

**GOTHAM EARLY MUSIC SCENE, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2022**

**WITH SUMMARIZED COMPARATIVE INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2021**

**RB** | RICH &  
BANDER

CERTIFIED PUBLIC ACCOUNTANTS

**GOTHAM EARLY MUSIC SCENE, INC.**

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**JUNE 30, 2022**

**(With summarized comparative information for the year ended June 30, 2021)**

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**RICH AND BANDER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**PETER R. RICH, CPA**

**JONATHAN A. BANDER, CPA**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Gotham Early Music Scene, Inc.  
New York, NY

**Opinion**

We have audited the accompanying financial statements of Gotham Early Music Scene, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gotham Early Music Scene, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gotham Early Music Scene, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gotham Early Music Scene, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, as of and for the year ended June 30, 2022, Gotham Early Music Scene, Inc. adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited Gotham Early Music Scene, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Rich and Bander, LLP*

New York, NY  
September 17, 2023

**GOTHAM EARLY MUSIC SCENE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

(With summarized comparative information for the year ended June 30, 2021)

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 390,257	\$ 170,845
Investments	141	147
Accounts receivable	3,378	27,178
Grants and contributions receivable	10,620	11,600
Prepaid expenses and other assets	363	-
<b>Total current assets</b>	<b>404,759</b>	<b>209,770</b>
<b>Noncurrent assets</b>		
Property and equipment, net	6,718	7,613
<b>Total noncurrent assets</b>	<b>6,718</b>	<b>7,613</b>
<b>TOTAL ASSETS</b>	<b>\$ 411,477</b>	<b>\$ 217,383</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 35,726	\$ 8,274
Accrued payroll and related liabilities	7,988	8,725
Due to third parties	11,189	-
Grant advance - paycheck protection program	18,397	18,397
<b>Total current liabilities</b>	<b>73,300</b>	<b>35,396</b>
<b>Net assets</b>		
Without donor restrictions	309,987	167,987
With donor restrictions	28,190	14,000
<b>Total net assets</b>	<b>338,177</b>	<b>181,987</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 411,477</b>	<b>\$ 217,383</b>

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

**GOTHAM EARLY MUSIC SCENE, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2022**

**(With summarized comparative information for the year ended June 30, 2021)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
<b>Revenue and support</b>				
<b>Grants and contributions</b>				
Government	\$ 431,670	\$ 3,190	\$ 434,860	\$ 84,390
Individuals	212,423	-	212,423	176,023
Foundations	87,000	25,000	112,000	89,063
Contributed nonfinancial assets	36,036	-	36,036	32,760
Special events contributions	1,449	-	1,449	-
Corporate	-	-	-	100
<b>Total grants and contributions</b>	<b>768,578</b>	<b>28,190</b>	<b>796,768</b>	<b>382,336</b>
<b>Program service revenue</b>				
Concert performances and service fees	223,834	-	223,834	80,318
Project administrative income	26,231	-	26,231	15,863
Marketing services	23,671	-	23,671	9,691
<b>Total program service revenue</b>	<b>273,736</b>	<b>-</b>	<b>273,736</b>	<b>105,872</b>
<b>Other income (expense)</b>				
Miscellaneous income	11,546	-	11,546	3,217
Net investment return	69	-	69	975
Merchandise sales, net of costs of goods sold	(1,295)	-	(1,295)	-
<b>Total other income (expense)</b>	<b>10,320</b>	<b>-</b>	<b>10,320</b>	<b>4,192</b>
<b>Net assets released from restrictions</b>	<b>14,000</b>	<b>(14,000)</b>	<b>-</b>	<b>-</b>
<b>Total revenue and support</b>	<b>1,066,634</b>	<b>14,190</b>	<b>1,080,824</b>	<b>492,400</b>
<b>Expenses</b>				
<b>Program services</b>	742,300	-	742,300	291,030
<b>Supporting services</b>				
Management and general	145,518	-	145,518	130,072
Fundraising	36,816	-	36,816	27,762
<b>Total expenses</b>	<b>924,634</b>	<b>-</b>	<b>924,634</b>	<b>448,864</b>
<b>Change in net assets</b>	<b>142,000</b>	<b>14,190</b>	<b>156,190</b>	<b>43,536</b>
<b>Net assets - beginning of year</b>	167,987	14,000	181,987	138,451
<b>Net assets - end of year</b>	<b>\$ 309,987</b>	<b>\$ 28,190</b>	<b>\$ 338,177</b>	<b>\$ 181,987</b>

**GOTHAM EARLY MUSIC SCENE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(With summarized comparative information for the year ended June 30, 2021)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2022 Totals</b>	<b>2021 Totals</b>
Artistic and other fees	\$ 420,717	\$ -	\$ -	\$ 420,717	\$ 173,460
Salaries and wages	127,830	65,503	18,155	211,488	112,637
Marketing and advertising	40,410	20,707	5,739	66,856	35,742
Production expenses	38,695	92	-	38,787	9,130
Rent	21,781	11,161	3,094	36,036	32,760
Fiscal sponsorship expense	26,231	-	-	26,231	15,863
Payroll taxes	11,950	6,123	1,697	19,770	9,092
Equipment rental and storage	8,609	4,411	1,223	14,243	8,511
Administrative fees	11,718	-	-	11,718	7,477
Bank and credit card charges	25	11,425	-	11,450	5,353
Telephone and utilities	4,538	2,325	644	7,507	6,652
Subscriptions and professional dues	1,725	-	5,728	7,453	2,955
Office supplies and expenses	4,658	2,654	-	7,312	1,464
Professional fees	-	7,250	-	7,250	7,057
Meals and entertainment	5,546	331	-	5,877	4,144
Internet and web hosting	4,143	1,734	-	5,877	3,688
Travel	54	4,863	-	4,917	3,170
Insurance	2,347	1,203	333	3,883	1,066
Commissions	3,875	-	-	3,875	2,500
Ticket system fees	3,384	-	-	3,384	25
Professional development	-	2,486	-	2,486	137
Depreciation	1,402	718	199	2,319	2,428
Contributions	2,181	-	-	2,181	1,725
Postage and delivery	481	1,069	4	1,554	1,192
Miscellaneous	-	1,172	-	1,172	479
Repairs and maintenance	-	174	-	174	54
Taxes and filing fees	-	61	-	61	75
License and permits	-	56	-	56	28
	<b>\$ 742,300</b>	<b>\$ 145,518</b>	<b>\$ 36,816</b>	<b>\$ 924,634</b>	<b>\$ 275,404</b>

**GOTHAM EARLY MUSIC SCENE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With summarized comparative information for the year ended June 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 156,190	\$ 43,536
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	2,319	2,428
Forgiveness of paycheck protection program loan	-	(18,620)
Unrealized loss (gain) on investments	6	(26)
(Increase) decrease in operating assets:		
Accounts receivable	23,800	(22,973)
Promises to give	980	(6,474)
Prepaid expenses	(363)	7,244
Inventory	-	368
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	27,452	(7,377)
Accrued payroll and related liabilities	(737)	(720)
Due to third parties	11,189	-
Grant advance - paycheck protection program	-	18,397
Total adjustments	<u>64,646</u>	<u>(27,753)</u>
<b>Net cash provided by operating activities</b>	<u>220,836</u>	<u>15,783</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(1,424)</u>	<u>(6,425)</u>
<b>Net cash used in investing activities</b>	<u>(1,424)</u>	<u>(6,425)</u>
<b>Net increase in cash and cash equivalents</b>	219,412	9,358
<b>Cash and cash equivalents, beginning of year</b>	170,845	\$ 161,487
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 390,257</u></u>	<u><u>\$ 170,845</u></u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental disclosures of non-cash activity:</b>		
Forgiveness of paycheck protection program loan	<u>\$ -</u>	<u>\$ 18,620</u>

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

**GOTHAM EARLY MUSIC SCENE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of the Organization*

Gotham Early Music Scene, Inc. (“the Organization”) was incorporated on August 20, 2007 under the laws of the State of New York. The Organization was created to promote and enrich public understanding and appreciation of early music in New York City. The Organization produces concerts, seminars, lectures, master classes, exhibitions, and scholarly forums by New York City-based individuals and organizations. The Organization accepts and solicits public and private contributions to fund these events.

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

*Cash and Cash Equivalents*

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash and cash equivalents.

*Contract Balances*

Contract assets are recognized when the Organization has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment, or when the Organization has the right to bill a customer before satisfying any or some of the performance obligations. Contract liabilities are recognized when the Organization has an obligation to perform services to a customer for which the Organization has received advanced consideration or when payment is due prior to satisfying any or some of the performance obligations. The Organization does not have opening balances for contract assets and liabilities or such balances for the year ended June 30, 2022.

*Revenue, Revenue Recognition, and Receivables*

*Grants and Contributions* – Grants (from government and foundations) and contributions (from individuals, corporations, and other sources) are recognized when cash, securities or other assets; an unconditional promise to give; or 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 release/return, are not recognized until the conditions on which they depend have been substantially met.

**GOTHAM EARLY MUSIC SCENE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Revenue, Revenue Recognition, and Receivables (Cont'd)*

*Grants and contributions receivable* – Grants and contributions that are expected to be collected within one year are recorded as grants and contributions receivable at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization uses the allowance method to determine uncollectible grants and contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

*Concert performance and service fees* – The Organization currently earns fees by implementing a full-fledged professional ticketing system and providing front-of-house services for concerts. The performance obligation of providing these services in exchange for fees are simultaneously received and consumed by the customers; therefore, the revenue is recognized ratably over the course of the service. All program service revenue amounts received in advance of the satisfaction of the performance obligation are deferred to the applicable period.

*Marketing services* – The Organization also earns marketing income in two ways: media press releases and newsletter listing. The performance obligation of these services is satisfied upon release of the media press releases and newsletter listing, at a point in time.

*Project administrative income* – These are recognized once the Organization pays out the contributed funds to the fiscal beneficiary.

Program service revenue amounts received in advance of the satisfaction of the performance obligation are deferred to the applicable period.

*Accounts Receivable* – Program service revenue earned but not yet received that is expected to be collected within one year are recorded as accounts receivable at net realizable value. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts receivable.

*Contributed Nonfinancial Assets* – The value of services, facilities and non-capitalized equipment donated is recorded as contributions with or without donor restrictions and expensed in the year donated. These contributions are valued at the estimated fair value of similar services and materials. A number of volunteers have donated significant amounts of their time to the Organization in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Organization and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to be purchased through donation.

**GOTHAM EARLY MUSIC SCENE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Revenue, Revenue Recognition, and Receivables (Cont'd)*

*Special Events* – The exchange element of special events is recognized as special events revenue equal to the fair value of direct benefits to donors when the special event takes place or if the fair value amount is impracticable to obtain, the actual cost or non-tax deductibility is used. The excess amount is the contribution element, which is recognized immediately, unless there is a right of return if the special event does not take place.

*Costs of Direct Benefits to Donors* – The cost of the items and services furnished to donors as inducements to attend the Organization's special events are presented in their natural expense classification in the statement of functional expenses and backed out so that it is shown as a deduction from special events revenue on the statement of activities.

*Property and Equipment*

Property and equipment are recorded at cost or, if donated, the fair market value at the date of donation. The Organization's policy is to capitalize expenditures for these items in excess of \$500. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Computers and equipment	3-5
Furniture	7

*Investments*

The Organization has an investment account at J.P. Morgan to hold donations of stock to the Organization. The Organization keeps the account open with one stock to prevent the opening and closing of the account with each donation.

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

*Marketing and Advertising Costs*

Marketing and advertising costs are expensed as incurred.

**GOTHAM EARLY MUSIC SCENE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Fiscal Sponsorship Activities*

The Organization acts as a fiscal sponsor for several entities. As a fiscal sponsor, the Organization agrees to pass assets (cash) received from donors to an entity or individual specified by those donors.

For comprehensive fiscal sponsorship arrangements, the Organization administers all donated funds and earned income received on behalf of the fiscal beneficiary and retains control and discretion over the distribution the funds. Accordingly, the funds received and related expenses are included in the income and expenses of the Organization.

For pre-approved grant relationship arrangements, the Organization's policy is to recognize the cash received and an offsetting liability, "Due to Fiscally Sponsored Projects," until the funds are ultimately distributed to the ultimate beneficiary, at which time the liability is removed from the Organization's books.

*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 (or certain grantor) restrictions.

*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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

*Functional Allocation of Expenses*

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

**GOTHAM EARLY MUSIC SCENE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Income Tax Status*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended June 30, 2021, 2020 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2022, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

*Adoption of Accounting Standard*

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. This standard became effective for the period beginning after June 15, 2022. On July 1, 2021, the Organization adopted ASU 2020-07, using the modified retrospective transition method. There were no material changes to the financial statements upon adoption.

*Recent Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with terms longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the effect that this update will have on its financial statements.

**GOTHAM EARLY MUSIC SCENE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Comparative Data*

The amounts shown for the year ended June 30, 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022 and present summarized totals only. Accordingly, the 2021 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

*Use of Estimates*

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

*Paycheck Protection Program*

The Organization has elected to account for the Paycheck Protection Program ("PPP") loan under ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) based on management's continued belief from loan inception to date that forgiveness is probable. In accordance with the standard, the Organization records the cash inflow of the PPP loan as a grant advance liability. The Organization reduces the liability by recognizing government grant income once the conditions for the grant are substantially met. The Organization has elected to recognize government grant income when the conditions for the grant are explicitly waived by the Small Business Administration ("SBA"). Loan proceeds expected and not expected to be forgiven are reported on the statement of cash flows as operating activities and financing activities, respectively. No interest or accrued interest expense is recognized.

**2) LIQUIDITY AND AVAILABILITY**

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

<u>Financial assets at year-end</u>	<u>Gross amount</u>	<u>Less: Amounts not available to be used within one year</u>	<u>Financial assets available to meet general expenditures within one year</u>
Cash and cash equivalents	\$ 390,257	\$ 259,941	\$ 130,316
Investments	141	-	141
Grants and contributions receivable	10,620	-	10,620
Accounts receivable	3,378	-	3,378
Total	<u>\$ 404,396</u>	<u>\$ 259,941</u>	<u>\$ 144,455</u>

**2) LIQUIDITY AND AVAILABILITY (CONT'D)**

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**3) FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments that are classified as available-for-sale on a recurring basis. The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. The disclosures required under this Topic have been included in this note.

*Fair Value Hierarchy*

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

*Determination of Fair Value*

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Organization bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy.

*Cash and Cash Equivalents, Receivables, and Accounts Payable*

The carrying amounts approximate fair value because of the short maturity of these instruments.

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**3) FAIR VALUE MEASUREMENTS (CONT'D)**

*Investments in Equity Securities*

Investments in equity securities that are classified as available-for-sale are recorded at fair value on a recurring basis using quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable securities. If quoted market prices are not available for comparable securities, fair value is based on quoted bids for the security or comparable securities.

*Assets Measured and Recognized at Fair Value on a Recurring Basis*

The table below presents the amounts of assets measured at fair value on a recurring basis as of June 30, 2022:

<u>Investment Type</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 141	\$ 141	\$ -	\$ -
Total	<u>\$ 141</u>	<u>\$ 141</u>	<u>\$ -</u>	<u>\$ -</u>

**4) ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022 totaled \$3,378. These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

**5) GRANTS AND CONTRIBUTIONS RECEIABLE**

Grants and contributions receivable at June 30, 2022 consists of the following:

NYC Department of Cultural Affairs	\$ 5,620
NYS Council on the Arts	<u>5,000</u>
	<u>\$ 10,620</u>

These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

**6) RELATED PARTY TRANSACTIONS**

The Organization occupies a 1,044 square-foot residential space that is owned by one of the Organization's board members. The Organization is not charged rent. For the year ended June 30, 2022, the Organization has recognized \$36,036 as both contributed nonfinancial assets and rent expense which represents the estimated fair market value of the space as determined by management.

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**7) INVESTMENTS**

Investments consist of the following at June 30, 2022:

	<u>Cost basis</u>	<u>Fair value</u>
Equity securities	\$ 94	\$ 141
Total	<u>\$ 94</u>	<u>\$ 141</u>

**8) NET ASSETS BY FISCALLY SPONSORED PROJECT**

Net assets by fiscally sponsored project at June 30, 2022 was as follows:

Opera Enssentia	\$ 61,217
House of Time	53,556
New York Baroque Incorporated	49,976
Eurasia Consort	18,259
Ruckus	15,935
Cramer Quartet	12,667
Diderot String Quartet	11,338
Concordian Dawn	9,168
Abendmusik	8,853
Various	<u>15,782</u>
Total net assets – fiscally sponsored projects	<u>256,751</u>
Net assets – Gotham Early Music Scene, Inc.	<u>53,236</u>
Total net assets without donor restrictions	<u>\$ 309,987</u>

**9) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Eurasia Consort	\$ 3,190
Subject to passage of time:	
For periods after June 30, 2022	<u>25,000</u>
Total net assets with donor restrictions	<u>\$ 28,190</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended June 30, 2022:

Satisfaction of purpose restrictions:	
Abendmusik Concert	\$ 8,000
Services to the NY Early Music Field	<u>6,000</u>
Total net assets released from restriction	<u>\$ 14,000</u>

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**10) PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment less accumulated depreciation as of June 30, 2022. Depreciation expense for the year then ended was \$2,319.

Computers and equipment	\$ 16,654
Furniture	<u>2,696</u>
	19,350
Less: accumulated depreciation	<u>12,632</u>
	<u>\$ 6,718</u>

**11) CONTRIBUTED NONFINANCIAL ASSETS**

During the year ended June 30, 2022, the Organization received the following in-kind contributions that have been reflected at fair value in the statement of activities:

Donated office space (refer to Note 6)	\$ 36,036
Total	<u>\$ 36,036</u>

**12) GRANT ADVANCE – PAYCHECK PROTECTION PROGRAM**

On February 27, 2021 the Organization was approved for second loan proceeds in the amount of \$18,397 from QuickBooks Capital pursuant to the PPP, established as part of the CARES Act and administered by the SBA. The PPP provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization.

The original terms of the loan included maturity on March 2, 2026 and bore interest at a rate of 1% per annum. As described in the CARES Act, the PPP loan and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and maintains its payroll levels.

In September 2022, the SBA provided Quickbooks Capital with payment for the full balance of the PPP loan and provided the Organization with full forgiveness. The Organization is required to maintain PPP documentation for four years and must furnish them to the SBA and/or Intuit upon request.

**13) FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, depreciation, rent, telephone and utilities, marketing and advertising, insurance, and equipment rental and storage, which are allocated on the basis of estimates of time and effort.

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**14) REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following table disaggregates the revenue from the Organization’s revenue from contracts with customers based on the timing of satisfaction of performance obligations for the year ended June 30, 2022:

Revenue recognized over time:	
Concert performances and service fees	<u>\$ 223,834</u>
Revenue recognized at a point in time:	
Project administrative income	26,231
Marketing services	23,671
Merchandise sales (gross)	<u>1,805</u>
Total revenue recognized at a point in time	<u>51,707</u>
Total revenue from contracts with customers	<u>\$ 275,541</u>

**15) CONCENTRATIONS OF RISK**

The Organization maintains its cash balances at a major financial institution. The balances, at times, may exceed federally insured limits. As of June 30, 2022, uninsured bank balances totaled \$136,425. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

The Organization maintains its investment balances at a major financial institution. The investment balances are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 per customer. The SIPC does not protect investors from market risk. At June 30, 2022, the Organization’s had no uninsured investment balances.

During the year-ended June 30, 2022, the organization received approximately 36% of its total grants and contributions from one government donor. In addition, grants and contributions receivable from two donors accounted for 100% of total grants and contributions receivable at year-end. The concentration from the contributors does not make the Organization vulnerable to a risk of sever near-term impact because the Organization only spends money according to the amount received from the contributors and other revenue.

**16) MARKETING AND ADVERTISING**

For the year ended June 30, 2021, marketing and advertising expense was \$66,856.

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**17) SHUTTERED VENUE OPERATORS GRANT**

In 2021, the Organization received the Shuttered Venue Operators Grant (“SVOG”) totaling to \$288,580, pursuant to the Economic Aid to Hard-Hit Small Business, Nonprofits and Venues Act, as amended by the American Rescue Plan Act and administered by the SBA. Live venue operators or promoters, theatrical producers, live performing arts organization operators, museum operators, motion picture theater operators or owners, and talent representatives that were in operation on January 1, 2019 are eligible to receive a grant in the amount equal to 45 percent of their 2019 gross revenue earned or \$10 million, whichever is less.

For the year ended June 30, 2022, the Organization recognized a total of \$288,580 SVOG award which is included in government grant income in the statement of activities. As of June 30, 2022, the Organization has no receivables related to this grant.

**18) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 17, 2023, which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events.