

**PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)**

**Financial Statements and
Independent Accountant's Review Report**

May 31, 2023 and 2022

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Pennsylvania Sinfonia Orchestra
Allentown, PA 18102

We have reviewed the accompanying financial statements of Pennsylvania Sinfonia Orchestra (a not-for-profit corporation), which comprise the statement of financial position as of May 31, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Pennsylvania Sinfonia Orchestra and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Pennsylvania Sinfonia Orchestra's 2023 financial statements and, in our conclusion dated May 3, 2023, stated that based on our review we were not aware of any material modifications that should be made to the 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended May 31, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

Congbell, Roppold & Yucasita LLP

April 12, 2024

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
Reviewed

	May 31,	
	2023	2022
Assets:		
Cash and Cash Equivalents	\$ 34,120	\$ 58,933
Investment in Insurance Company		
Annuity Contracts (Note 2)	79,328	77,427
Accounts Receivable	500	1,560
Prepaid Expenses	592	495
Property and Equipment, Net (Note 3)	-	-
Total Assets	\$ 114,540	\$ 138,415
 Liabilities and Net Assets:		
Liabilities:		
Accounts Payable	\$ 1,702	\$ 5,145
Accrued Payroll	118	118
Payroll Taxes Payable	2,523	1,566
Deferred Revenue	70	1,560
Total Liabilities	4,412	8,389
 Net Assets:		
Without Donor Restrictions	110,128	130,026
Total Net Assets	110,128	130,026
Total Liabilities and Net Assets	\$ 114,540	\$ 138,415

See independent accountant's review report and notes to financial statements.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
STATEMENTS OF ACTIVITIES
Reviewed

	Year Ending May 31,	
Change in Net Assets Without Donor Restrictions:	2023	2022
Public Support:		
Government Grants	\$ 17,500	\$ 18,000
Contributions:		
Foundations	16,045	16,065
Corporate	250	814
Board of Directors	25,545	11,450
Individuals	32,448	24,682
Contributed Nonfinancial Assets - Services	4,640	4,440
Gross Special Events Revenue (Note 6)	32,209	16,215
Contributed Nonfinancial Assets - Special Events	-	2,888
Less Cost of Direct Benefit to Donor	(3,985)	(7,846)
Net Special Events Revenue	28,224	11,257
Total Public Support	124,652	86,708
Program Revenue:		
Concert Ticket Sales	29,334	25,778
Contracted Performances	9,531	8,675
Other Income	1,604	1,017
Interest	1,902	1,334
Total Program Revenue	42,371	36,804
Total Public Support and Program Revenue	167,023	123,512
Expenses		
Program	144,244	102,550
General and Administrative	14,877	20,089
Fundraising	27,800	8,964
Total Expenses	186,921	131,603
Change in Net Assets Without Donor Restrictions	(19,898)	(8,091)
NET ASSETS, Beginning of Year	130,026	138,117
NET ASSETS, End of Year	\$ 110,128	\$ 130,026

See independent accountant's review report and notes to financial statements.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2023, WITH PRIOR YEAR COMPARATIVE TOTALS
Reviewed

	Program Expenses	General and Administrative	Fundraising	Year Ended May 31,	
				2023	2022
				Total	Total
Salaries	\$ 24,500	\$ 4,292	\$ 6,250	\$ 35,042	\$ 37,287
Payroll Taxes	1,646	302	520	2,468	3,012
Total Salaries and Related Expenses	26,146	4,594	6,770	37,510	40,299
Professional Fees	-	4,640	-	4,640	8,440
Contractual Artists Fees	72,828	-	-	72,828	41,209
Guest Artists Fees	5,810	-	-	5,810	5,470
Marketing and Promotion	11,531	-	-	11,531	10,617
Programs and Tickets	2,823	-	-	2,823	1,885
Communications	959	480	480	1,919	1,576
Rent	3,600	1,800	1,800	7,200	7,200
Performance Venue Rental	2,900	-	-	2,900	9,021
Insurance	1,212	1,213	-	2,425	3,267
Office Expenses	597	598	-	1,195	135
Postage	242	241	-	483	691
Licenses and Fees	3,867	-	-	3,867	721
Special Projects	11,729	1,024	-	12,753	1,008
Depreciation	-	-	-	-	-
Fundraising Events	-	-	3,985	3,985	4,043
Administrative Expenses	-	287	18,750	19,037	-
Total Expense by Function	144,244	14,877	31,785	190,906	135,582
Less Expenses Included with Revenues on the Statement of Activities, Costs of Direct Benefits to Donors	-	-	(3,985)	(3,985)	(4,043)
Total Expenses	\$ 144,244	\$ 14,877	\$ 27,800	\$ 186,921	\$ 131,539

See independent accountant's review report and notes to financial statements.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS
Reviewed

	Year Ending May 31,	
	2023	2022
<i><u>Cash Flows from Operating Activities:</u></i>		
Change in Net Assets	\$ (19,898)	\$ (8,091)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	-	-
(Increase) Decrease in Accounts Receivable	1,060	(1,560)
(Increase) Decrease in Prepaid Expenses	(97)	(13)
Increase (Decrease) in Accounts Payable	(3,443)	4,896
Increase (Decrease) in Accrued Payroll	-	(1,542)
Increase (Decrease) in Payroll Taxes Payable	957	933
Increase (Decrease) in Deferred Revenue	(1,490)	(676)
Net Cash Provided (Used) by Operating Activities	(22,911)	(6,053)
<i><u>Cash Flows from Investing Activities:</u></i>		
Sale (Purchase) of Investments	(1,901)	(1,333)
Net Cash Used by Investing Activities	(1,901)	(1,333)
<i><u>Cash Flows from Financing Activities:</u></i>		
Net Borrowing (Repayment) - Line of Credit	-	-
Net Cash Provided (Used) by Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(24,813)	(7,386)
Cash and Cash Equivalents, at Beginning of Year	58,933	66,319
Cash and Cash Equivalents, at Year End	\$ 34,120	\$ 58,933
<i><u>Supplemental Information:</u></i>		
Non-Cash In-Kind Contributions	\$ 4,640	\$ 4,440
Interest Paid	\$ -	\$ -

See independent accountant's review report and notes to financial statements.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
May 31, 2023 and 2022

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Pennsylvania Sinfonia Orchestra (“Organization”) is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of providing a meaningful experience of music to a broad spectrum of audiences, through performances of the highest professional quality. The Pennsylvania Sinfonia Orchestra’s special purpose is to fulfill the role of the smaller orchestra, through original and imaginative programming, at times in collaboration with choral and operatic groups. Understanding the experience of music as a process of discovery, the Pennsylvania Sinfonia Orchestra seeks to share that process with its audience, both in concert and through educational outreach.

Tax Status

The Organization is exempt from federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain tax position that more-likely-than-not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of May 31, 2023, there was no uncertain position taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Organization files Federal Form 990, *Return of Organization Exempt from Income Tax*, with the United States Internal Revenue Service and with the Bureau of Charitable Organizations in Pennsylvania.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Asset Classifications

Net assets are classified based on the existence or absence of donor-imposed restrictions.

Net assets are defined as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
May 31, 2023 and 2022

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net Asset Classifications (Continued)

Net Assets With Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue from Contracts with Customers

The Organization's revenue from contracts with customers that fall within the scope of ASC 606 is recognized within Concert Ticket Sales, Contracted Performances, and Special Events. Revenues are recognized as the Organization satisfies its obligation to the customer. Services within the scope of ASC 606 include providing a variety of performing arts, primarily in the role of the smaller Orchestra in both concert performance and educational outreach.

The Organization's revenue streams within the scope of ASC 606 are accounted for in the following segments:

Concert Ticket Sales and Contracted Performances – The Organization earns fees from its customers through ticket sales for performances. These fees are generally paid prior to the start of the show. Box office ticket sales and related fees are primarily recognized when the services are rendered. Services covered by the box office ticket sales are typically rendered and completed within the fiscal year. Revenue received for a program date scheduled in the subsequent fiscal year is deferred at year end.

Special Events – The Organization periodically hosts events to raise funds to support the Organization's operations. For the art auction and plant sale, revenue is recognized upon delivery of the items.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
May 31, 2023 and 2022

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Contributed Nonfinancial Assets

Donated goods and services are reflected as contributed nonfinancial assets in the accompanying statements at their estimated fair values at date of receipt. Donated services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Goods donated for special events are included in the gross special events revenue in the accompanying financial statements at their estimated fair values at date of receipt.

Contributed nonfinancial assets reflected in the accompanying financial statements for the years ended May 31, are as follows:

<u>Contributed NonFinancial Assets</u>	<u>Revenue Recognized</u>		<u>Usage</u>
	<u>2023</u>	<u>2022</u>	
Services	\$ 4,640	\$ 4,440	Supporting Services
Goods and Services	-	2,888	Special Events
	<u>\$ 4,640</u>	<u>\$ 7,328</u>	

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

The Organization capitalizes property and equipment over \$250. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation is computed using the straight-line method over estimated useful lives ranging from five to thirty years.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization's checking and money market accounts are considered cash.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
May 31, 2023 and 2022

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value for certain financial assets and liabilities. The three levels of the fair value hierarchy are as follows:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2	Quoted prices in markets that are not active, quoted prices for similar securities, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
Level 3	Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

See Note 2 for the fair value measurements by level within the fair value hierarchy.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred and were \$11,531 and \$10,617 during the year ended May 31, 2023 and 2022, respectively.

Adoption of New Accounting Standards

There were no new Accounting Standards that had an impact on the financial statement presentation.

2. Fair Value Measurements

Following is a description of the valuation method used for assets measured at fair value:

Insurance company annuity investment contracts: Reported at contract value which provides an approximation of fair value.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
May 31, 2023 and 2022

2. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at the fair value as of May 31:

	Assets at Fair Value as of May 31,			
	Level 1	Level 2	Level 3	Total
<u>2023</u>				
Annuity Contracts	\$ -	\$ -	\$ 79,328	\$ 79,328
Total Assets at Fair Value	\$ -	\$ -	\$ 79,328	\$ 79,328
<u>2022</u>				
Annuity Contracts	\$ -	\$ -	\$ 77,427	\$ 77,427
Total Assets at Fair Value	\$ -	\$ -	\$ 77,427	\$ 77,427

The Organization's Level 3 investment consists of two insurance company annuity accounts with original deposits of \$50,000 and \$25,000, issued July 29 and July 30, 2020, respectively. The contracts are each for three-year terms with a guaranteed interest rate of 1.75%. Annual penalty free withdrawals may be made up to 10% of the beginning-of-year contract value each year, after the first contract year. Additional withdrawals are subject to withdrawal charges, not to exceed 8% of the account balance. The annuity is backed by the claims-paying ability of the insurance company and is not insured by the FDIC or U.S. government.

The contract value of the annuity equals the accumulated cash contributions, interest credited, and transfers, if any, less withdrawals, and transfers, if any. The annuity is not available for sale or transfer on any securities exchange. While transactions involving purchases and sales of contracts are not observable in a public marketplace, contract value provides an approximation of fair value.

3. Property and Equipment

Property and Equipment is comprised of the following at May 31:

	2023	2022
Office Equipment	\$ 3,187	\$ 3,187
Marionettes, Right of Use	11,500	11,500
Total	14,687	14,687
Less: Accumulated Depreciation	(14,687)	(14,687)
Property and Equipment, Net	\$ -	\$ -

Depreciation charged to expense was \$0 and \$0 in 2023 and 2022, respectively.

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
May 31, 2023 and 2022

4. Line of Credit

The Organization has a \$30,000 unsecured working capital line of credit with a bank. Interest on outstanding borrowings was payable monthly at the bank's variable prime rate, 5.50% at May 31, 2022. The line expires July 31, 2023.

There were no borrowings on the line and no interest paid and expensed in each of 2023 and 2022.

5. Operating Lease

The Pennsylvania Sinfonia Orchestra leases office space under a month-to-month lease at \$400 per month, which increased to \$600 per month effective January 1, 2021. Rent expense was \$7,200 and \$7,200 for the years ended May 31, 2023 and 2022, respectively.

6. Fundraising Events

The Organization's fundraising events are summarized as follows:

	<u>Art Auction</u>	<u>Plant Sale</u>	<u>40th Anniversary</u>	<u>Total</u>
<u>2023</u>				
Gross Revenue	\$ -	\$ 10,175	\$ 22,034	\$ 32,209
Direct Expenses	<u>-</u>	<u>(3,985)</u>	<u>-</u>	<u>(3,985)</u>
	<u>\$ -</u>	<u>\$ 6,190</u>	<u>\$ 22,034</u>	<u>\$ 28,224</u>
<u>2022</u>				
Gross Revenue	\$ 11,233	\$ 7,870	-	\$ 19,103
Direct Expenses	<u>(3,388)</u>	<u>(4,458)</u>	<u>-</u>	<u>(7,846)</u>
	<u>\$ 7,845</u>	<u>\$ 3,412</u>	<u>-</u>	<u>\$ 11,257</u>

PENNSYLVANIA SINFONIA ORCHESTRA
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
May 31, 2023 and 2022

7. Liquidity and Availability

The following table reflects the Organization's financial assets as of May 31, 2023, that are available to meet general expenditures within one year of the statement of financial position date.

Financial assets at year-end:

Cash and Cash Equivalents	\$	34,120
Insurance Company Annuity Contracts		79,328
Less: Withdrawal Charges		-
Accounts Receivable		<u>500</u>
	\$	<u>113,948</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization manages resources to operate with a balanced budget and anticipates collecting sufficient program and contribution revenue to cover general expenditures not covered by donor-restricted resources. The Organization also has a line of credit with a bank (see Note 4) in the event of short-term cash needs.

8. Subsequent Events

Subsequent events have been evaluated through April 12, 2024, the date the financial statements were available to be issued.

No significant subsequent events have been identified.