

CONCORD COMMUNITY MUSIC SCHOOL
FINANCIAL STATEMENTS
JUNE 30, 2024
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Concord Community Music School:

We have reviewed the accompanying financial statements of Concord Community Music School (a not-for-profit New Hampshire organization), which comprise the statement of financial position as of June 30, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's 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 Responsibilities 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.

Accountants' 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 statements 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 Concord Community Music School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' 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.

Oster & Wheeler, P.C.

Keene, New Hampshire
May 12, 2025

CONCORD COMMUNITY MUSIC SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

(See Independent Accountants' Review Report)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 34,132
Tuition receivable, less allowance for doubtful accounts of \$3,712	12,517
Current portion of unconditional promises to give, net	25,000
Prepaid expenses	17
Inventory	<u>3,838</u>
Total current assets	<u>75,504</u>

PROPERTY AND EQUIPMENT, net:	<u>743,193</u>
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OTHER ASSETS:

Unconditional promises to give, net of current portion	30,000
Investments	109,313
Other assets	<u>1,883</u>
Total other assets	<u>141,196</u>

Total assets	\$ <u>959,893</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Line of credit	\$ 133,003
Accounts payable	15,083
Accrued payroll and related expenses	49,887
Other accrued expenses	870
Deferred revenue and advance tuition payments	150,826
Current portion of long-term debt	<u>13,789</u>
Total current liabilities	<u>363,458</u>

LONG-TERM LIABILITIES:

Long-term debt, net of current portion	<u>113,103</u>
Total long-term liabilities	<u>113,103</u>
Total liabilities	<u>476,561</u>

NET ASSETS:

Without donor restrictions	315,346
With donor restrictions	<u>167,986</u>
Total net assets	<u>483,332</u>

Total liabilities and net assets	\$ <u>959,893</u>
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The accompanying notes to financial statements are an integral part of these statements.

CONCORD COMMUNITY MUSIC SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(See Independent Accountants' Review Report)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Tuition, revenue and fees			
Tuition and registration fees	\$ 928,956	\$ -	\$ 928,956
Concert revenue	15,790	-	15,790
Other revenue	<u>29,758</u>	<u>-</u>	<u>29,758</u>
Total tuition, revenue and fees	974,504	-	974,504
Contributions and grants	401,189	25,000	426,189
Investment income	<u>96</u>	<u>14,689</u>	<u>14,785</u>
Support and revenue before reclassifications	1,375,789	39,689	1,415,478
NET ASSETS RELEASED FROM RESTRICTIONS	<u>41,327</u>	<u>(41,327)</u>	<u>-</u>
Total support and revenue	<u>1,417,116</u>	<u>(1,638)</u>	<u>1,415,478</u>
EXPENSES:			
Program services	1,217,279	-	1,217,279
General and administrative	309,766	-	309,766
Fundraising	<u>65,267</u>	<u>-</u>	<u>65,267</u>
Total expenses	<u>1,592,312</u>	<u>-</u>	<u>1,592,312</u>
CHANGE IN NET ASSETS	(175,196)	(1,638)	(176,834)
NET ASSETS, beginning of year	<u>490,542</u>	<u>169,624</u>	<u>660,166</u>
NET ASSETS, end of year	\$ <u>315,346</u>	\$ <u>167,986</u>	\$ <u>483,332</u>

The accompanying notes to financial statements are an integral part of these statements.

CONCORD COMMUNITY MUSIC SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(See Independent Accountants' Review Report)

	Program Services	General and Administrative	Fundraising	Total
Salaries & Wages	\$ 772,360	\$ 144,817	\$ 48,273	\$ 965,450
Payroll taxes	60,610	11,365	3,788	75,763
Employee benefits	41,671	7,814	2,604	52,089
Financial aid and scholarships	121,863	-	-	121,863
Depreciation and amortization	67,368	12,631	4,211	84,210
Repairs and maintenance	36,242	9,060	-	45,302
Utilities	35,242	6,607	2,203	44,052
Office expenses	13,839	23,199	-	37,038
Insurance	28,878	5,414	1,805	36,097
Professional fees	-	33,167	-	33,167
Miscellaneous	-	30,008	-	30,008
Performing artists fees	16,779	-	-	16,779
Interest expense	-	13,624	-	13,624
Professional development	7,335	-	-	7,335
Events expense	6,911	-	-	6,911
Telephone	4,014	753	251	5,018
Postage and shipping	3,512	234	937	4,683
Advertising	-	4,422	-	4,422
Printing expenses	199	2,589	1,195	3,983
Dues and subscriptions	-	3,607	-	3,607
Conferences and meetings	456	455	-	911
Total expenses	\$ <u>1,217,279</u>	\$ <u>309,766</u>	\$ <u>65,267</u>	\$ <u>1,592,312</u>

The accompanying notes to financial statements are an integral part of these statements.

CONCORD COMMUNITY MUSIC SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(See Independent Accountants' Review Report)

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ <u>(176,834)</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation and amortization	84,210
Realized and unrealized gain on investments	(12,790)
(Increase) decrease in the following assets:	
Tuition receivable	(13,434)
Unconditional promises to give	14,042
Employee retention grant receivable	106,598
Prepaid expenses	96
Increase (decrease) in the following liabilities:	
Accounts payable	(37,079)
Accrued payroll and related expenses	1,854
Other accrued expenses	(155)
Deferred revenue and advance tuition payments	<u>24,819</u>
Total adjustments	<u>168,161</u>
Net cash flows from operating activities	<u>(8,673)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(1,898)
Purchase of property and equipment	<u>(3,858)</u>
Net cash flows from investing activities	<u>(5,756)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Borrowings on line of credit	401,490
Repayments on line of credit	(508,103)
Principal payments on long-term debt	<u>(13,721)</u>
Net cash flows from financing activities	<u>(120,334)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (134,763)

CASH AND CASH EQUIVALENTS, beginning of year 168,895

CASH AND CASH EQUIVALENTS, end of year \$ 34,132

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest \$ 13,624

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(See Independent Accountants' Review Report)

1. Summary of significant accounting policies:

Purpose – Concord Community Music School (the School) is a nonprofit corporation located in Concord, New Hampshire. The School provides music education, performance, and engagement opportunities to people of all ages regardless of barriers to engaging in music.

Basis of reporting – The School presents its financial statements in accordance with *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 Not-For-Profit Entities*. The accompanying financial statements have been prepared on the accrual basis of accounting. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Non-cash contributions are recorded at fair market value on the date of donation. Income earned on net assets, including net realized appreciation on investments, is reflected as a change in net assets without donor restrictions or net assets with donor restrictions in accordance with donor stipulations.

Amounts related to the School's financial position and activities are reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished. When a donor restriction expires the net assets are reclassified as net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the School to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board-approved spending policy. Restricted contributions that are received and utilized in accordance with donor stipulations in the same year are reported as contributions without donor restrictions. The School follows a similar policy for investment return on these funds.

Cash and cash equivalents – For purposes of the Statement of Cash Flows, the School considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Inventory – Inventory is stated at the lower of cost or net realizable value and is valued on the first-in, first-out method.

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(See Independent Accountants' Review Report)

Accounts receivable – Accounts receivable are stated at the amount management expects to collect on outstanding balances in one year or less. The School utilizes the allowance method to provide for uncollectible receivables. The adequacy of the allowance for doubtful accounts is reviewed on an ongoing basis by the School's management and adjusted as required through the allowance for doubtful accounts (bad debt expense). Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to allowance for doubtful accounts and a credit to accounts receivable. The allowance for doubtful accounts was \$3,712 for the year ended June 30, 2024. Credit is generally extended on a short-term basis. Receivables do not bear interest, but accounts are charged late fees and sent to collections based on days past due.

Investments - The School carries investments in marketable securities with readily determinable fair values at the fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property and equipment – All acquisitions of property and equipment purchased greater than \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The School charges to expenses annual amounts of depreciation which allocate the cost of operating property and equipment over their estimated useful lives. The School uses the straight-line method for computing depreciation. The ranges of estimated useful lives used are:

	<u>Years</u>
Buildings and building improvements	10 - 32
Furniture and equipment	3 - 20
Land improvements	10

Repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized.

Contributions and grant revenues – Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present: (1) An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized (2) An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met. Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
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(See Independent Accountants' Review Report)

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability. Grant awards that are exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. There were no grants or awards that were considered exchange transactions during the year ended June 30, 2024.

Revenue and revenue recognition – Program revenues are recognized when earned. Performance obligations are satisfied at the end of the period through which tuition is paid. Deferred revenue results from tuition and other payments collected in advance that are applicable to the next program period. Rental income is recognized when the performance obligation of providing the rental space is satisfied.

In-kind donations – Contributions of nonfinancial assets and materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The School pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the School with specific programs and various committee assignments.

Income taxes – The School is exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The School has evaluated its significant tax positions, including their tax-exempt status, and determined that they do not need to recognize a liability for any uncertain tax positions for interest, penalties or potential taxes. Accordingly, no provision for income taxes is required. The School's annual return filing (Form 990) and state filing (Form NHCT-12) remain subject to examination by major tax jurisdictions for the standard three-year statute of limitations.

Functional allocation of expense – The costs of providing the various program and supporting services have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Expenses are charged to programs and supporting services on the basis of periodic expense reviews and management estimates. Expenses directly attributable to a specific functional area of the School are reported as expenses of those functional areas. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(See Independent Accountants' Review Report)

Advertising costs – The School uses advertising to promote its programs among the local community. Advertising costs are expensed as incurred. Advertising and promotion costs were \$4,422 for the year ended June 30, 2024.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Accounting pronouncements adopted – In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326)*. ASU 2016-13 requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the Statement of Activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. ASU 2016-13 is effective for the School's year ending June 30, 2024. The School has determined that this will not have any effects on its financial position, results of operations, cash flows, or disclosures.

2. Liquidity and availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

Financial assets:	
Cash and cash equivalents	\$ 34,132
Tuition receivable, net	12,517
Unconditional promises to give, net	55,000
Investments	<u>109,313</u>
Total financial assets available within one year	210,962
Less:	
Amounts unavailable for general expenditures	
within one year, due to:	
Restricted by time restriction	(55,000)
Restricted by donors with purpose restrictions	<u>(112,986)</u>
	\$ <u><u>42,976</u></u>

The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs the School has a committed line of credit of \$300,000, which it draws upon as needed (see Note 7).

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(See Independent Accountants' Review Report)

3. Unconditional promises to give:

The School's unconditional promises to give consisted of the following at June 30, 2024:

Unconditional promises to give	\$ 55,000
Less: allowance for doubtful accounts	<u>-</u>
	55,000
Less: current portion	<u>25,000</u>
 Long-term unconditional promises to give	 \$ <u>30,000</u>

Unconditional promises to give are due as follows:

2025 (current portion)	\$ 25,000
2026	25,000
2027	<u>5,000</u>
	\$ <u>55,000</u>

4. Property and equipment:

The following is a summary of property and equipment as of June 30, 2024:

Land and land improvements	\$ 81,247
Buildings and building improvements	2,595,735
Furniture and equipment	<u>584,791</u>
	3,261,773
Less: accumulated depreciation	<u>2,518,580</u>
Net property and equipment	\$ <u>743,193</u>

Depreciation expense for the year ended June 30, 2024 was \$83,530.

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(See Independent Accountants' Review Report)

5. Fair value measurements:

FASB ASC 820 establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices of similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for that asset or liability, inputs that are derived principally from or corroborated for the asset or liability, or if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a breakdown of investments stated at fair market value as of June 30, 2024:

Large growth	\$ 64,432
Mid-cap	3,768
Small-cap	5,706
Other equity	26,624
International equity	<u>8,783</u>
Total investments	\$ <u><u>109,313</u></u>

As of June 30, 2024, the School's investment portfolio consisted solely of Level I investments.

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(See Independent Accountants' Review Report)

Investment return is summarized in the Statement of Activities as follows as of June 30, 2024:

Interest and dividends	\$ 1,899
Realized and unrealized gains on investments	<u>12,790</u>
	\$ <u>14,689</u>

6. Endowment funds:

The Concord Community Music School maintains a donor restricted endowment fund. Net assets associated with investment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the School has interpreted the State of New Hampshire UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the school classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the 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 classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the school in a manner consistent with the standard of prudence prescribed by the State UPMIFA.

The Board of Trustees, mindful of their responsibilities as fiduciaries and stewards, have developed objectives, goals and policy guidelines as a framework for a disciplined process that seeks to add value and minimize risk. In recognition of the prudence required of fiduciaries, reasonable diversification will be sought where possible. Experience has shown that financial markets and inflation rates are cyclical. Therefore, control of volatility will be achieved through diversification of asset classes and selection of managers of diverse styles. The fund is to be structured for long-term growth.

In establishing its spending policy, the School factored in the expectation for the long-term growth of funds. Accordingly, spending levels are adjusted in line with average return experience on underlying funds. This is consistent with the school's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified period as well as to provide additional real growth through new donations and investment returns.

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(See Independent Accountants' Review Report)

The endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	<u>With Donor Restriction</u>	<u>Total</u>
Perpetual endowment	\$ <u>109,313</u>	\$ <u>109,313</u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 94,624	\$ 94,624
Interest and dividends	1,586	1,586
Change in market value	<u>13,103</u>	<u>13,103</u>
Endowment net assets, end of year	\$ <u>109,313</u>	\$ <u>109,313</u>

7. Line of credit:

The School maintains a line of credit with Merrimack County Savings Bank bearing interest at the bank's rate (8.25% as of June 30, 2024). The maximum borrowing limit on this line of credit is \$300,000 and it is secured by certain assets of the School with no restricted use. The School had actual borrowings against the line of credit of \$133,003 as of June 30, 2024.

CONCORD COMMUNITY MUSIC SCHOOL
NOTES TO FINANCIAL STATEMENTS
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8. Long-term debt:

Long-term debt consisted of the following at June 30, 2024:

Note payable to a bank, secured by a building, payable in monthly installments of \$1,660, including interest at 5.50%, through June 2027. The loan is then paid in monthly installments of \$1,670, including interest at 5.74% through June 2032.	\$ <u>126,892</u>
Total long-term debt	126,892
Less: current portion	<u>13,789</u>
	\$ <u><u>113,103</u></u>

Maturities for long-term debt are as follows:

2025 (current portion)	\$ 13,789
2026	14,056
2027	14,848
2028	15,615
2029	16,535
Thereafter	<u>52,049</u>
	\$ <u><u>126,892</u></u>

CONCORD COMMUNITY MUSIC SCHOOL
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JUNE 30, 2024
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9. Net assets with donor restriction:

Net assets with donor restrictions are comprised of the following at June 30, 2024:

Time restricted funds:	
Next Generation campaign	\$ 40,000
Mandolin Festival fund	<u>15,000</u>
Total time restricted funds	55,000
Subject to expenditures for specified purpose:	
HVAC fund	<u>3,673</u>
Total specified purpose funds	3,673
Perpetual endowment - corpus	64,736
Perpetual endowment - appreciation	<u>44,577</u>
Total net assets with donor restriction	\$ <u><u>167,986</u></u>

A summary of the accumulated perpetual fund corpus values at June 30, 2024 is as follows:

Warren and Julia Emley Fund	\$ 49,736
Warren Boulter Scholarship Fund	10,000
Hardie Endowment Fund	<u>5,000</u>
Total	\$ <u><u>64,736</u></u>

The Warren and Julia Emley fund was established to provide financial aid for voice and flute students.

The Warren Boulter scholarship fund was established to provide financial aid for voice students.

10. Lease of facilities:

Operating leases arise from the School renting out facility space to local organizations under short term lease agreements. Lease terms vary and are generally under one year in length, with renewal options often available. Net rental income from the year ended June 30, 2024 was \$27,760.

CONCORD COMMUNITY MUSIC SCHOOL
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(See Independent Accountants' Review Report)

Depreciation expense for assets subject to operating leases is calculated on the straight-line method over the asset's estimated useful life (Note 1). Depreciation expense relating to these assets held was \$75,542 for the year ended June 30, 2024.

Total cost and accumulated depreciation for the facilities being leased at June 30, 2024:

Buildings and building improvements	\$ 2,595,735
Less: accumulated depreciation	<u>1,964,172</u>
Net book value of facilities	\$ <u>631,563</u>

11. Financial aid:

The School provided financial aid in the form of services to qualifying students in the amount of \$121,863 for the year ended June 30, 2024. The financial aid amount includes services provided for students enrolled in lessons and classes in the main facility in Concord, New Hampshire, as well as partnerships with schools and human service agencies that serve low-income students. The amount of financial aid and tuition remission provided for lessons and classes in the main facility was \$121,863 and the amount provided through its weekly partnerships and human services agencies was \$0 for the year ended June 30, 2024.

12. Retirement plan:

On January 1, 2000, the School adopted and implemented a TIAA-CREF Tax Deferred Annuity Plan. All employees are eligible to participate in the Plan. Contributions are made by employees through salary reduction agreements, and participants are fully and immediately vested in these contributions. The School does not match contributions.

13. Subsequent events:

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through May 12, 2025, the date the financial statements were available to be issued. No items for disclosure were noted.