

**ST. LUKE'S CHAMBER ENSEMBLE, INC.**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2023 AND 2022**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
St. Luke's Chamber Ensemble, Inc.

### **Opinion**

We have audited the accompanying financial statements of St. Luke's Chamber Ensemble, Inc., which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Luke's Chamber Ensemble, Inc. as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Luke's Chamber Ensemble, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Luke's Chamber Ensemble, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 St. Luke's Chamber Ensemble, Inc.'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 St. Luke's Chamber Ensemble, Inc.'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.

New York, New York  
January 17, 2024

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 4)	\$ 1,857,798	\$ 2,893,705
Investments and cash held for investment (Notes 1c, 1d, and 5)	16,694,268	15,318,667
Unconditional promises to give (Notes 1e and 7)		
Without donor restrictions	234,682	420,472
With donor restrictions	451,030	680,000
Receivables and advances	18,926	12,093
Prepaid expenses and other current assets	115,593	98,909
Operating lease right-of-use asset (Note 1f)	225,186	-
Property and equipment, at cost (net of accumulated depreciation) (Notes 1g and 8)	<u>22,842,357</u>	<u>23,601,007</u>
<b>Total Assets</b>	<u><u>\$42,439,840</u></u>	<u><u>\$43,024,853</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 176,869	\$ 337,113
Deferred revenue (Note 1h)	71,332	42,706
Refundable advances (Note 10)	69,546	67,571
Operating lease liability (Notes 1f and 12)	228,632	-
Loan payable (Note 9)	-	149,900
Total Liabilities	<u>546,379</u>	<u>597,290</u>
Commitments and Contingency (Notes 11 and 13)		
Net Assets (Notes 3 and 16)		
Without Donor Restrictions	<u>26,550,045</u>	<u>27,145,750</u>
With Donor Restrictions		
Time and purpose restrictions	7,671,677	7,610,074
Perpetual in nature	7,671,739	7,671,739
Total With Donor Restrictions	<u>15,343,416</u>	<u>15,281,813</u>
Total Net Assets	<u>41,893,461</u>	<u>42,427,563</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$42,439,840</u></u>	<u><u>\$43,024,853</u></u>

See notes to financial statements.

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2023 AND 2022

	2023				2022			
	Without Donor Restrictions	With Donor Restrictions Time and Purpose Restrictions	Perpetual in Nature	Total	Without Donor Restrictions	With Donor Restrictions Time and Purpose Restrictions	Perpetual in Nature	Total
<b>Changes in Net Assets</b>								
Operating Activities								
Revenue, Gains and Other Support								
Contributions	\$ 2,298,981	\$ 992,030	\$ -	\$ 3,291,011	\$ 2,591,581	\$ 426,746	\$ -	\$ 3,018,327
Loan forgiveness - Paycheck Protection Program (Note 9)	-	-	-	-	609,572	-	-	609,572
Shuttered Venue Operators Grant	-	-	-	-	1,052,074	-	-	1,052,074
Fundraising benefits	981,185	-	-	981,185	919,127	-	-	919,127
Less: Direct fundraising benefit costs	(136,213)	-	-	(136,213)	(100,074)	-	-	(100,074)
Performances	1,761,555	-	-	1,761,555	1,049,427	-	-	1,049,427
Education and community engagement	7,500	-	-	7,500	4,500	-	-	4,500
The DiMenna Center rentals	903,268	-	-	903,268	833,064	-	-	833,064
Net investment income (loss) (Note 5)	98,738	-	-	98,738	(162,989)	-	-	(162,989)
Donated materials (Note 15)	11,755	-	-	11,755	-	-	-	-
Other income	29,887	-	-	29,887	5,201	-	-	5,201
	<u>5,956,656</u>	<u>992,030</u>	<u>-</u>	<u>6,948,686</u>	<u>6,801,483</u>	<u>426,746</u>	<u>-</u>	<u>7,228,229</u>
Net assets released from restrictions								
Time and program restrictions	1,409,294	(1,409,294)	-	-	723,003	(723,003)	-	-
Appropriations for use in operations (Notes 5 and 6)	751,283	-	-	751,283	695,814	-	-	695,814
Appropriation to board designated Artistic Excellence Fund	(200,000)	-	-	(200,000)	-	-	-	-
	<u>7,917,233</u>	<u>(417,264)</u>	<u>-</u>	<u>7,499,969</u>	<u>8,220,300</u>	<u>(296,257)</u>	<u>-</u>	<u>7,924,043</u>
Expenses (Note 14)								
Program Services								
Performances	4,993,286	-	-	4,993,286	4,604,429	-	-	4,604,429
Education and community engagement	900,236	-	-	900,236	697,678	-	-	697,678
The DiMenna Center	894,199	-	-	894,199	827,685	-	-	827,685
Total Program Services	<u>6,787,721</u>	<u>-</u>	<u>-</u>	<u>6,787,721</u>	<u>6,129,792</u>	<u>-</u>	<u>-</u>	<u>6,129,792</u>
Supporting Services								
Management and general	459,244	-	-	459,244	510,095	-	-	510,095
Fundraising	648,086	-	-	648,086	605,303	-	-	605,303
Total Supporting Services	<u>1,107,330</u>	<u>-</u>	<u>-</u>	<u>1,107,330</u>	<u>1,115,398</u>	<u>-</u>	<u>-</u>	<u>1,115,398</u>
	<u>7,895,051</u>	<u>-</u>	<u>-</u>	<u>7,895,051</u>	<u>7,245,190</u>	<u>-</u>	<u>-</u>	<u>7,245,190</u>
Total Expenses								
Increase (Decrease) in Net Assets from Operating Activities								
Before Other Activities (carried forward)	<u>22,182</u>	<u>(417,264)</u>	<u>-</u>	<u>(395,082)</u>	<u>975,110</u>	<u>(296,257)</u>	<u>-</u>	<u>678,853</u>

See notes to financial statements.

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2023 AND 2022

	2023				2022			
	Without Donor Restrictions	With Donor Restrictions Time and Purpose Restrictions	Perpetual in Nature	Total	Without Donor Restrictions	With Donor Restrictions Time and Purpose Restrictions	Perpetual in Nature	Total
Increase (Decrease) in Net Assets from Operating Activities Before Other Activities (brought forward)	\$ 22,182	\$ (417,264)	\$ -	\$ (395,082)	\$ 975,110	\$ (296,257)	\$ -	\$ 678,853
Other Activities								
Net investment income (loss) (Note 5)	442,325	910,016	-	1,352,341	(721,116)	(1,511,150)	-	(2,232,266)
Appropriations for use in operations (Notes 5 and 6)	(320,134)	(431,149)	-	(751,283)	(295,477)	(400,337)	-	(695,814)
The DiMenna Center - depreciation	(940,078)	-	-	(940,078)	(884,863)	-	-	(884,863)
Appropriation from operations to board designated Artistic Excellence Fund	200,000	-	-	200,000	-	-	-	-
Increase (Decrease) in Other Activities	(617,887)	478,867	-	(139,020)	(1,901,456)	(1,911,487)	-	(3,812,943)
Increase (decrease) in net assets	(595,705)	61,603	-	(534,102)	(926,346)	(2,207,744)	-	(3,134,090)
Net assets, beginning of year	27,145,750	7,610,074	7,671,739	42,427,563	28,072,096	9,817,818	7,671,739	45,561,653
<b>Net Assets, End of Year</b>	<u>\$26,550,045</u>	<u>\$ 7,671,677</u>	<u>\$7,671,739</u>	<u>\$41,893,461</u>	<u>\$27,145,750</u>	<u>\$ 7,610,074</u>	<u>\$7,671,739</u>	<u>\$42,427,563</u>

See notes to financial statements.

**ST. LUKE'S CHAMBER ENSEMBLE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2023**

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Performances</u>	<u>Education and Community Engagement</u>	<u>DiMenna Center</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 2,327,303	\$ 556,362	\$ 416,804	\$3,300,469	\$ 223,575	\$ 192,780	\$ 416,355	\$3,716,824
Payroll taxes and fringe benefits	543,580	101,881	113,440	758,901	101,013	26,897	127,910	886,811
Musician pension plan	251,026	13,111	-	264,137	-	931	931	265,068
Artistic consulting fees	294,379	25,420	-	319,799	-	7,600	7,600	327,399
Production expenses	482,571	82,228	1,250	566,049	43	3,063	3,106	569,155
Professional fees	172,857	28,947	24,939	226,743	37,519	147,672	185,191	411,934
Building maintenance	430,270	53,139	170,573	653,982	-	-	-	653,982
Office and storage space rental	43,265	5,071	16,276	64,612	25,120	12,230	37,350	101,962
Office operations	107,840	11,826	35,656	155,322	37,529	35,079	72,608	227,930
Travel and entertainment	110,054	10,493	819	121,366	4,928	10,934	15,862	137,228
Printing and design	64,742	6,658	12,761	84,161	2,737	42,234	44,971	129,132
Advertising	116,061	608	1,951	118,620	3,012	3,271	6,283	124,903
Reception and benefits	25,361	1,210	-	26,571	1,468	112,269	113,737	140,308
Tickets	-	-	-	-	7,228	45,744	52,972	52,972
Insurance	8,938	1,104	81,578	91,620	5,469	2,662	8,131	99,751
Bank fees and miscellaneous expenses	15,039	2,178	18,152	35,369	9,603	4,720	14,323	49,692
Total expenses before depreciation	4,993,286	900,236	894,199	6,787,721	459,244	648,086	1,107,330	7,895,051
Depreciation	-	-	940,078	940,078	-	-	-	940,078
Total Expenses	<u>\$ 4,993,286</u>	<u>\$ 900,236</u>	<u>\$1,834,277</u>	<u>\$7,727,799</u>	<u>\$ 459,244</u>	<u>\$ 648,086</u>	<u>\$1,107,330</u>	<u>\$8,835,129</u>

See notes to financial statements.

**ST. LUKE'S CHAMBER ENSEMBLE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Performances</u>	<u>Education and Community Engagement</u>	<u>DiMenna Center</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 2,016,548	\$ 457,481	\$ 383,574	\$2,857,603	\$ 211,669	\$ 281,568	\$ 493,237	\$3,350,840
Payroll taxes and fringe benefits	464,669	90,067	102,133	656,869	139,099	44,065	183,164	840,033
Musician pension plan	177,591	1,985	-	179,576	-	2,581	2,581	182,157
Artistic consulting fees	377,418	15,938	-	393,356	-	2,000	2,000	395,356
Production expenses	477,658	54,494	7,569	539,721	2,208	11,338	13,546	553,267
Professional fees	162,048	16,291	35,580	213,919	59,953	77,138	137,091	351,010
Building maintenance	403,570	32,377	162,443	598,390	-	-	-	598,390
Office and storage space rental	40,496	3,631	16,246	60,373	27,369	11,670	39,039	99,412
Office operations	78,910	5,722	41,060	125,692	30,104	31,799	61,903	187,595
Travel and entertainment	179,463	9,808	600	189,871	4,179	9,709	13,888	203,759
Printing and design	65,593	4,108	10,312	80,013	1,138	26,082	27,220	107,233
Advertising	85,213	1,701	3,774	90,688	6,644	3,163	9,807	100,495
Reception and benefits	24,744	944	-	25,688	-	67,557	67,557	93,245
Tickets	-	-	-	-	-	27,619	27,619	27,619
Insurance	12,228	993	56,919	70,140	8,283	3,531	11,814	81,954
Bank fees and miscellaneous expenses	38,280	2,138	7,475	47,893	19,449	5,483	24,932	72,825
Total expenses before depreciation	4,604,429	697,678	827,685	6,129,792	510,095	605,303	1,115,398	7,245,190
Depreciation	-	-	884,863	884,863	-	-	-	884,863
Total Expenses	<u>\$ 4,604,429</u>	<u>\$ 697,678</u>	<u>\$1,712,548</u>	<u>\$7,014,655</u>	<u>\$ 510,095</u>	<u>\$ 605,303</u>	<u>\$1,115,398</u>	<u>\$8,130,053</u>

See notes to financial statements.



## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (534,102)	\$(3,134,090)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Non-cash operating lease expense	64,308	-
Loan forgiveness - Paycheck Protection Program	-	(609,572)
Depreciation	940,078	884,863
Net realized and unrealized (gain) loss on investments	(1,104,790)	2,721,919
(Increase) decrease in:		
Unconditional promises to give	414,760	665,206
Receivables and advances	(6,833)	(7,530)
Prepaid expenses and other current assets	(16,684)	(6,931)
Increase (decrease) in:		
Accounts payable and accrued expenses	(160,244)	140,308
Deferred revenue	28,626	2,687
Operating lease liability	(60,862)	-
Refundable advances	1,975	(326,172)
Net Cash Provided (Used) By Operating Activities	<u>(433,768)</u>	<u>330,688</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	(181,428)	(764,580)
Purchase of investments	(1,113,998)	(614,812)
Proceeds from sale of investments	843,187	1,157,300
Net Cash Used By Investing Activities	<u>(452,239)</u>	<u>(222,092)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of loans payable	(149,900)	-
Net increase (decrease) in cash and cash equivalents	(1,035,907)	108,596
Cash and cash equivalents, beginning of year	<u>2,893,705</u>	<u>2,785,109</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,857,798</u></u>	<u><u>\$ 2,893,705</u></u>
<b>Supplemental disclosure of non-cash investing activities:</b>		
Operating lease right-of-use asset obtained in exchange for lease liability	<u>\$ 289,494</u>	<u>\$ -</u>

See notes to financial statements.

**ST. LUKE'S CHAMBER ENSEMBLE, INC.****NOTES TO FINANCIAL STATEMENTS****AUGUST 31, 2023 AND 2022****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

St. Luke's Chamber Ensemble, Inc. (the "Organization") is a gathering of outstanding musicians whose purpose is to bring classical music and the communication that is unique to music to as broad an audience as possible through performance and education programs in New York City and beyond. At its home, in New York City, The DiMenna Center for Classical Music ("The Center"), St. Luke's serves the musical community by providing state-of-the-art facilities for classical music rehearsal, recording, and learning. St. Luke's main sources of revenues are performances, rentals and public support.

In November 2008, St. Luke's purchased a condominium on West 37th Street to create The Center. The Center provides rehearsal space for St. Luke's and other musical groups; a home for the arts education program of the Orchestra of St. Luke's; and its administrative offices. The Center was formally opened in March 2011.

**b - Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for cash managed as part of its long-term investment strategies.

**c - Fair Value Measurements**

The Organization reflects investments at fair value in the statement of financial position. Fair value is defined as the price that would be received if an asset were sold in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

**ST. LUKE'S CHAMBER ENSEMBLE, INC.****NOTES TO FINANCIAL STATEMENTS****AUGUST 31, 2023 AND 2022****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****c - Fair Value Measurements (continued)**

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**d - Investments and Investment Income**

Investments are measured at fair value on a recurring basis. Investments with fair values that are based on quoted market prices in active markets are, therefore, classified within Level 1. These include equities, fixed income, and cash and money market funds. All of the Organization's investments are classified within Level 1.

Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income is recognized. All other income is recorded as net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**e - Unconditional Promises to Give and Contributions**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization records fundraising benefit revenue equal to the fair value of the direct benefit to donors, and contribution income for the excess received when the event takes place.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contribution is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

**ST. LUKE'S CHAMBER ENSEMBLE, INC.****NOTES TO FINANCIAL STATEMENTS****AUGUST 31, 2023 AND 2022****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****f - Operating Lease Right-of-Use Asset and Operating Lease Liability**

For leases with an initial term greater than twelve months, the Organization's operating lease liability is initially recorded at the present value of the unpaid lease payments as of September 1, 2022. The Organization's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, deferred rent liability and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the lease term.

**g - Property and Equipment**

Property and equipment acquired are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

**h - Revenue Recognition**

The Organization has multiple revenue streams that are accounted for as exchange transactions including rental income, performance income, education program income, and membership income.

Performance income is recognized on the date of performance. The Organization records deferred revenue in situations when amounts are collected, but the performance obligations have not been met until the subsequent year.

Rental income is recognized in the period in which the rental takes place. Other program income, including education and community engagements, are recognized when these programs occur.

Membership income is collected at the commencement of the membership period. Membership revenue is primarily contribution revenue, and a portion represents an exchange transaction and entitles members to certain discounts and events over the course of the membership period, which is the Organization's fiscal year. The Organization recognizes membership revenue as contribution revenue in the year received since the Organization's performance obligation is completed by the end of the fiscal year.

**i - Financial Statement Presentation**

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepting in the United States, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets Without Donor Restrictions**

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

**ST. LUKE'S CHAMBER ENSEMBLE, INC.****NOTES TO FINANCIAL STATEMENTS****AUGUST 31, 2023 AND 2022****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - Financial Statement Presentation (continued)****Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

**j - Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**k - Tax Status**

St. Luke's Chamber Ensemble, Inc. has been determined by the Internal Revenue Service to be exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**l - Functional Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial amount of the Organization's expenses is directly related to program activities which are made up of the orchestra activities, fee engagements, youth orchestra program, DiMenna Center building operation and other programs. The expenses that are allocated include salaries, insurance, occupancy and other administrative costs, which are allocated based upon estimates of time and effort.

**m - New Accounting Standard**

During 2023, the Organization adopted ASU 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 (the "ASU") change the way organizations account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. As such, results for 2023 are presented under Topic 842, while results for 2022 continue to be reported in accordance with historical accounting practices. The adoption of the ASU did not have a significant impact on the Organization's net assets as of September 1, 2022.

**ST. LUKE'S CHAMBER ENSEMBLE, INC.****NOTES TO FINANCIAL STATEMENTS****AUGUST 31, 2023 AND 2022****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****m - New Accounting Standard (continued)**

As part of the adoption of the ASU, the Organization elected to apply the modified retrospective transition approach as of the date of initial application without restating comparative period financial statements, to use a risk-free rate, equal to the three-year Treasury Bill rate for the discount of the operating lease and to apply the practical expedients which allows the Organization to not reassess (i) whether any expired or existing contracts are leases or contain leases (ii) the lease classification for any expired or existing leases (iii) initial direct costs for any existing leases.

**n - Subsequent Events**

The Organization has evaluated subsequent events through January 17, 2024, the date that the financial statements are available to be issued.

**Note 2 - Information Regarding Liquidity and Availability**

The Organization manages its annual finances with the goal that total operating revenues exceed total operating expenses. The Organization has a balanced stream of annual revenue, including a diverse range of both earned and contributed sources. The Organization considers general expenditures to consist of all expenses related to ongoing program activities, and the expenses related to management and general activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs.

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Organization's financial assets as of August 31, 2023 and 2022 available to meet general expenditures within one year are summarized as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,857,798	\$ 2,893,705
Investments and cash held for investments	16,694,268	15,318,667
Unconditional promises to give	685,712	1,100,472
Receivables and advances	<u>18,926</u>	<u>12,093</u>
Total Financial Assets	19,256,704	19,324,937
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for programs, purposes or passage of time	(6,589,976)	(6,872,308)
Plus: Net assets with restrictions expected to be met in less than one year	870,500	920,204
Net assets with donor restrictions for endowment and cash reserve, subject to spending policy and appropriation	(8,753,440)	(8,409,505)
Plus: Amounts appropriated for use within one year	1,081,701	787,380
Board designated artistic excellence fund	(1,493,240)	(1,293,240)
Board designated strategic action fund	(2,170,200)	(2,170,200)
Cash reserve	<u>-</u>	<u>(672,500)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 2,202,049</u>	<u>\$ 1,614,768</u>

In addition to these financial assets available within one year, the Organization maintains board designated funds of approximately \$3,663,000 and \$4,136,000 for the years ended August 31, 2023 and 2022, respectively, which could be made available to meet cash needs for general expenditures at the discretion of the Board of Directors.

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 3 - Net Assets**

Net assets consist of the following as of August 31:

	<b>2023</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Time and Purpose Restrictions</b>	<b>Perpetual in Nature</b>	
Operating:				
Artistic Excellence Fund	\$ 1,493,240	\$ -	\$ -	\$ 1,493,240
Strategic Action Fund	2,170,200	-	-	2,170,200
Other	<u>44,248</u>	<u>6,589,976</u>	-	<u>6,634,224</u>
	3,707,688	6,589,976	-	10,297,664
Property and equipment	22,842,357	-	-	22,842,357
Cash reserve funds	-	-	500,000	500,000
Endowment	<u>-</u>	<u>1,081,701</u>	<u>7,171,739</u>	<u>8,253,440</u>
	<u>\$26,550,045</u>	<u>\$7,671,677</u>	<u>\$7,671,739</u>	<u>\$41,893,461</u>
	<b>2022</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Time and Purpose Restrictions</b>	<b>Perpetual in Nature</b>	
Operating:				
Artistic Excellence Fund	\$ 1,293,240	\$ -	\$ -	\$ 1,293,240
Strategic Action Fund	2,170,200	-	-	2,170,200
Other	<u>(591,197)</u>	<u>6,872,308</u>	-	<u>6,281,111</u>
	2,872,243	6,872,308	-	9,744,551
Property and equipment	23,601,007	-	-	23,601,007
Cash reserve funds	672,500	-	500,000	1,172,500
Endowment	<u>-</u>	<u>737,766</u>	<u>7,171,739</u>	<u>7,909,505</u>
	<u>\$27,145,750</u>	<u>\$7,610,074</u>	<u>\$7,671,739</u>	<u>\$42,427,563</u>

**Board Designated Funds**i - *Artistic Excellence Fund*

During 2017, the Board established an Artistic Excellence Fund (the "Fund") to fund future artistic initiatives. Each year, the Organization may add a portion of an operating surplus, if any, to the Fund; when needed to support artistic initiatives, the Organization may make an appropriation from the Fund. The Fund balance was \$1,493,240 as of August 31, 2023 and \$1,293,240 as of August 31, 2022. The Artistic Excellence Fund is included in the board designated operating net assets without donor restrictions.



## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 3 - Net Assets (continued)**Board Designated Funds (continued)ii - Strategic Action Fund

During 2021, the Board established a Strategic Action Fund (the "Fund") to support recovery from the pandemic and responses to changes in the classical music industry. Each year, the Organization may add a portion of an operating surplus, if any, to the Fund; when needed for recovery and strategic response initiatives, the Organization may make an appropriation from the Fund. The Fund balance was \$2,170,200 as of August 31, 2023 and 2022. The Strategic Action Fund is included in the board designated operating net assets without donor restrictions.

iii - Cash Reserve Fund

The Board allocated \$672,500 toward a board designated cash reserve from time restricted donor cash reserve funds that had expired as well as from an unrestricted contribution from a Board member. The balance was \$672,500 at August 31, 2022. The Board elected to lift the requirement for this cash reserve at August 31, 2023.

**Note 4 - Concentration of Credit Risk**

The Organization's cash accounts are maintained in financial institutions in New York. The balances in the financial institutions are insured by the Federal Deposit Insurance Corporation and other agencies. The cash balances, at times, may exceed insured limits.

**Note 5 - Investments and Cash Held for Investment**

Investments and cash held for investment, which are all classified as Level 1 in the fair value hierarchy, are reflected at fair value and consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity mutual funds	\$ 7,398,927	\$11,002,886	\$ 7,694,440	\$10,206,341
Fixed income mutual funds	4,437,032	4,246,671	4,617,881	4,453,716
Cash and money market funds	<u>1,444,711</u>	<u>1,444,711</u>	<u>658,610</u>	<u>658,610</u>
	<u>\$13,280,670</u>	<u>\$16,694,268</u>	<u>\$12,970,931</u>	<u>\$15,318,667</u>

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 5 - Investments and Cash Held for Investment**

Net investment income (loss) consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 346,289	\$ 326,664
Net unrealized and realized gains (losses)	<u>1,104,790</u>	<u>(2,721,919)</u>
	<u>\$1,451,079</u>	<u>\$(2,395,255)</u>

Net investment income (loss) has been allocated as follows:

	<u>2023</u>	<u>2022</u>
Operating activities	\$ 98,738	\$ (162,989)
Other activities:		
Without donor restrictions	442,325	(721,116)
With donor restrictions	<u>910,016</u>	<u>(1,511,150)</u>
	<u>\$1,451,079</u>	<u>\$(2,395,255)</u>

In 2023 and 2022, allocations were made from unrestricted income - other activities, of current and accumulated investment income in the amount of \$320,134 and \$295,477, respectively, for use in operations.

**Note 6 - Endowment Funds**

The Organization's endowment consists of funds established to support general operations, educational and other programs. The endowment is currently comprised of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 6 - Endowment Funds (continued)**

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Organization classifies as net assets of a perpetual nature (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 any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not perpetual in nature is classified as endowment subject to spending policy and appropriation until these amounts are appropriated for expenditure by the Organization.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Organization and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Organization;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization; and
- (viii) the investment policy of the Organization

The composition of the Organization's invested endowment funds, by type of fund and classification, are summarized as follows at August 31:

	<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Donor-restricted endowment funds, 2023	<u>\$1,081,701</u>	<u>\$7,171,739</u>	<u>\$8,253,440</u>
Donor-restricted endowment funds, 2022	<u>\$ 737,766</u>	<u>\$7,171,739</u>	<u>\$7,909,505</u>

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 6 - Endowment Funds (continued)**

Changes in the invested endowment funds for the years ended August 31, 2023 and 2022 are summarized as follows:

	<b>2023</b>		
	<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
Endowment funds, beginning of year	<u>\$ 737,766</u>	<u>\$7,171,739</u>	<u>\$7,909,505</u>
Investment Return			
Interest and dividends	181,376	-	181,376
Net unrealized and realized gain	<u>593,708</u>	<u>-</u>	<u>593,708</u>
Total Investment Return	<u>775,084</u>	<u>-</u>	<u>775,084</u>
Appropriation for use in operations	<u>(431,149)</u>	<u>-</u>	<u>(431,149)</u>
Endowment Funds, End of Year	<u>\$1,081,701</u>	<u>\$7,171,739</u>	<u>\$8,253,440</u>
	<b>2022</b>		
	<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
Endowment funds, beginning of year	<u>\$2,415,509</u>	<u>\$7,171,739</u>	<u>\$9,587,248</u>
Investment Loss			
Interest and dividends	173,670	-	173,670
Net unrealized and realized loss	<u>(1,451,076)</u>	<u>-</u>	<u>(1,451,076)</u>
Total Investment Loss	<u>(1,277,406)</u>	<u>-</u>	<u>(1,277,406)</u>
Appropriation for use in operations	<u>(400,337)</u>	<u>-</u>	<u>(400,337)</u>
Endowment Funds, End of Year	<u>\$ 737,766</u>	<u>\$7,171,739</u>	<u>\$7,909,505</u>

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board designated funds.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that aims to achieve its long-term return objectives within prudent risk constraints.

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 6 - Endowment Funds (continued)**

The Organization has followed a policy of appropriating for distribution a percentage of the average fair value of endowment funds over a number of quarters preceding the end of the fiscal year in which the distribution is planned. The current policy is to appropriate 5% of the average fair value of endowment funds over the preceding twelve quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment to grow. The Organization's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**Note 7 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	2023			2022	
	Without Donor Restrictions	Restricted for Future Periods and Programs	Restricted for Capital Projects	Total	Total
Due within one year	\$234,682	\$197,000	\$ -	\$ 431,682	\$1,100,472
Due in one to five years	-	269,500	-	269,500	-
	234,682	466,500	-	701,182	1,100,472
Less: Discount	-	(15,470)	-	(15,470)	-
Total 2023	\$234,682	\$451,030	\$ -	\$ 685,712	
Total 2022	\$420,472	\$330,000	\$350,000		\$1,100,472

Uncollectible promises are expected to be immaterial. Unconditional promises to give due after one year are discounted to net present value using a discount rate of 3% per annum.

**ST. LUKE'S CHAMBER ENSEMBLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2023 AND 2022**

**Note 8 - Property and Equipment**

Property and equipment at August 31 consisted of:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Condominium and related acquisition costs	40 years	\$14,944,929	\$14,944,929
Building improvements, architect and other costs	40 years	14,007,679	14,007,679
Control room	7 years	167,204	167,204
Pianos	30 years	310,774	310,774
Office equipment	5-7 years	373,849	344,503
Furniture, fixtures and equipment	5 years	990,360	979,047
Condo Improvements	7-10 years	724,590	664,483
Computers	5 years	102,868	88,766
CRM Software	3 years	153,137	86,577
Website	3 years	18,670	18,670
		<u>31,794,060</u>	<u>31,612,632</u>
Less: Accumulated depreciation		<u>(10,770,575)</u>	<u>(9,830,497)</u>
		21,023,485	21,782,135
Land		<u>1,818,872</u>	<u>1,818,872</u>
		<u>\$22,842,357</u>	<u>\$23,601,007</u>

The City of New York's capital contributions to the Center obligated the Organization to operate the facility and/or maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational or artistic uses and/or related purposes.

**Note 9 - Loans Payable**

On January 31, 2021, the Organization received a second Paycheck Protection Program loan of \$609,572. The full amount of the loan was forgiven in October 2021, and accordingly, has been recognized as loan forgiveness revenue for the year ended August 31, 2022.

On May 22, 2020, the Organization received a \$149,900 Economic Injury Disaster Loan. The loan bears interest at 2.75% per annum with installment payments of principal and interest of \$641 monthly, to begin thirty months from the date of the promissory note. The balance of interest and principal is due on May 22, 2050. In October 2022, the Organization repaid the EIDL Loan.

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 10 - Refundable Advances**

The Organization has received \$69,546 and \$67,571 through August 31, 2023 and 2022, respectively, for the Organization's fiscal year 2024 and 2023 fundraising events.

**Note 11 - Contingency**

Government supported projects are subject to audit by the applicable granting agency.

**Note 12 - Operating Lease Liability**

The Organization occupies space under an operating lease agreement expiring November 30, 2026.

Operating lease expense for the year ended August 31, 2023 was \$87,858. There were no variable lease costs incurred. As of August 31, 2023, the remaining term of the Organization's operating lease is 39 months and the discount rate is 3.54%.

Maturities of the Organization's operating lease liability as of August 31, 2023 are as follows:

<b><u>Year Ending August 31,</u></b>		
2024		\$ 72,240
2025		74,407
2026		76,640
Thereafter, through November 30, 2026		<u>19,300</u>
		242,587
Less: Amount attributable to interest		<u>(13,955)</u>
		<b><u>\$228,632</u></b>

**Note 13 - Pension Plans**

a - Employees, including musician employees, may elect to contribute to St. Luke's Tax Sheltered Annuity Plan, within IRS allowable contribution limits. This plan is an IRS Code Section 403(b) Retirement Plan, which is invested at the direction of the participants within the available funding vehicles.

## ST. LUKE'S CHAMBER ENSEMBLE, INC.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

**Note 13 - Pension Plans (continued)**

- b - In addition, the Organization contributes annually to a separate retirement plan for the benefit of full-time staff members. This plan is an IRS Code Section 403(b) Defined Contribution Retirement Plan, which is invested at the direction of the participants within the available funding vehicles. Plan expense was \$42,142 and \$51,017 for 2023 and 2022, respectively.
- c - The Organization contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented musicians.

The following information relates to the Organization's union-managed pension plan.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Contributions of the Organization		Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2023	2022		2023	2022		
Pension Fund of Local 802, American Federation of Musicians	13-0452820	Red	Red	Implemented	<u>\$265,068</u>	<u>\$182,157</u>	No	September 7, 2021

The Organization is currently in the process of renegotiating the collective bargaining agreement. While negotiations with the union are ongoing, the terms of the expired agreement remain in force.

**Note 14 - Related Party Transaction**

During 2023, the Organization paid board members \$8,000 in artistic fees and \$206 of reimbursed travel expenses. During 2022, the Organization paid a board member \$14,000 in artistic fees and rent and reimbursed the board member \$1,638 in travel expenses.

**Note 15 - Donated Materials**

Donated materials consist of musical instruments with a value of \$11,755 during the year ended August 31, 2023.

Donated musical instruments are utilized in connection with the Organization's program activities and are valued by the providers based on current market rates charged for the instruments.