

**Caramoor Center for Music  
and the Arts, Inc.**

Financial Statements

December 31, 2021 and 2020

## Independent Auditors' Report

### Board of Trustees Caramoor Center for Music and the Arts, Inc.

#### Opinion

We have audited the accompanying financial statements of Caramoor Center for Music and the Arts, Inc. (a nonprofit organization) ("Caramoor"), which comprise the statements of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caramoor as of December 31, 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.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caramoor and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, 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.

**Auditors' Responsibilities for the Audit of the Financial Statements (*continued*)**

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 Caramoor'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 Caramoor'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.

*PKF O'Connor Davies, LLP*

Newburgh, New York  
October 1, 2022

**Caramoor Center for Music and the Arts, Inc.**

Statements of Financial Position

	December 31,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 381,780	\$ 437,359
Contributions receivable, net	444,895	1,323,257
Other receivables	295,293	133,165
Inventory	87,266	105,384
Prepaid expenses	69,509	101,733
Investments	39,540,978	34,173,222
Property and equipment, net	12,811,312	12,653,678
Art objects	511,370	511,370
	<u>\$ 54,142,403</u>	<u>\$ 49,439,168</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 119,998	\$ 97,919
Deferred revenue	93,154	81,261
Line of credit	750,000	1,000,000
Capital lease obligation	8,964	24,329
Total Liabilities	<u>972,116</u>	<u>1,203,509</u>
Net Assets		
Without Donor Restrictions		
Undesignated	462,100	291,773
Investment in property and equipment	12,802,348	12,629,349
Board designated funds	2,731,561	2,098,808
Total Without Donor Restrictions	<u>15,996,009</u>	<u>15,019,930</u>
With donor restrictions	<u>37,174,278</u>	<u>33,215,729</u>
Total Net Assets	<u>53,170,287</u>	<u>48,235,659</u>
	<u>\$ 54,142,403</u>	<u>\$ 49,439,168</u>

See notes to financial statements

**Caramoor Center for Music and the Arts, Inc.**

Statement of Activities  
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE</b>			
Contributions	\$ 2,279,230	\$ -	\$ 2,279,230
Benefit proceeds	1,197,991	-	1,197,991
Ticket sales	731,393	-	731,393
Grants - CARES Act	659,734	-	659,734
Distribution for operations from invested funds	1,381,493	-	1,381,493
Donated items and services	142,294	-	142,294
Shop sales	8,500	-	8,500
Rental	696,543	-	696,543
Interest from cash equivalents	(6,937)	-	(6,937)
Net assets released from donor restrictions	303,000	(303,000)	-
	<u>7,393,241</u>	<u>(303,000)</u>	<u>7,090,241</u>
Total Operating Revenue			
<b>OPERATING EXPENSES</b>			
Program expenses			
Musical performances	2,469,089	-	2,469,089
Education	505,488	-	505,488
Rosen House, Gardens and Estate	1,010,060	-	1,010,060
Total Program Expenses	3,984,637	-	3,984,637
Supporting expenses			
Management and general	827,290	-	827,290
Fundraising	828,353	-	828,353
Benefit	623,561	-	623,561
Total Supporting Expenses	2,279,204	-	2,279,204
Total Operating Expenses	6,263,841	-	6,263,841
Change in Net Assets from Operations Before Depreciation and Amortization	1,129,400	(303,000)	826,400
Depreciation and amortization	(872,439)	-	(872,439)
Change in Net Assets from Operations	256,961	(303,000)	(46,039)
<b>OTHER CHANGES IN NET ASSETS</b>			
Total return on investments net of distribution for operations from invested funds	132,534	2,510,483	2,643,017
Non-operating contributions	-	2,337,650	2,337,650
Net assets released from donor restrictions	586,584	(586,584)	-
Change in Net Assets	976,079	3,958,549	4,934,628
<b>NET ASSETS</b>			
Beginning of year	15,019,930	33,215,729	48,235,659
End of year	<u>\$ 15,996,009</u>	<u>\$ 37,174,278</u>	<u>\$ 53,170,287</u>

See notes to financial statements

**Caramoor Center for Music and the Arts, Inc.**

Statement of Activities  
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE</b>			
Contributions	\$ 2,167,095	\$ -	\$ 2,167,095
Benefit proceeds	848,104	-	848,104
Ticket sales	38,732	-	38,732
Grants - CARES Act	591,918	-	591,918
Distribution for operations from invested funds	1,363,418	-	1,363,418
Donated items and services	206,955	-	206,955
Shop sales	1,324	-	1,324
Rental	22,370	-	22,370
Interest from cash equivalents	8,315	-	8,315
Net assets released from donor restrictions	<u>336,780</u>	<u>(336,780)</u>	<u>-</u>
Total Operating Revenue	<u>5,585,011</u>	<u>(336,780)</u>	<u>5,248,231</u>
<b>OPERATING EXPENSES</b>			
Program expenses			
Musical performances	1,525,524	-	1,525,524
Education	487,213	-	487,213
Rosen House, Gardens and Estate	991,123	-	991,123
Total Program Expenses	<u>3,003,860</u>	<u>-</u>	<u>3,003,860</u>
Supporting expenses			
Management and general	869,524	-	869,524
Fundraising	753,588	-	753,588
Benefit	330,486	-	330,486
Total Supporting Expenses	<u>1,953,598</u>	<u>-</u>	<u>1,953,598</u>
Total Operating Expenses	<u>4,957,458</u>	<u>-</u>	<u>4,957,458</u>
Change in Net Assets from Operations Before Depreciation and Amortization	627,553	(336,780)	290,773
Depreciation and amortization	<u>(576,069)</u>	<u>-</u>	<u>(576,069)</u>
Change in Net Assets from Operations	51,484	(336,780)	(285,296)
<b>OTHER CHANGES IN NET ASSETS</b>			
Total return on investments net of distribution for operations from invested funds	64,996	3,156,119	3,221,115
Non-operating contributions	-	1,547,852	1,547,852
Gain on sale of art objects	156,353	-	156,353
Net assets released from donor restrictions	<u>1,948,328</u>	<u>(1,948,328)</u>	<u>-</u>
Change in Net Assets	2,221,161	2,418,863	4,640,024
<b>NET ASSETS</b>			
Beginning of year	<u>12,798,769</u>	<u>30,796,866</u>	<u>43,595,635</u>
End of year	<u>\$ 15,019,930</u>	<u>\$ 33,215,729</u>	<u>\$ 48,235,659</u>

See notes to financial statements

**Caramoor Center for Music and the Arts, Inc.**

Statement of Functional Expenses  
Year Ended December 31, 2021

	Program Services				Supporting Services				
	Musical Performances	Education	Rosen House, Gardens and Estate	Total	Management and General	Fund-raising	Benefit	Total	Total
Salaries	\$ 649,777	\$ 224,062	\$ 473,682	\$ 1,347,521	\$ 426,571	\$ 530,216	\$ 108,999	\$ 1,065,786	\$ 2,413,307
Employee benefits	81,615	26,499	71,804	179,918	62,686	62,471	7,339	132,496	312,414
Payroll taxes	58,762	17,020	34,407	110,189	30,981	34,115	9,413	74,509	184,698
Payroll processing	-	-	-	-	15,001	-	-	15,001	15,001
Accounting and legal	2,383	-	1,015	3,398	51,075	-	-	51,075	54,473
Advertising	197,622	7,254	6,940	211,816	-	5,628	2,500	8,128	219,944
Bank and credit card charges	25,002	1,249	1,254	27,505	11,607	21,280	6,153	39,040	66,545
Brochures and programs	45,022	5,653	6,079	56,754	1,770	18,318	10,896	30,984	87,738
Donated items for auction and program events	48,442	-	-	48,442	480	21,545	86,075	108,100	156,542
Shop merchandise and supplies	-	-	5,941	5,941	-	-	-	-	5,941
Utilities	44,159	24,902	54,532	123,593	6,264	6,015	6,044	18,323	141,916
Equipment rental, repairs, and maintenance	308,175	18,510	230,434	557,119	41,705	52,664	38,007	132,376	689,495
Fees - artists	464,356	93,850	4,500	562,706	-	-	95,452	95,452	658,158
Fees - consultants	-	2,550	-	2,550	81,591	33,542	126	115,259	117,809
Fees - press agents	49,760	3,110	6,220	59,090	-	-	3,110	3,110	62,200
Fees - technical staff	210,162	12,997	51	223,210	-	-	28,353	28,353	251,563
Food and beverage	49,876	11,804	1,716	63,396	7,568	12,791	116,346	136,705	200,101
Insurance - other	66,739	30,171	53,111	150,021	18,988	7,761	-	26,749	176,770
Meetings and entertainment	1,101	8	10	1,119	1,420	236	-	1,656	2,775
Postage and supplies	23,779	2,495	6,334	32,608	20,476	6,959	1,473	28,908	61,516
Production	65,462	2,645	6,051	74,158	500	1,200	86,579	88,279	162,437
Promotions	596	159	-	755	8	3,346	10,197	13,551	14,306
Restoration	-	-	35,332	35,332	-	-	-	-	35,332
Security systems	26,475	2,387	1,571	30,433	2,012	-	1,350	3,362	33,795
Space rentals	357	-	-	357	-	-	-	-	357
Telephone	25,056	8,471	8,578	42,105	4,101	10,166	2,824	17,091	59,196
Bad debt expense	-	-	-	-	-	100	-	100	100
Travel and accommodations	24,411	9,692	498	34,601	42,486	-	2,325	44,811	79,412
Total Operating Expenses	2,469,089	505,488	1,010,060	3,984,637	827,290	828,353	623,561	2,279,204	6,263,841
Depreciation and amortization	174,488	174,488	261,732	610,708	87,244	87,243	87,244	261,731	872,439
Totals	\$ 2,643,577	\$ 679,976	\$ 1,271,792	\$ 4,595,345	\$ 914,534	\$ 915,596	\$ 710,805	\$ 2,540,935	\$ 7,136,280

See notes to financial statements

**Caramoor Center for Music and the Arts, Inc.**

Statement of Functional Expenses  
Year Ended December 31, 2020

	Program Services				Supporting Services				
	Musical Performances	Education	Rosen House, Gardens and Estate	Total	Management and General	Fund-raising	Benefit	Total	Total
Salaries	\$ 581,774	\$ 215,023	\$ 481,163	\$ 1,277,960	\$ 397,837	\$ 516,845	\$ 105,031	\$ 1,019,713	\$ 2,297,673
Employee benefits	81,745	30,821	79,465	192,031	113,909	59,598	6,879	180,386	372,417
Payroll taxes	41,740	15,386	34,993	92,119	27,505	33,867	7,741	69,113	161,232
Payroll processing	-	-	-	-	13,147	-	-	13,147	13,147
Accounting and legal	-	-	-	-	48,275	-	-	48,275	48,275
Advertising	145,432	4,940	14,940	165,312	50	4,128	2,625	6,803	172,115
Bank and credit card charges	16,004	834	821	17,659	18,223	14,164	5,161	37,548	55,207
Brochures and programs	41,724	3,894	2,904	48,522	2,596	14,873	5,749	23,218	71,740
Donated items for auction and program events	5,300	11,055	1,000	17,355	-	-	98,323	98,323	115,678
Shop merchandise and supplies	-	-	2,729	2,729	-	-	-	-	2,729
Utilities	28,479	20,186	38,389	87,054	4,617	4,617	4,737	13,971	101,025
Equipment rental, repairs, and maintenance	110,030	48,797	204,252	363,079	43,120	41,099	12,235	96,454	459,533
Fees - artists	250,330	55,750	1,500	307,580	1,000	10,000	18,000	29,000	336,580
Fees - consultants	6,000	24,000	-	30,000	148,283	8,000	-	156,283	186,283
Fees - press agents	50,304	3,137	6,273	59,714	-	-	3,137	3,137	62,851
Fees - technical staff	24,263	3,491	273	28,027	-	-	4,920	4,920	32,947
Food and beverage	10,200	4,593	124	14,917	11,944	184	31,419	43,547	58,464
Insurance - other	63,046	28,207	48,504	139,757	16,954	7,320	-	24,274	164,031
Meetings and entertainment	334	13	169	516	519	16	-	535	1,051
Postage and supplies	13,527	244	1,313	15,084	14,236	11,606	1,780	27,622	42,706
Production	18,821	5,776	1,645	26,242	721	858	15,331	16,910	43,152
Promotions	491	63	-	554	-	9,195	4,523	13,718	14,272
Restoration	-	-	60,592	60,592	-	-	-	-	60,592
Security systems	5,513	1,524	1,943	8,980	1,524	-	-	1,524	10,504
Space rentals	-	600	-	600	-	-	-	-	600
Telephone	23,541	7,863	7,878	39,282	4,512	9,436	2,621	16,569	55,851
Bad debt expense	-	-	-	-	-	5,000	-	5,000	5,000
Travel and accommodations	6,926	1,016	253	8,195	552	2,782	274	3,608	11,803
Total Operating Expenses	1,525,524	487,213	991,123	3,003,860	869,524	753,588	330,486	1,953,598	4,957,458
Depreciation and amortization	115,214	115,214	172,820	403,248	57,608	57,606	57,607	172,821	576,069
Totals	\$ 1,640,738	\$ 602,427	\$ 1,163,943	\$ 3,407,108	\$ 927,132	\$ 811,194	\$ 388,093	\$ 2,126,419	\$ 5,533,527

See notes to financial statements



**Caramoor Center for Music and the Arts, Inc.**

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,934,628	\$ 4,640,024
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	872,439	576,069
Net realized gains on sale of investments	(1,724,745)	(188,169)
Unrealized appreciation on investments	(1,757,191)	(3,921,951)
Gain on expiration of guarantee on sale of art objects	-	(156,353)
Contributions restricted for capital and endowment	(2,337,650)	(1,547,852)
Net change in operating assets and liabilities	960,790	(210,969)
Net Cash from Operating Activities	948,271	(809,201)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	14,234,404	45,541,819
Purchase of investments	(16,120,224)	(45,102,937)
Purchase of property and equipment	(1,030,073)	(2,656,542)
Net Cash from Investing Activities	(2,915,893)	(2,217,660)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds received from contributions restricted for capital and endowment	2,177,408	2,007,952
(Payments) proceeds to/from line of credit	(250,000)	1,000,000
Principal payments on capital lease	(15,365)	(15,367)
Net Cash from Financing Activities	1,912,043	2,992,585
Net Change in Cash and Cash Equivalents	(55,579)	(34,276)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	437,359	471,635
End of year	\$ 381,780	\$ 437,359
 <b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>		
Cash paid during the year for interest	\$ 943	\$ 941

See notes to financial statements

## **Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

### **1. Organization and Taxation**

Caramoor Center for Music and the Arts, Inc. (“Caramoor”) – a unique Westchester County setting of Italianate architecture and gardens – enriches the lives of its audiences through innovative and diverse musical performances of the highest quality, mentors young professional musicians, and engages young children through interactive educational experiences that deepen their relationship to and understanding of music.

Caramoor is a charitable organization and is exempt from federal income taxes under Sections 501(c)(3) and 509(a)(2) of the Internal Revenue Code of 1986 as amended.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

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

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Net Asset Presentation***

Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of Caramoor. Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature or satisfied by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be held in perpetuity.

#### ***Revenue Recognition***

Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the same period in which the contribution is recognized. 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.

Revenue from advance ticket sales is recognized when the event occurs. Revenue and support from benefits are recognized when realizable and earned. Rental revenue is recognized when the facility is used. Deposits received in advance are recorded as deferred revenue.

## **Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Operating Measure***

Caramoor has elected to present an operating measure in its statement of activities. Accordingly, items affecting operations are segregated from those not affecting operations. Among items not affecting operations are a portion of investment income not used for operations, contributions restricted for capital purposes or otherwise permanently restricted and net assets released from restrictions to finance property improvements.

#### ***Fair Value Measurement of Financial Instruments***

Caramoor follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") as a practical expedient for fair value are not categorized within the fair value hierarchy.

Caramoor's financial instruments consist of cash and investments. The carrying value of investments are based on quoted market prices where available or other appropriate valuation methodologies. The estimated fair value of certain limited partnership investments and real estate funds is based on valuations provided by the external investment managers as of December 31, 2021 and 2020. Because the limited partnerships and real estate funds are not readily marketable, their estimated value is subject to uncertainty and therefore may be materially different from the value that would have been used had a ready market existed.

#### ***Investments Valuation and Income Recognition***

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

#### ***Cash and Cash Equivalents***

Caramoor considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

## **Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Contributions and Other Receivables***

Contributions receivable are recorded when the contribution is received, or in the case of unconditional promises to give, when the promise is made. An estimate of uncollectible promises has been made and included as an offset to contributions receivable. Caramoor believes all other receivables are current and collectible.

All unconditional pledges receivable greater than one year are recorded at their estimated realizable value on a discounted basis. The discount is recognized as a reduction in contribution revenue and is amortized over the duration of the pledges.

#### ***Grants – CARES Act***

In 2020, Caramoor applied for and received a Paycheck Protection Program loan (“PPP loan”) in the amount of \$458,753 under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The loan was forgiven on May 12, 2021 and Caramoor recognized the amount as revenue in 2020 since the conditions for loan forgiveness were met in 2020. In 2021, Caramoor applied for and received a second PPP loan in the amount of \$475,900. The second PPP loan was forgiven on August 17, 2021 and was recognized as revenue since the conditions for loan forgiveness was met in 2021. In addition, Caramoor recognized revenue from Employee Retention Credits, another CARES Act program, in the amount of \$183,854 and \$133,165 in 2021 and 2020. The PPP loan forgiveness and the ERC are reported in the statement of activities as Grants – CARES Act.

#### ***Property and Equipment***

Property and equipment is recorded at cost, or at fair value as of the date of the gift, if contributed. Real estate received by gift from Walter T. Rosen and Lucie B. Rosen (90 acres of land) is stated at its assessed value at the date of the gift in 1968. Caramoor capitalizes property and equipment acquisitions that have estimated useful lives longer than one year and depreciates its long-lived tangible assets, except those designated as works of art, using the straight-line method. The estimated useful lives currently in use are 15-50 years for buildings and the garden, 23-40 years for the theatre, 3-25 years for equipment, 4-5 years for automobiles and trucks, 5-10 years for furniture and fixtures and land improvements for 10 years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period of disposition. The cost of maintenance and repairs is charged to expense as incurred.

#### ***Capitalized Construction Costs***

Capitalized construction costs related to costs incurred in the pre-construction phase of the project are added to the cost of the underlying assets.

#### ***Art Objects***

Art objects are recorded at the appraised value at the date of donation, or at cost when purchased or improved. Items include furniture and decorative and fine works of art donated in 1968.

## **Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Deferred Revenue***

Deferred revenue consists of payments received for events to take place at a future date and is recognized as revenue in the period when the event occurs.

#### ***Donated Items and Services***

Donated items consist of items received by Caramoor for consumption, décor, or auctions held in relation to benefits. These amounts are recorded as both revenue and expense at their estimated fair values at the date of receipt. Caramoor recognizes the fair value of donated services which create or enhance nonfinancial assets, or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. Contributed services which do not meet these criteria are not recognized as revenue and are not reported in the accompanying financial statements.

#### ***Functional Expense Allocation***

The financial statements report certain categories of expenses that are attributable to program and supporting services of Caramoor. Therefore, these expenses require an allocation using a reasonable basis that is consistently applied. The expenses that are allocated include salaries and personnel costs which are allocated based on estimates of time and effort and other expenses which include office and administrative expenses which are allocated based on the functions receiving the benefit.

#### ***Advertising Costs***

Advertising costs are expensed as incurred.

#### ***Accounting for Uncertainty in Income Taxes***

Caramoor recognizes the effects of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Caramoor had no uncertain tax positions that would require financial statement recognition and/or disclosure.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is October 1, 2022.

### **3. Concentrations of Credit Risk**

Financial instruments that potentially subject Caramoor to concentrations of credit risk consist primarily of cash, investments and receivables. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation insurance limit. Caramoor's investments in The Investment Fund for Foundations ("TIFF") comprise 9% and 12% of total investments at December 31, 2021 and 2020. Investments are diversified to reduce concentrations so that there is no significant credit risk. Caramoor believes that its cash, investments and receivables do not present a material credit risk.

## Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 4. Contributions Receivable

Contributions receivable, net consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 246,070	\$ 616,432
Due in one to five years	<u>210,000</u>	<u>718,000</u>
Total Pledge Receivable	456,070	1,334,432
Allowance for doubtful accounts	<u>(11,175)</u>	<u>(11,175)</u>
Contributions Receivable, Net	<u>\$ 444,895</u>	<u>\$ 1,323,257</u>

### 5. Endowments, Investments and Investment Return

#### *Interpretation of Law*

Caramoor follows the provisions of the New York State Uniform Prudent Management of Institutional Funds Act (“NYPMIFA”). Consistent with its interpretation of NYPMIFA, Caramoor classified as donor restricted net assets held in perpetuity as (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. Donor-restricted amounts not held in perpetuity are subject to appropriation in a manner consistent with the standard of prudence prescribed by NYPMIFA.

#### *Return Objectives and Risk Parameters*

Caramoor maintains various donor-restricted endowment funds and Board designated quasi-endowment funds whose purpose is to provide long term support for its programs and facilities. Caramoor 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 attempting to maintain purchasing power of the endowment assets.

Caramoor utilizes a total return investment approach with its asset allocation diversified over multiple asset classes and sub classes. The overall investment objective of the Caramoor donor-restricted endowment funds and Board designated quasi-endowment funds (collectively, the “Endowment”) is to provide the greatest level of support for operating expenses and capital maintenance of Caramoor consistent with the preservation of purchasing power of the Endowment. To balance the current and future needs for operating and maintenance support, Caramoor’s investment policy seeks to maintain or enhance the real (inflation-adjusted) purchasing power of the Endowment, net of payments pursuant to the spending policy described below. This objective leads to an equity-oriented investment strategy, which in turn implies that the total market value and amount available to support Caramoor’s operations will likely fluctuate from year to year. The investment performance objective is to attain, over a majority of market cycles, an annualized real total return, net of fees, of at least 5% per annum.

**Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

**5. Endowments, Investments and Investment Return (continued)**

***Spending Rate Methods***

Caramoor has adopted a policy of annually expending amounts from its invested funds maintained as donor-restricted endowment and Board designated quasi-endowment funds to support current operations based on five percent of a three-year quarterly average fair value of investments held. For 2021, the Board approved distributions based on five percent of the investments fair value for the previous twelve quarters ending September 30th. For 2020, the Board approved distributions based on five percent of the investments fair value for the previous eight quarters ending September 30th. In addition, with the approval of its Trustees, Caramoor has used Board designated quasi-endowment funds for operating and capital purposes.

The following is a reconciliation of the activity in the endowment funds for 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2020	\$ 2,098,808	\$ 31,416,958	\$ 33,515,766
Contributions and pledge collections	-	1,236,550	1,236,550
Transfer to Board designated quasi-endowment	500,000	-	500,000
Subtotal	500,000	1,236,550	1,736,550
Investment income, net	35,053	500,180	535,233
Unrealized appreciation	228,519	3,260,758	3,489,277
Total Investment Income	263,572	3,760,938	4,024,510
Amounts appropriated for expenditure	(130,819)	(1,250,675)	(1,381,494)
Total return on endowment fund investments net of distribution for operations	132,753	2,510,263	2,643,016
Balance, December 31, 2021	\$ 2,731,561	\$ 35,163,771	\$ 37,895,332
Comprised of the Following			
Donor-restricted funds	\$ -	\$ 35,163,771	\$ 35,163,771
Board designated funds	2,731,561	-	2,731,561
			37,895,332
Investments not considered endowments			1,645,646
Total Investments			\$ 39,540,978

**Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

**5. Endowments, Investments and Investment Return (continued)**

The following is a reconciliation of the activity in the endowment funds for 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2019	<u>\$ 1,768,780</u>	<u>\$ 27,231,210</u>	<u>\$ 28,999,990</u>
Contributions and pledge collections	9,700	1,035,161	1,044,861
Transfer to Board designated quasi-endowment	<u>249,800</u>	<u>-</u>	<u>249,800</u>
Subtotal	<u>259,500</u>	<u>1,035,161</u>	<u>1,294,661</u>
Investment income, net	32,371	444,946	477,317
Unrealized appreciation	<u>278,544</u>	<u>3,828,672</u>	<u>4,107,216</u>
Total Investment Income	<u>310,915</u>	<u>4,273,618</u>	<u>4,584,533</u>
Amounts appropriated for expenditure	<u>(240,387)</u>	<u>(1,123,031)</u>	<u>(1,363,418)</u>
Total return on endowment fund investments net of distribution for operations	<u>70,528</u>	<u>3,150,587</u>	<u>3,221,115</u>
Balance, December 31, 2020	<u>\$ 2,098,808</u>	<u>\$ 31,416,958</u>	<u>\$ 33,515,766</u>
Comprised of the Following			
Donor-restricted funds	\$ -	\$ 31,416,959	\$ 31,416,959
Board designated funds	2,098,808	-	<u>2,098,808</u>
			33,515,767
Investments not considered endowments			<u>657,455</u>
Total Investments			<u>\$ 34,173,222</u>



**Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

**5. Endowments, Investments and Investment Return (continued)**

The following are major categories of investments measured at fair value on a recurring basis at December 31 grouped by the fair value hierarchy:

Description	2021	2020
Level 1 Investments		
Equity securities	\$ 21,076,206	\$ 17,350,319
Fixed income securities	6,848,781	7,462,343
Cash equivalents	<u>50,013</u>	<u>250,410</u>
Total Level 1 Investments	<u>27,975,000</u>	<u>25,063,072</u>
Level 2 Investments		
Fixed income securities	785,009	985,739
TIFF Multi-asset		
Equities	2,276,337	2,710,767
Bonds	652,749	711,336
Other hedging assets	<u>384,360</u>	<u>215,323</u>
Total Level 2 Investments	<u>4,098,455</u>	<u>4,623,165</u>
Investments not included in the fair value hierarchy		
Alternative investments	5,386,798	3,347,122
Invested cash, at cost	<u>2,080,725</u>	<u>1,139,863</u>
Total Investments	<u>\$ 39,540,978</u>	<u>\$ 34,173,222</u>

(1) As discussed in Note 3, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

There were no transfers in or out of Levels 1, 2 or 3 of the fair value hierarchy for the years ended December 31, 2021 and 2020.

Information regarding alternative investments measured at NAV using the practical expedient at December 31, 2021, is as follows:

		Fair Value	Unfunded Commitments	Redemption Frequency (If Eligible)	Redemption Notice Period
Hedge fund	a	\$ 416,521	\$ -	Daily	2 days
Hedge fund	b	1,177,550	-	Monthly	90 days
Hedge fund	c	877,869	-	Monthly	90 days
Hedge fund	d	493,774	-	Quarterly	30 days
Hedge fund	b	594,743	-	Quarterly	60 - 65 days
Private equity partnerships	e	1,631,642	1,749,185	N/A	N/A
Private equity funds	f	95,589	72,500	N/A	N/A
Real estate funds	g	<u>99,110</u>	<u>125,891</u>	N/A	N/A
		<u>\$ 5,386,798</u>	<u>\$ 1,947,576</u>		

**Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

**5. Endowments, Investments and Investment Return (continued)**

- a. The investment objective is to achieve returns by utilizing an anticipatory approach to future prices.
- b. The investment objective is to achieve better risk adjusted returns than the index by investing and hedging exposures in equity markets.
- c. The investment objective is to achieve absolute returns by investing in hedging markets in a wide variety of classes and strategies.
- d. The investment objective seeks to provide durable income from renewable energy and sustainable infrastructure.
- e. The investment objective is to achieve long-term return through investments in a diversified group of venture capital limited partnerships. The funds are expected to liquidate in the next three to ten years.
- f. The primary objective is to generate returns in excess of those provided by publicly traded equity markets. It is estimated that the underlying assets of the fund will be liquidated over the next one to two years.
- g. The primary objective is to preserve and enhance capital values. It is estimated that the underlying assets of the fund will be liquidated over the next one to two years.

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as hedge funds, private equity funds and real estate funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Investment return is calculated as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends from investments	\$ 703,777	\$ 588,182
Investment fees	(161,203)	(113,769)
Net realized gains on sale of investments	1,724,745	188,169
Net unrealized appreciation on investments	<u>1,757,191</u>	<u>3,921,951</u>
	<u>\$ 4,024,510</u>	<u>\$ 4,584,533</u>
Total return on investments is reflected in the statement of activities as follows:		
Distribution for operations from investment funds	\$ 1,381,493	\$ 1,363,418
Total return on investments net of distribution for operations from investment funds	<u>2,643,017</u>	<u>3,221,115</u>
	<u>\$ 4,024,510</u>	<u>\$ 4,584,533</u>

## Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 6. Property and Equipment

Property and equipment, net, consists of the following at December 31:

	2021	2020
Land	\$ 58,531	\$ 58,531
Buildings and theatre	8,658,908	7,383,290
Garden	250,557	250,557
Equipment	6,177,925	5,598,986
Vehicles	164,922	164,922
Furniture and fixtures	1,029,053	735,131
Land improvements	6,073,381	1,025,250
Construction-in-progress	42,749	6,209,286
	<u>22,456,026</u>	<u>21,425,953</u>
Less accumulated depreciation	<u>9,644,714</u>	<u>8,772,275</u>
	<u>\$ 12,811,312</u>	<u>\$ 12,653,678</u>

Caramoor's \$5.7 million Visitor Experience Project focused on the outdoor experience. Work included upgrading utility infrastructure, Americans with Disabilities Act accessibility, visitor amenities, building a permanent box office, improving landscaping, and making Friends Field a permanent outdoor venue. Construction-in-progress expenditures incurred on the Visitors Experience Project at Caramoor were placed into service in 2021.

In 2017, Caramoor acquired an asset under a capital lease agreement. The cost of the equipment totals \$80,661 and accumulated amortization totaled \$70,410 and \$55,045 as of December 31, 2021 and 2020.

### 7. Line of Credit

In 2020, Caramoor opened a \$2 million line of credit to pay for capital expenditures for the Visitors Experience Project. The loan is due on demand and has a floating interest rate based on one month LIBOR, but no less than 2.74%. The outstanding balance on the line of credit at December 31, 2021 was \$750,000 and the effective interest rate was 2.74%. The line is collateralized by an interest in Caramoor's investments. On March 18, 2022, the loan was repaid in full.

### 8. Capital Lease Obligation

Caramoor's office equipment lease extends through August 2022. Future minimum lease payments at December 31, 2021 are as follows:

Minimum Lease Payments	\$ 10,872
Less amounts representing interest	<u>(1,908)</u>
Present Value of Minimum Obligations under Capital Leases	<u>\$ 8,964</u>

## Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 9. Liquidity and Availability

Caramoor's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of program revenue. At December 31, 2021, Caramoor has an endowment fund of \$37.9 million, approximately \$2.7 million of which is in a board-designated fund, \$26.6 million in investments to be held in perpetuity and \$8.6 million of accumulated income to be expended per donor restrictions. Caramoor's board designated fund is, at the Board of Trustees' discretion, to be drawn upon in the event of need by Caramoor. The investments held in perpetuity generate income which is used in connection with the donor's wishes.

The following reflects Caramoor's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year of that date because of donor-imposed restrictions or internal designations. Amounts available include the Board approved appropriation from the endowment fund for the following year as well as donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside for operations and other reserves that could be drawn upon if the Board of Trustees approves that action.

Total financial assets available to meet cash needs for general expenditures within one year at December, 31 are as follows:

	2021	2020
Cash and cash equivalents	\$ 381,780	\$ 437,359
Contributions receivables due in one year	246,070	616,432
Other receivables due in one year	295,293	133,165
Investments	39,540,978	34,173,222
Financial assets at year end	40,464,121	35,360,178
Less amounts unavailable for general expenditures due to:		
Perpetual in nature	(26,572,565)	(25,535,616)
Subject to satisfaction of donor purpose and time restrictions	(10,601,713)	(7,680,113)
Board designated funds	(2,731,561)	(2,098,808)
Plus amounts available for general expenditures due to:		
Appropriation from endowment for general expenditure in subsequent year	1,507,854	1,381,493
Financial assets at year end available to meet cash needs for general expenditures	\$ 2,066,136	\$ 1,427,134

As part of Caramoor'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. In addition, Caramoor invests cash in excess of daily requirements in short-term investments. Although Caramoor does not intend to spend from its board designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts could be made available if necessary. In addition, Caramoor has \$1.25 million available on its line of credit as of December 31, 2021.

## Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 10. Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specific purpose		
Capital improvements and maintenance	\$ 2,184,594	\$ 1,473,488
Musical performances	1,534,825	1,126,763
Education	2,456,793	1,941,157
Programs	646,873	756,385
Operations	<u>3,666,456</u>	<u>2,330,151</u>
Total Purpose Restrictions	<u>10,489,541</u>	<u>7,627,944</u>
Subject to the passage of time		
Time restricted	<u>112,172</u>	<u>52,169</u>
Perpetual in nature		
Capital improvements and maintenance	1,628,766	1,628,766
Musical performances	5,400,675	4,775,675
Education	4,561,036	4,147,560
Operations	<u>14,982,088</u>	<u>14,983,615</u>
Total Perpetual in Nature	<u>26,572,565</u>	<u>25,535,616</u>
Total With Donor Restrictions	<u>\$ 37,174,278</u>	<u>\$ 33,215,729</u>

Donor-restricted net assets were released from restrictions for the following purposes during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Operating		
Programs	\$ 303,000	\$ 336,780
Non-operating		
Capital projects	586,584	1,948,328

### 11. Board Designated Funds

Caramoor maintains a reserve fund to be used for future capital improvements and operations amounting to \$2,731,561 and \$2,098,808 at December 31, 2021 and 2020. It is reflected as board designated net assets without donor restrictions on the statements of financial position.

## Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 12. Net Change in Operating Assets and Liabilities

The net change in operating, assets and liabilities reported for cash flow purposes consisted of the following for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Decrease (Increase) in:		
Contributions receivable	\$ 1,038,604	\$ 479,560
Other receivables	(162,128)	(133,165)
Inventory	18,118	(90,471)
Prepaid expenses	32,224	(77,793)
Increase (Decrease) in:		
Accounts payable and accrued expenses	22,079	(392,870)
Deferred revenue	11,893	3,770
	<u>\$ 960,790</u>	<u>\$ (210,969)</u>

### 13. Related Party Transactions

Caramoor's receivables are primarily from its Trustees and other long-standing contributors. Contributions received from Trustees totaled approximately \$3,753,000 and \$3,629,000 in December 31, 2021 and 2020. Receivables from Trustees totaled \$37,500 and \$142,500 at December 31, 2021 and 2020.

### 14. Pension Plan

Caramoor has a defined contribution pension plan covering eligible employees. Effective January 1, 2020, Caramoor changed the structure of the plan. Caramoor matches 100% of the employee's contribution to the plan up to 3% of the employee's compensation. In addition, Caramoor matches 50% of the next 2% contributed by the employee. At the discretion of the Board of Trustees, Caramoor may also contribute up to another 3% of employee compensation. There was no discretionary contribution made in 2021 and 2020. Pension expense for the years ended December 31, 2021 and 2020 totaled \$75,357 and \$86,177.

### 15. Contingencies

From time to time, various claims and litigation generally incident to the conduct of normal business are pending or may arise against Caramoor. In the opinion of management of Caramoor, taking into account insurance coverage, losses, if any, from the resolution of pending litigation should not have a material effect on Caramoor's financial position or results of operations. As of December 31, 2021, management is unaware of any pending litigation.

**Caramoor Center for Music and the Arts, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

**16. Risks and Uncertainties**

The global economic uncertainty associated with the COVID-19 pandemic has resulted in significant volatility in global financial markets. This volatility has affected, and may continue to affect, the value of Caramoor's investments. The effects of economic, political and market conditions subsequent to December 31, 2021 are not reflected in these financial statements, and future effects on Caramoor's financial position, operations and cash flows cannot be predicted due to the uncertainty regarding the duration and scope of the pandemic and other changing market conditions. Through the date the financial statements were available to be issued, Caramoor has experienced losses in the fair value of its investments of approximately 13% of the value reported at December 31, 2021.

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