PKF Mueller
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Business & Financial Advisors

Assurance

ELGIN YOUTH SYMPHONY ORCHESTRA

Audited Financial Statements

Years Ended June 30, 2021 and 2020

LOCAL
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GLOBAL
EXPERTISE

ELGIN YOUTH SYMPHONY ORCHESTRA
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Elgin Youth Symphony Orchestra

We have audited the accompanying financial statements of Elgin Youth Symphony Orchestra (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elgin Youth Symphony Orchestra as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PKF Mueller

Elgin, Illinois
February 8, 2022

ELGIN YOUTH SYMPHONY ORCHESTRA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

		2021	2020
Current Assets:			
Cash and cash equivalents	$	327,805	182,744
Investments - without donor restrictions		177,659	146,761
Accounts receivable		4,335	7,021
Unconditional promises to give		6,150	-
Prepaid expenses		-	1,836
		515,949	338,362
Property and equipment:			
Property and equipment		36,307	36,307
Less: accumulated depreciation and amortization		(36,225)	(35,224)
		82	1,083
Other assets:			
Investments - with donor restrictions		66,884	55,253
Investments - endowment		109,272	87,372
Sheet music, net		3,852	4,086
		180,008	146,711
Total assets	$	696,039	486,156

The accompanying notes are an integral part of the financial statements.

ELGIN YOUTH SYMPHONY ORCHESTRA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS

	2021	2020
Liabilities:		
Accounts payable	$ 2,546	1,257
Payroll liabilities	9,163	3,364
Bank card liabilities	6,081	829
Deferred revenue	70,303	11,845
Paycheck Protection Program loan liability	96,805	96,805
Total liabilities	184,898	114,100
Net assets:		
Without donor restrictions:		
Undesignated	329,104	229,431
Board-designated	30,844	24,699
Total without donor restrictions	359,948	254,130
With donor restrictions	151,193	117,926
Total net assets	511,141	372,056
Total liabilities and net assets	$ 696,039	486,156

The accompanying notes are an integral part of the financial statements.

ELGIN YOUTH SYMPHONY ORCHESTRA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Support and revenue:						
Contributions	$ 253,284	6,046	259,330	132,340	-	132,340
In-kind contributions	211,591	-	211,591	206,825	-	206,825
Grants	182,130	-	182,130	95,050	-	95,050
Program fees	257,378	-	257,378	294,172	-	294,172
Performance income	1,850	-	1,850	46,593	-	46,593
Fundraising income	11,209	-	11,209	43,485	-	43,485
Investment income, net	37,859	28,264	66,123	4,973	3,957	8,930
	955,301	34,310	989,611	823,438	3,957	827,395
Net assets released from restrictions	1,043	(1,043)	-	13,127	(13,127)	-
Total support and revenue	956,344	33,267	989,611	836,565	(9,170)	827,395
Expenses:						
Program services	572,862	-	572,862	590,222	-	590,222
Supporting services:						
Management and general	203,212	-	203,212	208,007	-	208,007
Fundraising	74,452	-	74,452	70,201	-	70,201
Total supporting services	277,664	-	277,664	278,208	-	278,208
Total expenses	850,526	-	850,526	868,430	-	868,430
Change in net assets	105,818	33,267	139,085	(31,865)	(9,170)	(41,035)
Net assets, beginning of year	254,130	117,926	372,056	285,995	127,096	413,091
Net assets, end of year	$ 359,948	151,193	511,141	254,130	117,926	372,056

The accompanying notes are an integral part of the financial statements.

ELGIN YOUTH SYMPHONY ORCHESTRA
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Amortization	$ 234	-	-	234	231	-	-	231
Artistic personnel	55,462	-	-	55,462	117,465	1,042	-	118,507
Awards	7	-	3,143	3,150	1,365	-	1,400	2,765
Bad debt expense	-	-	-	-	-	2,300	-	2,300
Bank charges	-	14,182	1,859	16,041	5,121	9,551	550	15,222
Board development	-	470	-	470	-	-	-	-
Contributions	-	-	-	-	-	-	1,137	1,137
Depreciation	1,001	-	-	1,001	1,067	257	-	1,324
Dues and subscriptions	57	1,801	1,795	3,653	-	3,281	175	3,456
Fundraising material	-	-	3,606	3,606	-	-	3,900	3,900
Insurance	-	10,835	-	10,835	-	10,619	-	10,619
Marketing and advertising	2,600	1,146	1,480	5,226	553	5,906	-	6,459
Meetings and conferences	-	392	-	392	-	177	-	177
Occupancy and rental	235,445	10,325	-	245,770	234,205	13,735	-	247,940
Office expense	6,995	6,460	870	14,325	10,179	7,589	126	17,894
Payroll expense	217,835	100,750	55,000	373,585	166,634	85,727	53,958	306,319
Payroll taxes	19,577	8,217	4,130	31,924	17,519	8,040	4,389	29,948
Postage and shipping	497	3,564	936	4,997	1,296	1,905	450	3,651
Printing expense	2,952	6,625	1,633	11,210	6,594	4,709	58	11,361
Professional fees	502	33,349	-	33,851	1,974	48,175	4,058	54,207
Program expenses	7,606	-	-	7,606	3,642	-	-	3,642
Repairs and maintenance	1,103	-	-	1,103	-	-	-	-
Telephone and internet	-	5,096	-	5,096	-	4,994	-	4,994
Tuition and camp expenses	20,989	-	-	20,989	22,377	-	-	22,377
Total expenses	$ 572,862	203,212	74,452	850,526	590,222	208,007	70,201	868,430

The accompanying notes are an integral part of the financial statements.

ELGIN YOUTH SYMPHONY ORCHESTRA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash provided by (applied to) operating activities:		
Change in net assets	$ 139,085	(41,035)
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation and amortization	1,235	1,555
Net realized and unrealized gains on investments	(62,723)	(4,557)
Changes in:		
Accounts receivable	2,686	(5,235)
Unconditional promises to give	(6,150)	6,000
Prepaid expenses	1,836	408
Accounts payable	1,289	(5,215)
Payroll liabilities	5,799	(1,990)
Bank card liabilities	5,252	(673)
Deferred revenue	58,458	11,845
Net cash provided by (applied to) operating activities	146,767	(38,897)
Cash provided by (applied to) investing activities:		
Proceeds from sale of investments	4,262	3,279
Purchases of investments	(5,968)	(6,529)
Net cash applied to investing activities	(1,706)	(3,250)
Cash provided by financing activities:		
Proceeds from Paycheck Protection Program	-	96,805
Net increase in cash and cash equivalents	145,061	54,658
Cash and cash equivalents, beginning of year	182,744	128,086
Cash and cash equivalents, end of year	$ 327,805	182,744

The accompanying notes are an integral part of the financial statements.

ELGIN YOUTH SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - NATURE OF OPERATIONS

Elgin Youth Symphony Orchestra (Orchestra) is a not-for-profit organization that was founded in 1976 and is the oldest and largest youth orchestra program in the northwest suburbs of Chicago. The Orchestra is dedicated to creating a community of young musicians by enriching their lives and those of their families, schools, communities, and beyond, through the study and performance of excellent music. The Orchestra provides music focused programming that helps young musicians to develop as leaders and philanthropists through the support of program fees, performance income, grants, foundations, and other public contributions.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Orchestra considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an adjustment for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the length of time the receivables are outstanding and the anticipated future collectible amounts based on historical experience. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. No allowance was deemed necessary as of June 30, 2021 and 2020.

Unconditional Promises to Give

The Orchestra records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discount is included in contributions or grants revenue in the statements of activities. As of June 30, 2021 and 2020, there were no contributions not expected to be collected within one year. The Orchestra determines the allowance for uncollectable contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. No allowance was deemed necessary as of June 30, 2021 and 2020.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

Investments are reported at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses, interest, and dividends) is reported net of external and direct internal investment expenses and is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Beneficial Interest in Assets Held by Community Foundation

During 2019, the Orchestra established an endowment fund with the Community Foundation of the Fox River Valley (CF) that is perpetual in nature and named the Orchestra as beneficiary. The Orchestra granted variance power to CF, which allows CF to modify any condition or restriction on its distributions for the Orchestra. The fund is held and invested by CF for the Orchestra's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in investment income, net on the statements of activities. As of June 30, 2021 and 2020, the balance was $64,525 and $50,541, respectively, and included in investments - endowment on the statements of financial position.

Property and Equipment

Property and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. The Orchestra capitalizes property and equipment over $500 that have a useful life of more than one year. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets over three to seven years on a straight-line basis. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

Amortization of Sheet Music

Amortization of sheet music is computed using the straight-line method over the life of the sheet music. The estimated life of sheet music is sixty years.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors of the Orchestra (Board) has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Assets, Continued

Net Assets With Donor Restrictions – Net assets subject to donor-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. The Orchestra reports contributions restricted by donors as increases in net assets with donor restrictions 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 statements of activities as net assets released from restrictions.

Change in Accounting Principles – Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in Accounting Standards Codification 605, *Revenue Recognition*. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. For the year ended June 30, 2021, the Orchestra adopted ASU No. 2014-09 and has adjusted the presentation in these financial statements accordingly. ASU No. 2014-09 has been applied using the full retrospective method to all periods presented and resulted in no changes to previously reported net assets as there were no significant changes to the way the Orchestra recognizes revenue.

The Orchestra also elected to use the portfolio approach practical expedient. The Orchestra's contracts with customers contain similar terms and as a result, the Orchestra has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. The Orchestra does not expect the results of doing so to differ materially from applying the guidance to individual contracts.

Support and Revenue Recognition

Revenue from Contracts with Customers

The Orchestra derives a portion of its revenue from revenue sources that involve contracts with customers. Those sources include program fees (tuition and audition fees), performance income, and fundraising income (consists of contributions, advertising, and spirit wear). Revenues are recognized when control of these services is transferred to its customers in an amount that reflects the consideration the Orchestra expects to be entitled to in exchange for those services. The Orchestra does not have a significant financing component as all payments are received within a year of the services being provided.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Revenue Recognition, Continued

Revenue from tuition is recognized ratably over the ensemble year as this most accurately reflects the transfer of control. Audition fees are recognized at the time of the audition. Tuition and audition fees received in advance are deferred to the applicable period in which the related services are performed. Tuition contracts permit payment of tuition under one contract with three payment options: 1) a single lump-sum payment, 2) four payment plan, or 3) six payment plan.

Fundraising income includes both a contribution and contractual elements. The contractual elements include advertising income and sales of merchandise in the form of spirit wear. Revenue from advertising is recognized when the advertisement is run. Revenue from sprit wear sales is recognized at the point of the sale.

Fundraising income revenue consists of the following for the years ended June 30:

	2021	2020
Advertising and spirit wear income	$ 2,688	6,685
Contributions	8,521	36,800
Total fundraising income	$ 11,209	43,485

Revenue from contracts with customers consists of the following for the years ended June 30:

	2021	2020
Program fees	$ 257,378	294,172
Performance income	1,850	46,593
Advertising and spirit wear income	2,688	6,685
Total revenue from contracts with customers	$ 261,916	347,450

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Orchestra's revenue based on the timing of satisfaction of performance obligations for the years ended June 30:

	2021	2020
Performance obligations satisfied over time	$ 245,033	283,509
Performance obligations satisfied at a point in time	$ 16,883	63,941

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Revenue Recognition, Continued

Promises to Give

The Orchestra recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give at June 30, 2021 and 2020.

In-kind Contributions

Volunteers contribute significant amounts of time to the Orchestra's program services, management and general, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. The Orchestra recognizes donated specialized services and use of facilities which are measured at the fair value of the donation obtained from the donor. Contributed goods are recorded at fair value at the date of donation.

In-kind contributions received consisted of:

	2021	2020
Use of facilities (See Note 10)	$ 206,825	206,825
Marketing and design	4,766	-
	$ 211,591	206,825

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses not directly attributable to a specific function are allocated on the basis of estimates of time and effort.

Income Taxes

The Orchestra has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes, Continued

The Orchestra has evaluated the tax positions taken for all open tax years. Currently, the 2017, 2018, and 2019 tax years are open and subject to examination by the Internal Revenue Service; however, the Orchestra is not currently under audit nor has the Orchestra been contacted by this jurisdiction.

Based on the evaluation of the Orchestra's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2021 and 2020.

Accounting Estimates

The preparation of financial statements in accordance 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, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $2,461 and $4,586 for the years ended June 30, 2021 and 2020, respectively, and is included with marketing and advertising expenses in the statements of functional expenses.

Concentration of Credit Risk

During 2021, the Orchestra maintained cash balances at one financial institution. Accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances are insured by the FDIC up to $250,000. At June 30, 2021, the Orchestra's uninsured cash balances totaled $94,923. There were no uninsured cash balances at June 30, 2020.

Change in Accounting Principles – Fair Value Measurement

In August 2018, FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies certain disclosure requirements for reporting fair value measurements. The Orchestra adopted this guidance on a retrospective basis as of July 1, 2019 and has adjusted the presentation in these financial statements accordingly. The adoption did not have a material impact on the Orchestra's disclosures related to fair value measurements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). The key provisions of ASU No. 2020-07 are 1) a requirement to present contributed nonfinancial assets as a separate line item in the statements of activities and 2) disclosure of contributed nonfinancial assets disaggregated by type, which includes information about monetization and utilization, donor restrictions, and the valuation techniques used. ASU No. 2020-07 should be applied on a retrospective basis and is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Orchestra is currently evaluating the effect that adoption is expected to have on its financial statements and related disclosurers.

New Accounting Standard – Leases

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases in the statements of financial position. The ASUs are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Orchestra is currently evaluating the methods of adoption allowed and the effect that adoption is expected to have on its financial statements and related disclosurers.

Management Evaluation of Going Concern

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Orchestra's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the Orchestra's ability to continue as a going concern for the period from February 8, 2022 to February 8, 2023.

Subsequent Events

Subsequent to year end, the Orchestra received acknowledgement that a portion of the Paycheck Protection Program loan had been forgiven (see Note 13) and no addition events have been identified through February 8, 2022, the date that the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Orchestra regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Orchestra considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	$ 327,805	182,744
Investments	353,815	289,386
Accounts receivable	4,335	7,021
Unconditional promises to give	6,150	-
Total financial assets	$ 692,105	479,151
Less: amounts not available for general expenditures within one year, due to:		
Board-designated	$ 30,844	24,699
Donor-restricted for a specific purpose	94,166	60,899
Perpetual restrictions	57,027	57,027
Total amounts not available for general expenditures within one year	182,037	142,625
Financial assets available to meet cash needs for general expenditures within one year	$ 510,068	336,526

The Orchestra's perpetual restrictions consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. As of June 30, 2021 and 2020, donor-restricted endowment funds were not available for general expenditure.

The Orchestra's goal is to maintain available financial assets sufficient to meet 60 days of general operating expenditures. To meet obligations and cash liquidity needs, the Orchestra maintains a revolving line of credit (Note 7). The purpose of the line of credit is to cover working capital expenses while waiting to collect receivables.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Instruments	$ 23,929	23,929
Equipment	12,378	12,378
	36,307	36,307
Less accumulated depreciation	(36,225)	(35,224)
	$ 82	1,083

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods for the years ended June 30, 2021 and 2020:

	2021	2020
Purpose restrictions	$ 72,765	55,253
Unappropriated endowment earnings	21,401	5,646
Perpetual restrictions	57,027	57,027
	$ 151,193	117,926

NOTE 6 - INVESTMENTS

Investments reported at fair value at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Assets:		
Depository account	$ 3,062	12,845
Beneficial interest in funds held by CF	64,525	50,541
Mutual funds	120,949	26,122
Exchange traded funds (ETF) and closed end funds (CEF)	165,279	199,878
	$ 353,815	289,386

NOTE 7 - LINE OF CREDIT

The Orchestra has an $80,000 unsecured line of credit. This line has no expiration date or required annual renewal requirements and bears interest at 3.25%. No balance was owed as of June 30, 2021 and 2020 under this line of credit agreement.

NOTE 8 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- Quoted prices for 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 the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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 measurement.

The asset's or liability's 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Beneficial interest in funds held by CF: Fair value is measured at the NAV per share based on the fair value of the underlying investments.

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 management 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.

NOTE 8 - FAIR VALUE MEASUREMENTS, CONTINUED

The following tables set forth by level, within the fair value hierarchy, the Orchestra's assets at fair value as of June 30, 2021 and 2020:

	Assets at Fair Value as of June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Mutual funds	$ 120,949	-	-	120,949
ETF's and CEF's	165,279	-	-	165,279
Total assets in the fair value hierarchy	$ 286,228	-	-	286,228
Assets measured at NAV[a]				64,525
Total assets at fair value				$ 350,753

	Assets at Fair Value as of June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Mutual funds	$ 26,122	-	-	26,122
ETF's and CEF's	199,878	-	-	199,878
Total assets in the fair value hierarchy	$ 226,000	-	-	226,000
Assets measured at NAV[a]				50,541
Total assets at fair value				$ 276,541

[a] Investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

For the years ended June 30, 2021 and 2020, there were no significant transfers into or out of Level 3.

NOTE 8 - FAIR VALUE MEASUREMENTS, CONTINUED

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments measured at fair value based on the NAV per share practical expedient as of June 30, 2021 and 2020.

June 30, 2021	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)
Funds held by third-party trustee	$ 64,525	N/A	Daily

June 30, 2020	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)
Funds held by third-party trustee	$ 50,541	N/A	Daily

NOTE 9 - ENDOWMENT

The Orchestra's endowment consists of funds established by donors to provide annual funding for specific activities and general operations of the Orchestra. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the board of directors.

Interpretation of Relevant Law

The State of Illinois adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on June 30, 2009. The board of directors has adopted a spending policy that requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

As a result of this policy, the Orchestra retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of any discounts or an allowance for uncollectible pledges) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Orchestra in a manner consistent with the standard of prudence described by UPMIFA. The Orchestra considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Orchestra and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Orchestra
- The investment policies of the Orchestra

NOTE 9 - ENDOWMENT, CONTINUED

Return Objectives and Risk Parameters

The Orchestra 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 Orchestra must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that out-perform a market index based 60% on S&P 500 index and 40% on the Lehman Brothers Corporate/Government Bond index while assuming a moderate level of investment risk. The Orchestra expects its endowment funds, over time, to provide an average rate of return of between .25% and 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Orchestra 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 Orchestra places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Orchestra’s board of directors has a policy of appropriating for distribution each year, no more than 5% of its endowment fund balance. In establishing this policy, the Orchestra considered the long-term expected return and preservation of principal on its endowment. Therefore, these funds may tend toward more "conservative" investment strategy. This is consistent with the Orchestra's objective 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.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments).

There were no such deficiencies at June 30, 2021 and 2020.

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NOTE 9 - ENDOWMENT, CONTINUED

Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 30,844	-	30,844
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	57,027	57,027
Accumulated investment gains	-	21,401	21,401
Total endowment net assets	$ 30,844	78,428	109,272

Changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	$ 24,699	62,673	87,372
Investment return, net	7,839	15,755	23,594
Appropriation of endowment assets for expenditures	(1,694)	-	(1,694)
Endowment net assets, June 30, 2021	$ 30,844	78,428	109,272

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 24,699	-	24,699
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	57,027	57,027
Accumulated investment gains	-	5,646	5,646
Total endowment net assets	$ 24,699	62,673	87,372

NOTE 9 - ENDOWMENT, CONTINUED

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	$ 25,568	67,543	93,111
Investment return, net	500	2,483	2,983
Appropriation of endowment assets for expenditures	(1,369)	(7,353)	(8,722)
Endowment net assets, June 30, 2020	$ 24,699	62,673	87,372

NOTE 10 - IN-RESIDENCE ENSEMBLE AGREEMENT

On July 1, 2016, the Orchestra entered into an “In-Residence Ensemble Agreement” with Elgin Community College (College). This agreement outlines the office space, rehearsal space and the use of percussion and other equipment that the College is willing to provide to the Orchestra, and what actions the Orchestra must provide the College in return. The total value of the services provided by the College was $206,825 for the years ended June 30, 2021 and 2020.

NOTE 11 - OPERATING LEASES

In January 2018, the Orchestra entered into a five-year lease agreement for administrative office space, which expires January 30, 2023. The terms of the lease provide for a monthly rent ranging from $625 to $1,100 through the lease term. The Orchestra is also required to pay its proportional share of operating costs of the building.

Total rent expense under all operating leases amounted to approximately $11,222 and $14,759 for the years ended June 30, 2021 and 2020, respectively, and is included with occupancy expenses in the statements of functional expenses.

The aggregate future minimum lease commitment on these leases as of June 30, 2021 is as follows:

2022	$ 13,200
2023	$ 7,700

NOTE 12 - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America and the world. To date, the impact on the Orchestra's operations and results has not been significant and management expects this to remain the case. Management continues to actively monitor the global situation in order to mitigate any potential future impact on the Orchestra's changes in net assets and financial performance.

NOTE 13 - PAYCHECK PROTECTION PROGRAM LOAN

On April 16, 2020, the Orchestra received loan proceeds in the amount of $96,805 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" of 24 weeks as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

The Orchestra recorded a note payable of $96,805 in fiscal year 2020 and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended June 30, 2021 and 2020. Subsequent to year end, the Orchestra received acknowledgement from the Small Business Administration (SBA) that $62,958 of the PPP loan was forgiven and the remaining principal and interest balance of $33,847 is required to be repaid starting November 2021 at 1% interest. The monthly principal and interest payments are $4,708 and the loan matures in May 2022.

NOTE 14 - CONTINGENCY

The $96,805 PPP loan and its forgiveness are subject to examination under the terms of the agreement with the Small Business Administration for a period of six years from the date the PPP loan is forgiven. The Orchestra is not currently under examination nor has the Orchestra been contacted.

NOTE 15 - RECLASSIFICATIONS

Certain amounts in the June 30, 2020 financial statements have been reclassified to conform to the June 30, 2021 presentation.