

ST. LUKE'S CHAMBER ENSEMBLE, INC.

**Financial Statements
for the year ended
August 31, 2024**

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the St. Luke's Chamber Ensemble, Inc. (the "Organization"), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2024 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Year Financial Statements

The financial statements of the Organization as of August 31, 2023 were audited by other auditors, whose report dated January 17, 2024 expressed an unmodified opinion on those statements.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

Cordon O'Meara McIntyre & Donnelly LLP

January 22, 2025

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Statement of Financial Position

		August 31	
		2024	2023
Assets			
Cash and cash equivalents	\$	732,877	\$ 1,857,798
Investments, at fair value		19,649,562	16,694,268
Contributions receivable, net		589,390	685,712
Prepaid expenses and other current assets		188,373	248,889
Property and equipment, at cost, net		22,038,092	22,842,357
Right-of-use asset – operating lease		158,654	225,186
Total assets		\$ 43,356,948	\$ 42,554,210
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$	288,662	\$ 291,239
Unearned revenue		90,142	71,332
Refundable advances		104,146	69,546
Operating lease liability		163,442	228,632
Total liabilities		646,392	660,749
Net assets			
Without donor restrictions		26,912,812	26,550,045
With donor restrictions			
Time and purpose restrictions		8,126,005	7,671,677
Perpetual in nature		7,671,739	7,671,739
Total with donor restrictions		15,797,744	15,343,416
Total net assets		42,710,556	41,893,461
Total liabilities and net assets		\$ 43,356,948	\$ 42,554,210

See notes to financial statements.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Statement of Activities

	Year Ended August 31				
	2024		2023		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Perpetual in Nature
	Restrictions	Time and Purpose Restrictions	Restrictions	Time and Purpose Restrictions	Restrictions
Support, revenue and gains					
Contributions	\$ 2,566,944	\$ 545,000	\$ 3,111,944	\$ 868,030	\$ 2,954,331
Government grants	139,360	25,000	164,360	124,000	336,680
Special events, net of cost of direct benefits to donors of \$174,664 and \$136,213 in 2024 and 2023, respectively					
Performances	1,175,623	-	1,175,623	-	844,972
Education and community engagement	2,850,377	-	2,850,377	-	1,761,555
The DiMenna Center rentals	6,750	-	6,750	-	7,500
Net investment return	864,411	-	864,411	-	903,268
Donated materials	197,819	-	197,819	-	98,738
Other	-	-	-	-	11,755
Sub-total	7,801,284	570,000	8,371,284	992,030	29,887
Net assets released from restrictions					6,948,686
Time and program restrictions	1,460,677	(1,460,677)	-	(1,409,294)	-
Appropriations for use in operations	784,902	-	784,902	-	751,283
Appropriation to Board designated Artistic Excellence Fund	(650,000)	-	(650,000)	-	(200,000)
Total support, revenue and gains	9,396,863	(890,677)	8,506,186	(417,264)	7,499,969
Expenses					
Program services					
Performances	6,813,044	-	6,813,044	-	4,993,286
Education and community engagement	780,374	-	780,374	-	900,236
The DiMenna Center	804,702	-	804,702	-	894,199
Total program services	8,398,120	-	8,398,120	-	6,787,721
Supporting activities					
Management and general	324,645	-	324,645	-	459,244
Fundraising	667,143	-	667,143	-	648,086
Total supporting activities	991,788	-	991,788	-	1,107,330
Total expenses	9,389,908	-	9,389,908	-	7,895,051
Increase (decrease) in net assets before other	6,955	(890,677)	(883,722)	(417,264)	(395,082)
Other					
Net investment return	971,715	1,772,755	2,744,470	910,016	1,352,341
Depreciation expense - The DiMenna Center	(908,751)	-	(908,751)	-	(940,078)
Appropriations for use in operations	(357,152)	(427,750)	(784,902)	(431,149)	(751,283)
Appropriation from operations to Board designated Artistic Excellence Fund	650,000	-	650,000	-	200,000
Increase (decrease) in net assets	362,767	454,328	817,095	61,603	(534,102)
Net assets, beginning of year	26,550,045	7,671,677	41,893,461	7,610,074	42,427,563
Net assets, end of year	\$ 26,912,812	\$ 8,126,005	\$ 42,710,556	\$ 7,671,677	\$ 41,893,461

See notes to financial statements.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Statement of Functional Expenses
Year Ended August 31, 2024
(With Summarized Comparative Information for the year ended August 31, 2023)

	2024						2023	
	Program Services			Supporting Activities				
	Education and Community Engagement	The DiMenna Center	Total	Management and General	Fundraising	Total	Total	Total
Performances	\$ 3,045,140	\$ 375,857	\$ 3,916,557	\$ 189,990	\$ 280,699	\$ 470,689	\$ 4,387,246	\$ 3,716,824
Salaries	\$ 851,745	90,610	1,061,483	35,365	44,721	80,086	1,141,569	886,811
Payroll taxes and fringe benefits	351,902	4,419	356,321	-	-	-	356,321	265,068
Musician pension plan	511,374	33,795	545,169	-	4,500	4,500	549,669	327,399
Artistic consulting fees	-	-	-	-	174,664	174,664	174,664	136,213
Catering, facilities and other	698,687	200	764,444	-	10,616	10,616	775,060	569,155
Production	137,352	15,415	168,544	24,412	152,842	177,254	345,798	411,934
Professional fees	477,863	138,266	654,453	-	-	-	654,453	653,982
Building maintenance	48,665	8,651	70,629	21,300	10,951	32,251	102,880	101,962
Office and storage space rental	132,280	7,962	178,772	34,464	34,815	69,279	248,051	227,930
Office operations	197,180	3,124	200,488	4,856	7,604	12,460	212,948	137,228
Travel and entertainment	101,054	12,926	113,980	124	41,228	41,352	155,332	129,132
Printing and design	169,535	419	171,466	2,419	1,394	3,813	175,279	124,903
Advertising	58,717	1,908	60,707	2,429	18,123	20,552	81,259	140,308
Reception and benefits	10,528	63	10,591	-	54,628	54,628	65,219	52,972
Tickets	8,822	708	108,060	4,084	2,100	6,184	114,244	99,751
Insurance	12,200	933	16,456	5,202	2,922	8,124	24,580	49,692
Bank fees and miscellaneous expenses	6,813,044	804,702	8,398,120	324,645	841,807	1,166,452	9,564,572	8,031,264
Total expenses before depreciation	-	908,751	908,751	-	-	-	908,751	940,078
Depreciation	6,813,044	1,713,453	9,306,871	324,645	841,807	1,166,452	10,473,323	8,971,342
Total expenses by function	-	-	-	-	174,664	174,664	174,664	136,213
Less: costs of direct benefits with revenue on the statement of activities	\$ 6,813,044	\$ 1,713,453	\$ 9,306,871	\$ 324,645	\$ 667,143	\$ 991,788	\$ 10,298,659	\$ 8,835,129
Total expenses	\$ 780,374	\$ 1,713,453	\$ 9,306,871	\$ 324,645	\$ 667,143	\$ 991,788	\$ 10,298,659	\$ 8,835,129

See notes to financial statements.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Statement of Functional Expenses
Year Ended August 31, 2023

	Program Services			Supporting Activities		
	Performances	Education and Community Engagement	The DiMenna Center	Management and General	Fundraising	Total
Salaries	\$ 2,327,303	\$ 556,362	\$ 416,804	\$ 223,575	\$ 192,780	\$ 3,716,824
Payroll taxes and fringe benefits	543,580	101,881	113,440	101,013	26,897	886,811
Musician pension plan	251,026	13,111	-	-	931	265,068
Artistic consulting fees	294,379	25,420	-	-	7,600	327,399
Catering, facilities and other	-	-	-	-	136,213	136,213
Production	482,571	82,228	1,250	43	3,063	569,155
Professional fees	172,857	28,947	24,939	37,519	147,672	411,934
Building maintenance	430,270	53,139	170,573	-	-	653,982
Office and storage space rental	43,265	5,071	16,276	25,120	12,230	101,962
Office operations	107,840	11,826	35,656	37,529	35,079	227,930
Travel and entertainment	110,054	10,493	819	4,928	10,934	137,228
Printing and design	64,742	6,658	12,761	2,737	42,234	129,132
Advertising	116,061	608	1,951	3,012	3,271	124,903
Reception and benefits	25,361	1,210	-	1,468	112,269	140,308
Tickets	-	-	-	7,228	45,744	52,972
Insurance	8,938	1,104	81,578	5,469	2,662	99,751
Bank fees and miscellaneous expenses	15,039	2,178	18,152	9,603	4,720	49,692
Total expenses before depreciation	4,993,286	900,236	894,199	459,244	784,299	8,031,264
Depreciation	-	-	940,078	-	-	940,078
Total expenses by function	4,993,286	900,236	1,834,277	459,244	784,299	8,971,342
Less: costs of direct benefits with revenue on the statement of activities	-	-	-	-	136,213	136,213
Total expenses	\$ 4,993,286	\$ 900,236	\$ 1,834,277	\$ 459,244	\$ 648,086	\$ 8,835,129

See notes to financial statements.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Statement of Cash Flows

	Year Ended August 31	
	2024	2023
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 817,095	\$ (534,102)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Donated securities	(1,240,109)	-
Sale of donated securities	1,240,109	-
Non-cash operating lease expense	66,532	64,308
Depreciation	908,751	940,078
Net realized and unrealized (gain) on investments	(2,458,874)	(1,104,790)
(Increase) decrease in assets		
Contributions receivable	96,322	414,760
Prepaid expenses and other current assets	60,516	(23,517)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(2,577)	(160,244)
Unearned revenue	18,810	28,626
Refundable advances	34,600	1,975
Operating lease liability	(65,190)	(60,862)
Net cash (used in) operating activities	(524,015)	(433,768)
Cash flows from investing activities		
Acquisitions of property and equipment	(104,486)	(181,428)
Purchases of investments	(3,082,357)	(1,113,998)
Proceeds from sale of investments	2,585,937	843,187
Net cash (used in) investing activities	(600,906)	(452,239)
Cash flows (used in) financing activities		
Repayment of loan payable	-	(149,900)
Net (decrease) in cash and cash equivalents	(1,124,921)	(1,035,907)
Cash and cash equivalents, beginning of year	1,857,798	2,893,705
Cash and cash equivalents, end of year	\$ 732,877	\$ 1,857,798
Supplemental disclosure of cash flow information:		
Operating lease right-of-use asset obtained in exchange for lease liability	\$ -	\$ 289,494

See notes to financial statements.

ST. LUKE'S CHAMBER ENSEMBLE, INC.**Notes to Financial Statements
August 31, 2024****Note 1 – Nature of organization and summary of significant accounting policies**Nature of 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.

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.

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 with the income generated by the funds to be spent in accordance with the donor's wishes.

Cash and cash equivalents

The Organization considers all highly liquid investments, 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.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Notes to Financial Statements (continued)
August 31, 2024

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Investments and investment return

Investments are measured at fair value. Investments are based on quoted market prices in active markets.

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 return 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 as net assets released from restrictions.

Fair value measurements

Accounting principles generally accepted in the United States of America established 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.
- Level 3 Inputs that are unobservable.

All of the Organization's investments are classified within Level 1.

Contributions and contributions receivable

The Organization recognizes contributions when cash, securities or other assets; an unconditional contribution; or a notification of a beneficial interest is received. Conditional contributions, 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 substantially met. The Organization records fundraising benefit revenue equal to the fair value of the direct benefit to donors, and contribution support for the excess received when the event takes place.

ST. LUKE'S CHAMBER ENSEMBLE, INC.**Notes to Financial Statements (continued)**
August 31, 2024**Note 1 – Nature of organization and summary of significant accounting policies (continued)**Contributions and contributions receivable (continued)

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contribution is received. 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 contributions. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made. The Organization did not have an allowance for any potentially uncollectible receivables as of August 31, 2024 and August 31, 2023.

Property and equipment

Property and equipment acquired over a nominal amount are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets which range from 3-40 years.

Right-of-use asset - operating lease and operating lease liability

For leases with an initial term greater than 12 months, the Organization's operating lease liability is initially recorded at the present value of the unpaid lease payments. 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. The Organization uses 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.

Revenue recognition

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

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

ST. LUKE'S CHAMBER ENSEMBLE, INC.**Notes to Financial Statements (continued)**
August 31, 2024**Note 1 – Nature of organization and summary of significant accounting policies (continued)****Revenue recognition (continued)**

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

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, The 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.

Donated services

The Organization receives donated services rendered by volunteers, including Board members, who have donated significant amounts of their time to the Organization's activities. These services do not meet the criteria for recognition under the accounting standards and accordingly, have not been recorded in the financial statements.

Concentrations of credit risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and contributions receivable. The Organization places its cash and cash equivalents, with what it believes to be quality financial institutions. At times during the year, bank balances exceed the FDIC insurance limit. However, the Organization has not experienced any losses in these bank accounts to date. The Organization's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at August 31, 2024. The Organization routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. Management of the Organization monitors the collectability of its contributions receivable. As a consequence, management believes that concentrations of credit risk are limited.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Notes to Financial Statements (continued)
August 31, 2024**Note 1 – Nature of organization and summary of significant accounting policies (continued)**Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through January 22, 2025, which is the date that the financial statements were available to be issued.

Note 2 – Liquidity and availability of financial assets

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.

The Organization's financial assets as of August 31, 2024 and August 31, 2023 available to meet general expenditures within one year are summarized as follows:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 732,877	\$ 1,857,798
Investments, at fair value	19,649,562	16,694,268
Contributions receivable, net	<u>589,390</u>	<u>685,712</u>
Total financial assets	20,971,829	19,237,778
Less: Net assets with donor restrictions, subject to expenditure for programs, purposes or passage of time	(5,951,645)	(6,589,976)
Add: Net assets with restrictions expected to be met in less than one year	1,799,255	870,500
Less: Net assets with donor restrictions for endowment and cash reserve, subject to spending policy and appropriation	(9,846,099)	(8,753,440)
Add: Amounts appropriated for use within one year	2,174,360	1,081,701
Less: Board designated artistic excellence fund	(2,143,240)	(1,493,240)
Less: Board designated strategic action fund	<u>(2,170,200)</u>	<u>(2,170,200)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,834,260</u>	<u>\$ 2,183,123</u>

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Notes to Financial Statements (continued)
August 31, 2024**Note 2 – Liquidity and availability of financial assets (continued)**

In addition to these financial assets available within one year, the Organization maintains board designated funds of approximately \$4,313,000 and \$3,663,000 as of August 31, 2024 and August 31, 2023, respectively, which could be made available to meet cash needs for general expenditures at the discretion of the Board of Directors.

Note 3 – Investments, at fair value

Investments consist of the following as of August 31, 2024 and August 31, 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and money market funds	\$ 1,091,153	\$ 1,091,153	\$ 1,444,711	\$ 1,444,711
Equity mutual funds	8,034,459	13,878,846	7,398,927	11,002,886
Fixed income mutual funds	<u>4,723,113</u>	<u>4,679,563</u>	<u>4,437,032</u>	<u>4,246,671</u>
Total	<u>\$ 13,848,725</u>	<u>\$ 19,649,562</u>	<u>\$ 13,280,670</u>	<u>\$ 16,694,268</u>

Net investment return consists of the following for the years ended August 31, 2024 and August 31, 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 483,415	\$ 346,289
Net unrealized and realized gains	<u>2,458,874</u>	<u>1,104,790</u>
Total	<u>\$ 2,942,289</u>	<u>\$ 1,451,079</u>

Net investment return has been allocated as follows:

	<u>2024</u>	<u>2023</u>
Operating activities	\$ 197,819	\$ 98,738
Other activities		
Without donor restrictions	971,715	442,325
With donor restrictions	<u>1,772,755</u>	<u>910,016</u>
Total	<u>\$ 2,942,289</u>	<u>\$ 1,451,079</u>

In 2024 and 2023, allocations were made from unrestricted revenue - other activities, of current and accumulated investment revenue in the amount of \$357,152 and \$320,134, respectively, for use in operations.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Notes to Financial Statements (continued)
August 31, 2024**Note 4 – Contributions receivable, net**

Contributions receivable are due to be collected as follows at August 31:

	2024			2023
	Without Donor Restrictions	Restricted for Future Periods and Programs	Total	Total
Due within one year	\$ 229,039	\$ 315,000	\$ 544,039	\$ 431,682
Due in one to five years	-	50,000	50,000	269,500
	\$ 229,039	\$ 365,000	\$ 594,039	701,182
Less: discount to present value	-	(4,649)	(4,649)	(15,470)
Total 2024	\$ 229,039	\$ 360,351	\$ 589,390	
Total 2023	\$ 234,682	\$ 451,030		\$ 685,712

Note 5 – Property and equipment

Property and equipment at August 31 consisted of:

	Life	2024	2023
Condominium and related acquisition costs	40 years	\$ 14,944,929	\$ 14,944,929
Building improvements, architect and other costs	40 years	14,008,223	14,008,223
Control room	7 years	167,204	167,204
Pianos	30 years	310,774	310,774
Office equipment	5-7 years	367,227	366,801
Furniture, fixtures and equipment	5 years	1,069,230	1,016,761
Condominium improvements	7-10 years	691,791	691,393
Computers	5 years	124,590	116,168
CRM software	3 years	195,908	153,137
Website	3 years	18,670	18,670
Sub-total		31,898,546	31,794,060
Less: accumulated depreciation		(11,679,326)	(10,770,575)
Sub-total		20,219,220	21,023,485
Land		1,818,872	1,818,872
Total		\$ 22,038,092	\$ 22,842,357

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.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Notes to Financial Statements (continued)
August 31, 2024**Note 6 – Refundable advances**

The Organization has received \$104,146 and \$69,546 as of August 31, 2024 and August 31, 2023, respectively, for the Organization's fiscal year 2025 and 2024 fundraising events.

Note 7 – Operating lease liability

The Organization occupies space under an operating lease agreement expiring November 30, 2026. The Organization has the right to renew the lease in five-year terms through 2045. Management has not yet made a determination whether it will renew its lease for the next five-year term.

Operating lease expense for the year ended August 31, 2024 was \$86,865. There were no variable lease costs incurred. As of August 31, 2024, the remaining term of the Organization's operating lease is 27 months and the discount rate is 3.54%.

Maturities of the Organization's operating lease liability as of August 31, 2024 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 74,407
2026	76,640
2027	<u>19,300</u>
Total payments	170,347
Less: amount attributable to interest	<u>(6,905)</u>
Total operating lease liability	<u>\$ 163,442</u>

Note 8 – Net assets

Net assets consist of the following as of August 31:

	<u>2024</u>			
	<u>Without</u>	<u>With Donor Restrictions</u>		
	<u>Donor</u>	<u>Time and</u>	<u>Perpetual</u>	
	<u>Restrictions</u>	<u>Purpose</u>	<u>in Nature</u>	<u>Total</u>
		<u>Restrictions</u>		
Operating:				
Artistic Excellence Fund	\$ 2,143,240	\$ -	\$ -	\$ 2,143,240
Strategic Action Fund	2,170,200	-	-	2,170,200
Other	<u>561,280</u>	<u>5,951,645</u>	<u>-</u>	<u>6,512,925</u>
	4,874,720	5,951,645	-	10,826,365
Property and equipment	22,038,092	-	-	22,038,092
Cash reserve funds	-	-	500,000	500,000
Endowment	<u>-</u>	<u>2,174,360</u>	<u>7,171,739</u>	<u>9,346,099</u>
Total	<u>\$26,912,812</u>	<u>\$ 8,126,005</u>	<u>\$ 7,671,739</u>	<u>\$42,710,556</u>

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Notes to Financial Statements (continued)
August 31, 2024

Note 8 – Net assets (continued)

	2023			
	Without	With Donor Restrictions		
	Donor	Time and	Perpetual	
	Restrictions	Purpose	in Nature	Total
Operating:				
Artistic Excellence Fund	\$ 1,493,240	\$ -	\$ -	\$ 1,493,240
Strategic Action Fund	2,170,200	-	-	2,170,200
Other	44,248	6,589,976	-	6,634,224
	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	-	1,081,701	7,171,739	8,253,440
Total	<u>\$26,550,045</u>	<u>\$ 7,671,677</u>	<u>\$ 7,671,739</u>	<u>\$ 41,893,461</u>

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 \$2,143,240 and \$1,493,240 as of August 31, 2024 and August 31, 2023, respectively. The Artistic Excellence Fund is included in the Board designated net assets without donor restrictions.

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, 2024 and August 31, 2023. The Strategic Action Fund is included in the Board designated net assets without donor restrictions.

Note 9 – 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 accounting principles generally accepted in the United States of America, 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 (continued)

August 31, 2024

Note 9 – 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:

	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Donor-restricted endowment funds, 2024	\$ 2,174,360	\$ 7,171,739	\$ 9,346,099
Donor-restricted endowment funds, 2023	\$ 1,081,701	\$ 7,171,739	\$ 8,253,440

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Notes to Financial Statements (continued)
August 31, 2024**Note 9 – Endowment funds (continued)**

Changes in the invested endowment funds for the years ended August 31, 2024 and August 31, 2023 are summarized as follows:

	2024		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	\$ 1,081,701	\$ 7,171,739	\$ 8,253,440
Investment return			
Interest and dividends	239,411	-	239,411
Net unrealized and realized gains	1,280,998	-	1,280,998
Total net investment return	1,520,409	-	1,520,409
Appropriation for use in operations	(427,750)	-	(427,750)
Endowment funds, end of year	\$ 2,174,360	\$ 7,171,739	\$ 9,346,099
	2023		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	\$ 737,766	\$ 7,171,739	\$ 7,909,505
Investment return			
Interest and dividends	181,376	-	181,376
Net unrealized and realized gains	593,708	-	593,708
Total net investment return	775,084	-	775,084
Appropriation for use in operations	(431,149)	-	(431,149)
Endowment funds, end of year	\$ 1,081,701	\$ 7,171,739	\$ 8,253,440

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.

ST. LUKE'S CHAMBER ENSEMBLE, INC.**Notes to Financial Statements (continued)**
August 31, 2024**Note 9 – Endowment funds (continued)**

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.

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 10 – Pension and retirement plans**403(b) plan**

The Organization maintains a 403(b) plan for employees, including musician employees, who may elect to contribute within IRS allowable contribution limits. The Organization contributes annually to the 403(b) plan for the benefit of full-time staff members. Plan expense was \$53,282 and \$42,142 for 2024 and 2023, respectively.

Multi-employer defined benefit pension plan

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 risks of participating in multiemployer plans are different from single-employer plans in the following respects:

- Assets contributed to multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in the multiemployer plan, the Organization may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

ST. LUKE'S CHAMBER ENSEMBLE, INC.

Notes to Financial Statements (continued)
August 31, 2024

Note 10 – Pension and retirement plans (continued)

Multi-employer defined benefit pension plan (continued)

- The Organization's participation in the plan for the years ended August 31, 2024 and August 31, 2023, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The next column lists the expiration date of the collective-bargaining agreement to which the plan is subject. The most recent Pension Protection Act (PPA) zone status available in 2024 and 2023 is for the plan's year-end at December 31, 2023 and December 31, 2022, respectively. The zone status is based on information that the Organization received from the plan and is certified by the plan's actuaries. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are more than 65 percent funded and less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The surcharge column indicates whether a surcharge has been implemented.

The following information relates to the Organization's multi-employer defined benefit union pension plan:

Pension Fund	EIN/Pension Plan Number	Expiration Date of Collective Bargaining Agreement	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Surcharge Imposed	Contributions of the Organization	
			2024	2023			2024	2023
Pension Fund of Local 802 American Federation of Musicians	13-0452820	September 7, 2029	Red*	Red	Implemented	No	\$356,321	\$265,068

- * On April 1, 2024, the plan's actuary certified that the plan is in critical and declining status for the plan year beginning January 1, 2024. As of that date, the plan was considered to be in critical and declining status because it had funding or liquidity problems, or both, and was projected to be insolvent within 11 years. In August 2024, the Organization received a communication from the Pension Fund that approximately \$1.5 billion in financial assistance was received through the American Rescue Plan Act of 2021. The amount of assistance that was requested was calculated to allow the plan to be able to pay benefits and administrative expenses through 2051.

Note 11 – Legal proceedings

From time to time, during the normal course of operations, the Organization is involved in legal proceedings. In the opinion of management, these proceedings, upon their resolution, will not have a material impact on the financial statements.

Note 12 – Tax status

The Organization 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 (the "Code") and has been designated as an organization which is not a private foundation within the meaning of Section 509(a)(1) of the Code. As a result, donors are able to receive the maximum charitable deduction available.