318 | \$ 2,752,224 |
| Transfer of assets from beneficial interest | (14,700) | (614,743) |
| Contributions and support | 513,300 | - |
| Change in fair value | <u>42,341</u> | <u>84,169</u> |
| Value at the end of the year | <u>\$ 998,259</u> | <u>\$ 2,221,650</u> |

NOTE 5 - PROPERTY AND EQUIPMENT

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Equipment, sets and costumes | \$ 1,084,794 | \$ 1,076,781 |
| Office and computer equipment | 471,109 | 456,831 |
| Musical instruments and production equipment | 399,809 | 395,509 |
| Music library | 179,786 | 179,786 |
| Leasehold improvements | <u>91,521</u> | <u>91,521</u> |
| | 2,227,019 | 2,200,428 |
| Less accumulated depreciation | <u>1,863,722</u> | <u>1,783,152</u> |
| | <u>\$ 363,297</u> | <u>\$ 417,276</u> |

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LINE OF CREDIT

The Alliance has available a line of credit with a borrowing limit of \$525,000 that expires on May 31, 2021. The agreement was entered into with PNC Bank in May 2016. In October 2017, the line of credit was increased from \$262,500 to \$525,000. The line of credit was renewed in February 2020. The line of credit is secured by assets held at PNC Bank, and bears interest at the Daily LIBOR plus 2.50%. The Daily LIBOR at June 30, 2020 and 2019 was 0.081% and 2.370%. Interest expense for the line of credit was \$20,397 and \$24,568 for the years 2020 and 2019. The line of credit balance was \$300,000 and \$525,000 at June 30, 2020 and 2019.

NOTE 7 - SMALL BUSINESS ADMINISTRATION FUNDING

The Alliance applied for and received funding through the SBA's Payroll Protection Program in April 2020, in the amount of \$825,300. These funds are forgivable through the program given the Alliance utilizes them for approved expenses. As the funds were fully utilized during the year ended June 30, 2020, the Alliance has recorded the proceeds as a contribution on the accompanying statement of activities. The application for forgiveness of these funds has not yet been submitted for approval.

NOTE 8 - 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>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Time and purpose restrictions - support for completed performances and general operations | <u>\$ 1,442,286</u> | <u>\$ 1,450,736</u> |

NOTE 9 - NET ASSETS

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| Without Donor Restrictions | | |
| Undesignated fund | <u>\$ (1,815,670)</u> | <u>\$ (2,294,424)</u> |
| With Donor Restrictions | | |
| Time restricted | 302,740 | 720,087 |
| Purpose Restricted | | |
| Investment returns on donor-restricted endowments | 1,047,632 | 1,057,661 |
| Future performances | 1,249,883 | 1,110,729 |
| Education programs | <u>269,690</u> | <u>385,400</u> |
| | <u>2,567,205</u> | <u>2,553,790</u> |
| | <u>2,869,945</u> | <u>3,273,877</u> |

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - NET ASSETS - CONTINUED

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Perpetual in Nature | | |
| One Dayton, One Alliance Campaign | 3,342,750 | 2,767,866 |
| Catterton Endowment Opera Fund | 845,650 | 965,216 |
| Catterton Endowment Philharmonic Fund | 746,975 | 860,643 |
| National Endowment for the Arts Fund | 400,000 | 400,000 |
| Ballet Arts and Cultural Development Fund | 389,333 | 395,791 |
| Dayton Philharmonic Endowment Fund | 337,000 | 332,000 |
| Dayton Opera Endowment Fund | 250,000 | 250,000 |
| Q the Music Endowment Fund | 100,000 | 100,000 |
| Planned gift | 65,300 | 64,100 |
| Other Funds | <u>72,090</u> | <u>72,090</u> |
| | <u>6,549,098</u> | <u>6,207,706</u> |
| | <u>\$ 7,603,373</u> | <u>\$ 7,187,159</u> |

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 for a 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 consists 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 12, state law also allows additional amounts to be distributed to the Alliance.

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.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - NET ASSETS - CONTINUED

Perpetual in Nature - continued

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.

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.

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

Fund established to provide support of the cultivation and training of emerging opera singers.

Q the Music Endowment Fund

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

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the year ended June 30, 2020.

| | 2020 | | | |
|---|-----------------------------------|--------------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | | Total |
| | Undesignated | Time and Purpose Restrictions | Perpetual in Nature | |
| Endowment net assets, beginning of period | \$ 92,219 | \$ 30,159 | \$ 3,986,056 | \$ 4,108,434 |
| Change in value in beneficial interest in funds held at The Dayton Foundation | (259) | - | - | (259) |
| Net investment income (realized and unrealized) | 17,964 | 9,456 | - | 27,420 |
| Contributions to endowment fund | - | - | 581,083 | 581,083 |
| Amounts appropriated for expenditure | (29,910) | (4,750) | - | (34,660) |
| Endowment net assets, end of period | \$ 80,014 | \$ 34,865 | \$ 4,567,139 | \$ 4,682,018 |

The following is a summary of all Alliance net assets as of June 30, 2020:

| | 2020 | | | |
|--|-----------------------------------|--------------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | | Total |
| | Undesignated | Time and Purpose Restrictions | Perpetual in Nature | |
| Endowment funds | \$ 80,014 | \$ 34,865 | \$ 4,567,139 | \$ 4,682,018 |
| Non-endowment funds: | | | | |
| Operating | (1,895,684) | - | - | (1,895,684) |
| Beneficial interest in perpetual trust - Catterton | - | - | 1,592,626 | 1,592,626 |
| Beneficial interest in perpetual trust - Ballet Fund | - | - | 389,333 | 389,333 |
| Time and purpose restrictions | - | 2,835,080 | - | 2,835,080 |
| | \$ (1,815,670) | \$ 2,869,945 | \$ 6,549,098 | \$ 7,603,373 |

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT FUNDS AND NET ASSETS - CONTINUED

The following is a summary of changes in endowment net assets for the year ended June 30, 2019:

| | 2019 | | | |
|---|----------------------------|-------------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | | Total |
| | Undesignated | Time and Purpose Restrictions | Perpetual in Nature | |
| Endowment net assets, beginning of period | \$ 62,178 | \$ 27,003 | \$ 2,698,791 | \$ 2,787,972 |
| Change in value in beneficial interest in funds held at The Dayton Foundation | 15,285 | - | - | 15,285 |
| Net investment income (realized and unrealized) | 41,756 | 3,881 | - | 45,637 |
| Contributions to endowment fund | 5,000 | - | 1,337,265 | 1,342,265 |
| Amounts appropriated for expenditure | <u>(32,000)</u> | <u>(725)</u> | <u>(50,000)</u> | <u>(82,725)</u> |
| Endowment net assets, end of period | <u>\$ 92,219</u> | <u>\$ 30,159</u> | <u>\$ 3,986,056</u> | <u>\$ 4,108,434</u> |

The following is a summary of all Alliance net assets as of June 30, 2019:

| | 2019 | | | |
|--|----------------------------|-------------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | | Total |
| | Undesignated | Time and Purpose Restrictions | Perpetual in Nature | |
| Endowment funds | \$ 92,219 | \$ 30,159 | \$ 3,986,056 | \$ 4,108,434 |
| Non-endowment funds: | | | | |
| Operating | (2,386,643) | - | - | (2,386,643) |
| Beneficial interest in perpetual trust - Catterton | - | - | 1,825,859 | 1,825,859 |
| Beneficial interest in perpetual trust - Ballet Fund | - | - | 395,791 | 395,791 |
| Time and purpose restrictions | - | <u>3,243,718</u> | - | <u>3,243,718</u> |
| | <u>\$ (2,294,424)</u> | <u>\$ 3,273,877</u> | <u>\$ 6,207,706</u> | <u>\$ 7,187,159</u> |

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - 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 \$1,724,987 and \$998,259 at June 30, 2020 and 2019.

The Alliance is also the beneficiary of several Dayton Foundation funds. 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, 2020 was:

| | |
|--|---------------------|
| Beverly E. Cowden Opera Endowment Fund | \$ 252,263 |
| Jesse Phillips Opera Fund | 270,530 |
| Performing Arts Field of Interest Fund | 1,157,884 |
| Performing Arts Field of Interest Fund Pledge Receivable | <u>575,000</u> |
| | <u>\$ 2,255,677</u> |

NOTE 12 - 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 \$137,749 and \$133,378 for the Opera and Philharmonic trusts, respectively, for year ended June 30, 2020. There were income distributions from the trusts in the amounts of \$275,000 and \$325,000 for the Opera and Philharmonic trusts, respectively, for year ended June 30, 2019.

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, 2020, 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 \$845,651 and \$746,975 for the Opera and Philharmonic trusts, respectively. At June 30, 2019, 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 \$965,216 and \$860,643 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.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - BENEFICIAL INTEREST IN PERPETUAL TRUST - CONTINUED

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, 2020 and 2019, 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 \$389,333 and \$395,791. Income distributions for the years 2020 and 2019 were \$14,947 and \$14,743.

NOTE 13 - CONTRIBUTED SERVICES AND MATERIALS

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-------------------|-------------------|
| Printing, publicity, promotion | \$ 157,784 | \$ 187,037 |
| Hotels and airfare, use of facilities | 47,696 | 95,486 |
| Goods and materials | <u>10,517</u> | <u>13,455</u> |
| | <u>\$ 215,997</u> | <u>\$ 295,978</u> |

NOTE 14 - 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>2020</u> | <u>2019</u> |
|--|-------------------|---------------------|
| Cash | \$ 87,579 | \$ 25,274 |
| Pledges receivable, net | 3,269,286 | 3,595,690 |
| Grants receivable | 50,000 | 212,418 |
| Trade and other receivables | 190,029 | 173,366 |
| Investments | 1,576,650 | 1,637,829 |
| Beneficial interest in funds held at the Dayton Foundation | 1,724,987 | 998,259 |
| Beneficial interest in perpetual trusts | <u>1,981,959</u> | <u>2,221,650</u> |
| Total financial assets | 8,880,490 | 8,864,486 |
| Less those unavailable for general expenditure within one year due to: | | |
| Purpose restricted - investment returns on donor restricted net assets | (1,047,632) | (1,057,661) |
| Purpose restricted - performances and programs | (1,519,573) | (1,496,129) |
| Plus: purpose restrictions expected to be met within one year | 976,959 | 922,197 |
| Assets restricted in perpetuity for One Dayton One Alliance endowment | (3,342,750) | (2,767,866) |
| Net assets with donor restrictions - perpetual in nature | (3,206,348) | (3,439,840) |
| Plus: next year's approved draws | <u>208,500</u> | <u>376,945</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 949,646</u> | <u>\$ 1,402,132</u> |

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - 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 6.

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. The planned request for 2021 is estimated at \$200,000 of the \$1,981,959 available. Additionally, the Alliance can request unrestricted earnings from beneficial interests in funds held at the Dayton Foundation. No request is planned for 2021 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. Due to the uncertainty related to the COVID-19 pandemic (see Note 18), it is possible actual net assets released to support performances and educational programs could differ from expectations.

Subsequent to year-end, the Alliance received \$380,000 from several local foundations, a \$99,900 pledge receivable for operating support, as well as \$218,800 in contributions and pledges receivable for upcoming streaming projects.

NOTE 15 - MULTI-EMPLOYER PENSION PLAN

Effective September 1, 2017, the Alliance entered into a collective bargaining agreement with its contracted musicians which expires on August 31, 2021.

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 5% of certain components of participants' wages by the Alliance. Total payments made to the Plan for the years 2020 and 2019 were \$76,726 and \$81,342.

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, 2019, the Plan had \$1.8 billion in assets and approximately \$3.1 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 \$1.3 billion at March 31, 2019. For the purpose of determining the potential obligation to employers should they withdraw from the Plan, underfunding is determined on a different basis and is approximately \$3.6 billion.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 15 - MULTI-EMPLOYER PENSION PLAN - CONTINUED

Given underfunding will continue to grow over time, the Plan is projected to become insolvent during the Plan year ending March 31, 2035. 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.

| 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 |
|--|----------------------------|------------------------------------|------|---------------|--|------------------|-------------------|--|
| | | 2020 | 2019 | | 2020 | 2019 | | |
| American Federation of Musicians and Employers' Pension Plan | 51-6120204 Plan No. 001 | Red | Red | Implemented | <u>\$ 76,726</u> | <u>\$ 81,342</u> | No | 8/31/2021 |

For the Plan years ended March 31, 2019 and 2018, 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, 2020.

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 16 - 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 2020 and 2019.

NOTE 17 - 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 the lease for the years 2020 and 2019 was \$127,519 per year.

The Alliance leases various office equipment expiring at various times through 2024. Rental expense under these leases for the years 2020 and 2019 was \$25,655 and \$26,307.

DAYTON PERFORMING ARTS ALLIANCE

NOTES TO FINANCIAL STATEMENTS

NOTE 17 - LEASE COMMITMENTS - CONTINUED

Future minimum lease payments over the next four years are as follows:

| | | |
|------|----|----------------|
| 2021 | \$ | 156,826 |
| 2022 | | 61,870 |
| 2023 | | 54,745 |
| 2024 | | <u>10,650</u> |
| | \$ | <u>284,091</u> |

NOTE 18 - SUBSEQUENT EVENTS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic. The pandemic has generated significant uncertainty in the economy and has impacted the normal operations of most businesses. The impact of COVID-19 is on-going and its effect on the Alliance's financial position and operations is uncertain and cannot be reasonably determined.

The Alliance applied for and received a loan through the Small Business Administration ("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 terms of the loan require monthly payments beginning in August 2021, including interest at 2.75%, through July 2051. Certain assets of the Alliance are pledged as collateral against the loan.

In addition, subsequent to year-end, the Alliance received \$380,000 from several local foundations, a \$99,900 pledge receivable for operating support, as well as \$218,800 in contributions and pledges receivable for upcoming streaming projects.



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, 2020 and 2019, and our report thereon dated October 15, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. 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 15, 2020

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DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - INVESTMENTS

JUNE 30, 2020

| | 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 | Q the Music Endowment Fund | Total |
|-------------------------------------|---|---|---|-------------------------------------|---|--|---|---------------------|
| Net assets, beginning of year | \$ 731,562 | \$ 414,606 | \$ 368,911 | \$ 26,381 | \$ 12,237 | \$ 6,899 | \$ 77,233 | \$ 1,637,829 |
| Contributions and support | 115,000 | - | 5,000 | - | - | - | 25,000 | 145,000 |
| Released from restrictions | (233,000) | (7,000) | (10,000) | (2,000) | (450) | (250) | (2,300) | (255,000) |
| Net investment income and transfers | <u>20,846</u> | <u>6,044</u> | <u>11,920</u> | <u>2,203</u> | <u>986</u> | <u>556</u> | <u>6,266</u> | <u>48,821</u> |
| Net assets, end of year | <u>\$ 634,408</u> | <u>\$ 413,650</u> | <u>\$ 375,831</u> | <u>\$ 26,584</u> | <u>\$ 12,773</u> | <u>\$ 7,205</u> | <u>\$ 106,199</u> | <u>\$ 1,576,650</u> |
| Net Assets | | | | | | | | |
| Undesignated | \$ - | \$ 13,650 | \$ 38,878 | \$ - | \$ - | \$ - | \$ - | \$ 52,528 |
| Time and purpose restrictions | 634,408 | - | - | 11,584 | 3,683 | 7,205 | 6,199 | 663,079 |
| Perpetual in nature | <u>-</u> | <u>400,000</u> | <u>336,953</u> | <u>15,000</u> | <u>9,090</u> | <u>-</u> | <u>100,000</u> | <u>861,043</u> |
| | <u>\$ 634,408</u> | <u>\$ 413,650</u> | <u>\$ 375,831</u> | <u>\$ 26,584</u> | <u>\$ 12,773</u> | <u>\$ 7,205</u> | <u>\$ 106,199</u> | <u>\$ 1,576,650</u> |

See independent auditors' report on supplementary information.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - INVESTMENTS

JUNE 30, 2019

| | 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 | Q the Music Endowment Fund | Total |
|-------------------------------------|---|---|---|-------------------------------------|---|--|---|---------------------|
| Net assets, beginning of year | \$ 766,086 | \$ 402,540 | \$ 354,222 | \$ 25,253 | \$ 12,116 | \$ 6,855 | \$ 50,326 | \$ 1,617,398 |
| Contributions and support | 135,000 | 5,000 | - | - | - | - | 25,000 | 165,000 |
| Released from restrictions | (198,700) | (14,000) | (6,000) | - | (400) | (250) | (325) | (219,675) |
| Net investment income and transfers | <u>29,176</u> | <u>21,066</u> | <u>20,689</u> | <u>1,128</u> | <u>521</u> | <u>294</u> | <u>2,232</u> | <u>75,106</u> |
| Net assets, end of year | <u>\$ 731,562</u> | <u>\$ 414,606</u> | <u>\$ 368,911</u> | <u>\$ 26,381</u> | <u>\$ 12,237</u> | <u>\$ 6,899</u> | <u>\$ 77,233</u> | <u>\$ 1,637,829</u> |
| Net Assets | | | | | | | | |
| Undesignated | \$ - | \$ 14,606 | \$ 36,958 | \$ - | \$ - | \$ - | \$ - | \$ 51,564 |
| Time and purpose restrictions | 731,562 | - | - | 11,381 | 3,147 | 6,899 | 2,233 | 755,222 |
| Perpetual in nature | <u>-</u> | <u>400,000</u> | <u>331,953</u> | <u>15,000</u> | <u>9,090</u> | <u>-</u> | <u>75,000</u> | <u>831,043</u> |
| | <u>\$ 731,562</u> | <u>\$ 414,606</u> | <u>\$ 368,911</u> | <u>\$ 26,381</u> | <u>\$ 12,237</u> | <u>\$ 6,899</u> | <u>\$ 77,233</u> | <u>\$ 1,637,829</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, 2020

| | 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 | \$ 277,875 | \$ 74,040 | \$ 56,385 | \$ 17,794 | \$ 543,586 | \$ 2,063 | \$ 26,516 | \$ - | \$ - | \$ 998,259 |
| Contributions and support | - | - | - | - | 716,470 | 2,000 | - | 9,700 | 1,000 | 729,170 |
| Transfer of assets from beneficial interest | (10,192) | (2,798) | (2,109) | (609) | (19,128) | - | (1,035) | - | - | (35,871) |
| Change in beneficial interest | <u>(283)</u> | <u>(88)</u> | <u>36</u> | <u>(12)</u> | <u>33,047</u> | <u>39</u> | <u>(77)</u> | <u>695</u> | <u>72</u> | <u>33,429</u> |
| Net assets, end of year | <u>\$ 267,400</u> | <u>\$ 71,154</u> | <u>\$ 54,312</u> | <u>\$ 17,173</u> | <u>\$ 1,273,975</u> | <u>\$ 4,102</u> | <u>\$ 25,404</u> | <u>\$ 10,395</u> | <u>\$ 1,072</u> | <u>\$ 1,724,987</u> |
| Net Assets | | | | | | | | | | |
| Undesignated | \$ 17,400 | \$ - | \$ 7,913 | \$ 2,173 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,486 |
| Time and purpose restrictions | - | 71,154 | 13,399 | - | - | - | - | - | - | 84,553 |
| Perpetual in nature | <u>250,000</u> | <u>-</u> | <u>33,000</u> | <u>15,000</u> | <u>1,273,975</u> | <u>4,102</u> | <u>25,404</u> | <u>10,395</u> | <u>1,072</u> | <u>1,612,948</u> |
| | <u>\$ 267,400</u> | <u>\$ 71,154</u> | <u>\$ 54,312</u> | <u>\$ 17,173</u> | <u>\$ 1,273,975</u> | <u>\$ 4,102</u> | <u>\$ 25,404</u> | <u>\$ 10,395</u> | <u>\$ 1,072</u> | <u>\$ 1,724,987</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, 2019

| | 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 Endowment Fund | Dayton Performing Arts Alliance Endowment Fund | Total |
|---|--|--|---|---|---|---|---|-------------------|
| Net assets, beginning of year | \$ 275,821 | \$ 73,549 | \$ 55,949 | \$ 16,999 | \$ 35,000 | \$ - | \$ - | \$ 457,318 |
| Contributions and support | - | - | - | - | 486,300 | 2,000 | 25,000 | 513,300 |
| Transfer of assets from beneficial interest | (10,000) | (2,700) | (2,000) | - | - | - | - | (14,700) |
| Change in beneficial interest | <u>12,054</u> | <u>3,191</u> | <u>2,436</u> | <u>795</u> | <u>22,286</u> | <u>63</u> | <u>1,516</u> | <u>42,341</u> |
| Net assets, end of year | <u>\$ 277,875</u> | <u>\$ 74,040</u> | <u>\$ 56,385</u> | <u>\$ 17,794</u> | <u>\$ 543,586</u> | <u>\$ 2,063</u> | <u>\$ 26,516</u> | <u>\$ 998,259</u> |
| Net Assets | | | | | | | | |
| Undesignated | \$ 27,875 | \$ - | \$ 9,986 | \$ 2,794 | \$ - | \$ - | \$ - | \$ 40,655 |
| Time and purpose restrictions | - | 74,040 | 13,399 | - | - | - | - | 87,439 |
| Perpetual in nature | <u>250,000</u> | <u>-</u> | <u>33,000</u> | <u>15,000</u> | <u>543,586</u> | <u>2,063</u> | <u>26,516</u> | <u>870,165</u> |
| | <u>\$ 277,875</u> | <u>\$ 74,040</u> | <u>\$ 56,385</u> | <u>\$ 17,794</u> | <u>\$ 543,586</u> | <u>\$ 2,063</u> | <u>\$ 26,516</u> | <u>\$ 998,259</u> |

See independent auditors' report on supplementary information.

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

JUNE 30, 2020

| | Catterton Trust- Opera Fund | Catterton Trust- Philharmonic Fund | Ballet Arts and Cultural Development Fund | Total |
|-----------------------------------|--|---|--|----------------------------|
| Net assets, beginning of year | \$ 965,216 | \$ 860,643 | \$ 395,791 | \$ 2,221,650 |
| Released from restrictions | (137,749) | (133,378) | (14,947) | (286,074) |
| Change in beneficial interest | <u>18,184</u> | <u>19,710</u> | <u>8,489</u> | <u>46,383</u> |
| Net assets, end of year | <u>\$ 845,651</u> | <u>\$ 746,975</u> | <u>\$ 389,333</u> | <u>\$ 1,981,959</u> |
| Net Assets Perpetual in nature | <u>\$ 845,651</u> | <u>\$ 746,975</u> | <u>\$ 389,333</u> | <u>\$ 1,981,959</u> |

DAYTON PERFORMING ARTS ALLIANCE

STATEMENT OF ACTIVITIES BY FUND - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

JUNE 30, 2019

| | Catterton Trust- Opera Fund | Catterton Trust- Philharmonic Fund | Ballet Arts and Cultural Development Fund | Total |
|-----------------------------------|--|---|--|---------------------|
| Net assets, beginning of year | \$ 1,206,898 | \$ 1,149,805 | \$ 395,521 | \$ 2,752,224 |
| Released from restrictions | (275,000) | (325,000) | (14,743) | (614,743) |
| Change in beneficial interest | <u>33,318</u> | <u>35,838</u> | <u>15,013</u> | <u>84,169</u> |
| Net assets, end of year | <u>\$ 965,216</u> | <u>\$ 860,643</u> | <u>\$ 395,791</u> | <u>\$ 2,221,650</u> |
| Net Assets Perpetual in nature | <u>\$ 965,216</u> | <u>\$ 860,643</u> | <u>\$ 395,791</u> | <u>\$ 2,221,650</u> |