

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

Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, 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 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 18, 2024

Caramoor Center for Music and the Arts, Inc.

Statements of Financial Position

	December 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 119,349	\$ 191,826
Contributions receivable, net	161,940	291,879
Inventory	56,235	102,768
Prepaid expenses	83,360	71,286
Investments	33,692,389	31,970,653
Property and equipment, net	12,213,228	12,219,252
Art objects	511,370	511,370
	\$ 46,837,871	\$ 45,359,034
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 200,667	\$ 164,892
Deferred revenue	117,042	90,675
Line of credit	990,000	350,000
Total Liabilities	1,307,709	605,567
 Net Assets (Deficit)		
Without donor restrictions		
Undesignated	(478,599)	284,101
Investment in property and equipment	12,213,228	12,219,252
Board designated funds	4,985,084	4,437,008
Total without donor restrictions	16,719,713	16,940,361
With donor restrictions	28,810,449	27,813,106
Total Net Assets	45,530,162	44,753,467
	\$ 46,837,871	\$ 45,359,034

See notes to financial statements

Caramoor Center for Music and the Arts, Inc.

Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Contributions	\$ 1,978,374	\$ -	\$ 1,978,374
Benefit proceeds	1,624,585	-	1,624,585
Ticket sales	1,227,097	-	1,227,097
Distribution for operations from invested funds	1,610,364	-	1,610,364
Contributed non-financial assets	322,295	-	322,295
Shop sales	13,489	-	13,489
Rental	312,487	-	312,487
Interest from cash equivalents	11,245	-	11,245
Net assets released from donor restrictions	541,421	(541,421)	-
Total Operating Revenue	7,641,357	(541,421)	7,099,936
OPERATING EXPENSES			
Program expenses			
Musical performances	3,466,190	-	3,466,190
Rosen House, Gardens and Estate	1,360,451	-	1,360,451
Education	790,162	-	790,162
Total Program Expenses	5,616,803	-	5,616,803
Supporting expenses			
Management and general	1,081,808	-	1,081,808
Fundraising	808,951	-	808,951
Benefit	731,511	-	731,511
Total Supporting Expenses	2,622,270	-	2,622,270
Total Operating Expenses	8,239,073	-	8,239,073
Change in Net Assets from Operations Before Depreciation and Amortization	(597,716)	(541,421)	(1,139,137)
Depreciation and amortization	(958,449)	-	(958,449)
Change in Net Assets from Operations	(1,556,165)	(541,421)	(2,097,586)
OTHER CHANGES IN NET ASSETS			
Total return on investments, net of distribution for operations from invested funds	698,244	1,513,594	2,211,838
Non-operating contributions	-	662,443	662,443
Net assets released from donor restrictions	637,273	(637,273)	-
Change in Net Assets	(220,648)	997,343	776,695
NET ASSETS			
Beginning of year	16,940,361	27,813,106	44,753,467
End of year	\$ 16,719,713	\$ 28,810,449	\$ 45,530,162

See notes to financial statements

Caramoor Center for Music and the Arts, Inc.

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Contributions	\$ 1,965,663	\$ -	\$ 1,965,663
Benefit proceeds	1,739,751	-	1,739,751
Ticket sales	1,158,975	-	1,158,975
Distribution for operations from invested funds	1,507,854	-	1,507,854
Contributed non-financial assets	339,557	-	339,557
Shop sales	14,589	-	14,589
Rental	230,290	-	230,290
Interest from cash equivalents	11,005	-	11,005
Net assets released from donor restrictions	<u>434,021</u>	<u>(434,021)</u>	<u>-</u>
Total Operating Revenue	<u>7,401,705</u>	<u>(434,021)</u>	<u>6,967,684</u>
OPERATING EXPENSES			
Program expenses			
Musical performances	3,385,346	-	3,385,346
Rosen House, Gardens and Estate	1,326,760	-	1,326,760
Education	<u>743,166</u>	<u>-</u>	<u>743,166</u>
Total Program Expenses	<u>5,455,272</u>	<u>-</u>	<u>5,455,272</u>
Supporting expenses			
Management and general	958,293	-	958,293
Fundraising	894,031	-	894,031
Benefit	<u>704,432</u>	<u>-</u>	<u>704,432</u>
Total Supporting Expenses	<u>2,556,756</u>	<u>-</u>	<u>2,556,756</u>
Total Operating Expenses	<u>8,012,028</u>	<u>-</u>	<u>8,012,028</u>
Change in Net Assets from Operations Before Depreciation and Amortization	(610,323)	(434,021)	(1,044,344)
Depreciation and amortization	<u>(957,478)</u>	<u>-</u>	<u>(957,478)</u>
Change in Net Assets from Operations	(1,567,801)	(434,021)	(2,001,822)
OTHER CHANGES IN NET ASSETS			
Total loss on investments, net of distribution for operations from invested funds	(843,176)	(6,129,822)	(6,972,998)
Non-operating contributions	-	558,000	558,000
Net assets released from donor restrictions	<u>3,355,329</u>	<u>(3,355,329)</u>	<u>-</u>
Change in Net Assets	944,352	(9,361,172)	(8,416,820)
NET ASSETS			
Beginning of year	<u>15,996,009</u>	<u>37,174,278</u>	<u>53,170,287</u>
End of year	<u>\$ 16,940,361</u>	<u>\$ 27,813,106</u>	<u>\$ 44,753,467</u>

See notes to financial statements

Caramoor Center for Music and the Arts, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services				Supporting Services				
	Musical Performances	Rosen House, Gardens and Estate	Education	Total	Management and General	Fundraising	Benefit	Total	Total
Salaries	\$ 691,219	\$ 655,532	\$ 347,837	\$ 1,694,588	\$ 503,213	\$ 465,901	\$ 109,574	\$ 1,078,688	\$ 2,773,276
Employee benefits	76,214	107,832	40,319	224,365	137,183	27,142	6,839	171,164	395,529
Payroll taxes	61,742	49,217	26,468	137,427	35,322	31,276	9,583	76,181	213,608
Payroll processing	-	-	-	-	26,033	-	-	26,033	26,033
Accounting and legal	-	-	-	-	52,166	1,323	-	53,489	53,489
Advertising	329,354	19,100	15,777	364,231	6	20,716	2,181	22,903	387,134
Bank and credit card charges	33,958	5,659	1,887	41,504	32,219	29,820	7,546	69,585	111,089
Brochures and programs	113,430	3,047	8,630	125,107	935	24,007	11,453	36,395	161,502
Donated items for auction and program events	181,330	3,332	-	184,662	33,718	19,959	124,199	177,876	362,538
Shop merchandise and supplies	-	15,409	-	15,409	-	-	-	-	15,409
Utilities	49,118	80,006	33,083	162,207	8,152	8,152	8,271	24,575	186,782
Equipment rental, repairs, and maintenance	414,144	256,938	32,310	703,392	67,249	107,411	132,786	307,446	1,010,838
Fees - artists	963,958	6,300	158,713	1,128,971	1,000	2,500	42,500	46,000	1,174,971
Fees - consultants	-	4,250	-	4,250	101,478	5,500	-	106,978	111,228
Fees - press agents	55,303	5,282	4,816	65,401	-	-	1,916	1,916	67,317
Fees - technical staff	177,098	9,149	27,263	213,510	-	88	26,515	26,603	240,113
Food and beverage	68,244	974	21,229	90,447	17,986	29,187	186,908	234,081	324,528
Insurance - other	69,866	69,436	35,797	175,099	26,549	9,197	-	35,746	210,845
Meetings and entertainment	2,226	51	-	2,277	2,535	347	-	2,882	5,159
Postage and supplies	16,924	2,836	987	20,747	24,601	12,660	1,809	39,070	59,817
Production	71,424	18,018	4,289	93,731	1,200	2,501	50,315	54,016	147,747
Promotions	5,816	-	343	6,159	-	5,054	6,217	11,271	17,430
Restoration	-	32,580	-	32,580	-	-	-	-	32,580
Security systems	20,841	6,752	5,575	33,168	2,088	-	300	2,388	35,556
Space rentals	1,440	160	-	1,600	-	-	-	-	1,600
Telephone	14,868	6,459	4,869	26,196	3,263	5,848	1,623	10,734	36,930
Travel and accommodations	47,673	2,132	19,970	69,775	4,912	262	976	6,150	75,925
Bad debt expense	-	-	-	-	-	100	-	100	100
Total Operating Expenses	3,466,190	1,360,451	790,162	5,616,803	1,081,808	808,951	731,511	2,622,270	8,239,073
Depreciation and amortization	191,690	287,534	191,690	670,914	95,845	95,845	95,845	287,535	958,449
Totals	\$ 3,657,880	\$ 1,647,985	\$ 981,852	\$ 6,287,717	\$ 1,177,653	\$ 904,796	\$ 827,356	\$ 2,909,805	\$ 9,197,522

See notes to financial statements

Caramoor Center for Music and the Arts, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services				Total
	Musical Performances	Rosen House, Gardens and Estate	Education	Total	Management and General	Fundraising	Benefit	Total	
Salaries	\$ 718,796	\$ 636,934	\$ 341,266	\$ 1,696,996	\$ 501,939	\$ 476,431	\$ 97,550	\$ 1,075,920	\$ 2,772,916
Employee benefits	79,994	102,981	44,058	227,033	97,053	46,918	8,712	152,683	379,716
Payroll taxes	60,896	46,913	25,401	133,210	33,928	34,070	8,568	76,566	209,776
Payroll processing	-	-	-	-	20,061	-	-	20,061	20,061
Accounting and legal	-	-	-	-	59,882	-	-	59,882	59,882
Advertising	303,174	14,531	17,244	334,949	179	12,423	4,280	16,882	351,831
Bank and credit card charges	32,673	5,040	1,680	39,393	2,075	27,482	6,820	36,377	75,770
Brochures and programs	108,084	3,231	11,235	122,550	970	30,935	14,544	46,449	168,999
Donated items for auction and program events	196,920	-	-	196,920	6,933	11,410	116,017	134,360	331,280
Shop merchandise and supplies	-	12,718	-	12,718	-	-	-	-	12,718
Utilities	46,494	70,078	27,656	144,228	6,783	6,627	6,733	20,143	164,371
Equipment rental, repairs, and maintenance	377,877	286,715	38,403	702,995	49,177	100,529	159,353	309,059	1,012,054
Fees - artists	947,909	3,750	112,040	1,063,699	-	2,000	37,500	39,500	1,103,199
Fees - consultants	-	300	13,500	13,800	116,537	48,178	-	164,715	178,515
Fees - press agents	52,115	5,035	4,490	61,640	-	-	1,860	1,860	63,500
Fees - technical staff	148,185	12,711	22,496	183,392	-	45	18,943	18,988	202,380
Food and beverage	61,032	1,810	20,571	83,413	7,513	24,090	160,133	191,736	275,149
Insurance - other	64,276	62,097	32,580	158,953	19,453	8,444	-	27,897	186,850
Meetings and entertainment	3,390	25	43	3,458	2,231	119	-	2,350	5,808
Postage and supplies	31,665	3,308	2,345	37,318	24,884	12,380	1,782	39,046	76,364
Production	65,779	10,485	7,861	84,125	185	2,613	43,682	46,480	130,605
Promotions	4,228	-	507	4,735	-	9,102	10,903	20,005	24,740
Restoration	-	31,299	-	31,299	-	-	-	-	31,299
Security systems	15,809	5,601	3,419	24,829	1,982	-	563	2,545	27,374
Space rentals	3,525	-	-	3,525	-	-	2,934	2,934	6,459
Telephone	22,960	10,970	8,529	42,459	4,234	10,235	2,843	17,312	59,771
Travel and accommodations	39,565	228	7,842	47,635	2,294	-	712	3,006	50,641
Bad debt expense	-	-	-	-	-	30,000	-	30,000	30,000
Total Operating Expenses	3,385,346	1,326,760	743,166	5,455,272	958,293	894,031	704,432	2,556,756	8,012,028
Depreciation and amortization	191,496	287,243	191,496	670,235	95,748	95,747	95,748	287,243	957,478
Totals	\$ 3,576,842	\$ 1,614,003	\$ 934,662	\$ 6,125,507	\$ 1,054,041	\$ 989,778	\$ 800,180	\$ 2,843,999	\$ 8,969,506

See notes to financial statements

Caramoor Center for Music and the Arts, Inc.

Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 776,695	\$ (8,416,820)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	958,449	957,478
Bad debt expense	100	30,000
Net realized loss on sale of investments	280,844	519,711
Unrealized (appreciation) depreciation on investments	(3,289,444)	5,596,644
Donated stock	(385,357)	(285,126)
Contributions restricted for capital and endowment	(662,443)	(558,000)
Net change in operating assets and liabilities	44,751	603,687
Net Cash from Operating Activities	(2,276,405)	(1,552,426)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	16,057,684	17,170,089
Purchase of investments	(14,385,463)	(15,430,993)
Purchase of property and equipment	(921,735)	(365,418)
Net Cash from Investing Activities	750,486	1,373,678
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from contributions restricted for capital and endowment	813,442	397,758
Proceeds (payments) from/to line of credit, net	640,000	(400,000)
Principal payments on capital lease	-	(8,964)
Net Cash from Financing Activities	1,453,442	(11,206)
Net Change in Cash and Cash Equivalents	(72,477)	(189,954)
CASH AND CASH EQUIVALENTS		
Beginning of year	191,826	381,780
End of year	\$ 119,349	\$ 191,826
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 25,556	\$ 5,137
Non-cash Investing and Financing Activities		
Acquisition of property and equipment financed with accounts payable and accrued expenses	30,690	-

See notes to financial statements

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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 statements 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, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Operating Measure

Caramoor has elected to present an operating measure in its statements 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 at December 31, 2023 and 2022. 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.

Contributions and Contributions Receivable

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 Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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

Contributions and Contributions Receivable (continued)

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.

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 in excess of \$5,000 and have estimated useful lives longer than one year. Caramoor depreciates its long-lived tangible assets, except those designated as works of art, using the straight-line method. Capitalized construction costs related to costs incurred in the pre-construction phase of the project are added to the cost of the underlying assets.

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 year of disposition. The cost of maintenance and repairs is charged to expense as incurred.

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.

Deferred Revenue

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

Contributed Nonfinancial Assets and Services

Contributed nonfinancial assets are recorded at their fair value in the year received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically be purchased if not provided by donation, are recorded.

Caramoor recognized the following nonfinancial assets for the years ended December 31:

	2023	2022	Utilization in Program/Activities	Valuation Techniques
Contributed items for advertising, promotional and marketing	\$ 184,662	\$ 196,920	Program	Estimated fair value based on current rates
Contributed items for consumption, or auctions in relation to benefits	<u>137,633</u>	<u>142,637</u>	Fundraising	Estimated fair value based on similar items sold
	<u>\$ 322,295</u>	<u>\$ 339,557</u>		

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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

Contributed Nonfinancial Assets and Services (continued)

The contributed assets received in the years ended December 31, 2023 and 2022 are donor restricted for program and fundraising.

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 office and administrative expenses which include depreciation, equipment rentals, repairs, maintenance, utilities, insurance 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.

Reclassifications

Certain amounts for 2022 have been reclassified to conform with the 2023 financial statement presentation. These reclassifications had no effect on the previously reported net assets or change in net assets.

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 18, 2024.

3. Concentrations of Credit Risk

Financial instruments that potentially subject Caramoor to concentrations of credit and market risk consist primarily of cash and cash equivalents held on deposit with financial institutions and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times, cash balances may exceed the FDIC and/or the SIPC limit.

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

3. Concentrations of Credit Risk *(continued)*

Amounts in excess of FDIC insurance totaled approximately \$48,000 and \$745,000 at December 31, 2023 and 2022. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk. At December 31, 2023 and 2022, Caramoor's uninsured investment holdings totaled approximately \$32,366,000 and \$29,264,000.

Alternative investments consist of non-traditional, not readily available marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds and private equity 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.

4. Contributions Receivable

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

	2023	2022
Due in one year or less	\$ 173,115	\$ 193,054
Due in two or more years	-	110,000
	173,115	303,054
Allowance for uncollectable pledges	(11,175)	(11,175)
Total Contributions Receivable, net	<u>\$ 161,940</u>	<u>\$ 291,879</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.

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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

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 five percent per annum.

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 2023 and 2022, the Board approved distributions based on five percent of the investments fair value for the previous twelve quarters ending September 30th. In addition, with the approval of the Board of Trustees, Caramoor has used Board designated quasi-endowment funds for operating and capital purposes.

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

5. Endowments, Investments and Investment Return (continued)

Spending Rate Methods (continued)

The following is a reconciliation of the activity in the endowment funds for 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2022	\$ 4,437,008	\$ 26,746,292	\$ 31,183,300
Contributions and pledge collections	-	13,851	13,851
Transfer from Board designated quasi-endowment	<u>(285,271)</u>	<u>285,271</u>	<u>-</u>
Subtotal	<u>(285,271)</u>	<u>299,122</u>	<u>13,851</u>
Investment income, net	210,727	594,513	805,240
Unrealized capital appreciation	<u>787,291</u>	<u>2,221,141</u>	<u>3,008,432</u>
Total Investment Income	998,018	2,815,654	3,813,672
Amount appropriated for expenditure	<u>(164,671)</u>	<u>(1,445,693)</u>	<u>(1,610,364)</u>
Total return on endowment fund investments net of distribution for operations	<u>833,347</u>	<u>1,369,961</u>	<u>2,203,308</u>
Balance, December 31, 2023	<u>\$ 4,985,084</u>	<u>\$ 28,415,375</u>	<u>\$ 33,400,459</u>
Comprised of the following:			
Donor-restricted funds	\$ -	\$ 28,415,375	\$ 28,415,375
Board designated funds	4,985,084	-	<u>4,985,084</u>
			33,400,459
Investments not considered endowments			<u>291,930</u>
Total Investments			<u>\$ 33,692,389</u>

Due to unfavorable market fluctuations during the year ended December 31, 2023, the fair value of assets associated with certain newer individual donor-restricted endowment funds declined below the dollar value of the donors' original restricted contributions. There were six funds with deficiencies totaling \$135,272 at December 31, 2023.

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

5. Endowments, Investments and Investment Return (continued)

Spending Rate Methods (continued)

The following is a reconciliation of the activity in the endowment funds for 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2021	\$ 2,731,561	\$ 35,163,771	\$ 37,895,332
Contributions and pledge collections	-	266,600	266,600
Transfer to Board designated quasi-endowment	<u>2,549,835</u>	<u>(2,549,835)</u>	<u>-</u>
Subtotal	<u>2,549,835</u>	<u>(2,283,235)</u>	<u>266,600</u>
Investment income, net	83,627	561,950	645,577
Unrealized capital depreciation	<u>(792,301)</u>	<u>(5,324,054)</u>	<u>(6,116,355)</u>
Total Investment Loss	(708,674)	(4,762,104)	(5,470,778)
Amount appropriated for expenditure	<u>(135,714)</u>	<u>(1,372,140)</u>	<u>(1,507,854)</u>
Total return on endowment fund investments net of distribution for operations	<u>(844,388)</u>	<u>(6,134,244)</u>	<u>(6,978,632)</u>
Balance, December 31, 2022	<u>\$ 4,437,008</u>	<u>\$ 26,746,292</u>	<u>\$ 31,183,300</u>
Comprised of the following:			
Donor-restricted funds	\$ -	\$ 26,746,292	\$ 26,746,292
Board designated funds	4,437,008	-	<u>4,437,008</u>
			31,183,300
Investments not considered endowments			<u>787,353</u>
Total Investments			<u>\$ 31,970,653</u>

Investments and Investment Return

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	2023	2022
Level 1 Investments		
Equity securities	\$ 17,999,295	\$ 16,046,422
Fixed income securities	6,150,387	6,255,912
Cash equivalents	<u>304,057</u>	<u>419,255</u>
Total Level 1 Investments	<u>24,453,739</u>	<u>22,721,589</u>
Level 2 Investments		
Fixed income securities	1,174,350	631,172
Investments not included in the fair value heirarchy		
Alternative investments	7,359,804	7,173,663
Invested cash, at cost	<u>704,496</u>	<u>1,444,229</u>
Total Investments	<u>\$ 33,692,389</u>	<u>\$ 31,970,653</u>

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

5. Endowments, Investments and Investment Return (continued)

Investments and Investment Return (continued)

There were no transfers in or out of Levels 1, 2 or 3 of the fair value hierarchy for the years ended December 31, 2023 and 2022.

As discussed in Note 2, investments that are measured using NAV as the practical expedient are not classified with the fair value hierarchy.

Information regarding alternative investments measured at NAV using the practical expedient at December 31, 2023, is as follows:

		<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Eligible)</u>	<u>Redemption Notice Period</u>
Hedge fund	a	\$ 551,092	\$ -	Daily	1 day
Hedge fund	b	1,018,728	-	Monthly	90 days
Hedge fund	c	925,312	-	Monthly	90 days
Hedge fund	d	460,659	-	Quarterly	30 days
Hedge fund	c	878,693	-	Quarterly	45 days
Hedge fund	b	633,580	-	Quarterly	60 - 65 days
Private equity partnerships	e	2,821,414	1,872,798	N/A	N/A
Private equity funds	f	10,149	-	N/A	N/A
Real estate funds	g	60,177	-	N/A	N/A
		<u>\$ 7,359,804</u>	<u>\$ 1,872,798</u>		

- a. The investment objective is to focus on managed futures and foreign exchanges.
- 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.

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

5. Endowments, Investments and Investment Return (continued)

Investments and Investment Return (continued)

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 redemption. 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 (loss) is calculated as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends from investments	\$ 956,883	\$ 809,389
Investment fees	(143,281)	(158,178)
Net realized loss on sale of investments	(280,844)	(519,711)
Net unrealized appreciation (depreciation) on investments	<u>3,289,444</u>	<u>(5,596,644)</u>
	<u>\$ 3,822,202</u>	<u>\$ (5,465,144)</u>
Total return on investments is reflected in the statement of activities as follows:		
Distribution for operations from investment funds	\$ 1,610,364	\$ 1,507,854
Total return (loss) on investments net of distribution for operations from investment funds	<u>2,211,838</u>	<u>(6,972,998)</u>
	<u>\$ 3,822,202</u>	<u>\$ (5,465,144)</u>

6. Property and Equipment

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

	Useful Life (Years)	<u>2023</u>	<u>2022</u>
Land	-	\$ 58,531	\$ 58,531
Buildings and theatre	15-50	8,763,743	8,691,527
Garden	15-50	250,557	250,557
Equipment	3-25	6,727,874	6,292,970
Vehicles	4-5	164,922	164,922
Furniture and fixtures	5-10	1,033,086	1,029,053
Land improvements	10	6,085,681	6,085,681
Construction in progress	-	<u>689,478</u>	<u>248,206</u>
		23,773,872	22,821,447
Accumulated depreciation and amortization		<u>(11,560,644)</u>	<u>(10,602,195)</u>
		<u>\$ 12,213,228</u>	<u>\$ 12,219,252</u>

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

6. Property and Equipment (continued)

Construction in progress costs at December 31, 2023 consist of work on the Venetian Theater, land improvements and pavilion complex that is expected to be completed in 2024. Construction in progress costs at December 31, 2022 consisted of work on the Venetian Theater generator and WiFi expansion projects.

7. Deferred Revenue

Deferred revenue represents contract liabilities for ticket sales. At December 31, balances totaled:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred revenue	<u>\$ 117,042</u>	<u>\$ 90,675</u>	<u>\$ 93,154</u>

8. Line of Credit

Caramoor maintains a \$1 million line of credit with Morgan Stanley. The line of credit expires on October 4, 2024, is renewable annually and bears a variable interest rate. The outstanding balance on the line of credit was \$990,000 and \$350,000 and the interest rate was 7.20855% and 5.89113% at December 31, 2023 and 2022. The line of credit is collateralized by an interest in Caramoor's investments (see Note 10).

9. Liquidity and Availability of Financial Assets

Caramoor's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of program revenue. At December 31, 2023, Caramoor has an endowment fund of \$33.4 million, approximately \$5 million of which is in a board-designated fund, \$24.8 million in investments to be held in perpetuity and \$3.6 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 at December 31, 2023 and 2022, 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.

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

9. Liquidity and Availability of Financial Assets (continued)

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 119,349	\$ 191,826
Contributions receivable due in one year	173,115	193,054
Investments	<u>33,692,389</u>	<u>31,970,653</u>
Financial assets at year end	33,984,853	32,355,533
Less amounts not available for general expenditures due to:		
Perpetual in nature	(24,342,655)	(24,253,766)
Subject to satisfaction of donor purpose and time restrictions	(4,467,794)	(3,559,340)
Board designated funds	(4,985,084)	(4,437,008)
Plus amounts available for general expenditures due to:		
Appropriation from endowment for general expenditures in subsequent year	<u>1,678,349</u>	<u>1,610,364</u>
Financial assets at year end available to meet cash needs for general expenditures	<u>\$ 1,867,669</u>	<u>\$ 1,715,783</u>

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 \$10,000 available on its line of credit at December 31, 2023.

10. Board Designated Funds

Caramoor maintains a reserve fund to be used for future capital improvements and operations amounting to \$4,985,084 and \$4,437,008 at December 31, 2023 and 2022. It is reflected as board designated net assets without donor restrictions on the statements of financial position. At December 31, 2023, board designated net assets totaling \$2,971,954 were used to collateralize the line of credit (see Note 8).

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

11. Net Assets With Donor Restrictions

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

	2023	2022
Subject to expenditure for a specific purpose:		
Capital improvements and maintenance	\$ 959,860	\$ 999,178
Musical performances	688,503	492,795
Education	1,617,599	1,284,837
Programs	79,279	444,259
Operations	1,085,847	271,076
Total Purpose Restrictions	4,431,088	3,492,145
Subject to the passage of time		
Time restricted	36,706	67,195
Perpetual in nature		
Capital improvements and maintenance	1,628,766	1,628,766
Musical performances	5,628,175	5,539,675
Education	4,578,627	4,578,237
Operations	12,507,087	12,507,088
Total Perpetual in Nature	24,342,655	24,253,766
Total With Donor Restrictions	\$ 28,810,449	\$ 27,813,106

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

	2023	2022
Operating		
Programs	\$ 541,421	\$ 434,021
Non-operating		
Capital projects	637,273	3,355,329

Caramoor Center for Music and the Arts, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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 years ended December 31:

	<u>2023</u>	<u>2022</u>
Decrease (Increase) in:		
Contributions receivable	\$ (21,160)	\$ 283,258
Other receivables	-	295,293
Inventory	46,533	(15,502)
Prepaid expenses	(12,074)	(1,777)
Increase (Decrease) in:		
Accounts payable and accrued expenses	5,085	44,894
Deferred revenue	<u>26,367</u>	<u>(2,479)</u>
	<u>\$ 44,751</u>	<u>\$ 603,687</u>

13. Related Party Transactions

Caramoor's contributions are primarily from its Trustees and other long-standing donors. Contributions received from Trustees totaled approximately \$2,710,000 and \$2,590,000 in 2023 and 2022. Receivables from Trustees totaled \$25,000 and \$0 at December 31, 2023 and 2022.

14. Pension Plan

Caramoor has a defined contribution pension plan covering eligible employees. 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 2023 and 2022. Pension expense for the years ended December 31, 2023 and 2022 totaled \$70,164 and \$60,813.

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 changes in net assets. At December 31, 2023, management is unaware of any pending litigation.

16. Subsequent Events

Caramoor closed the line of credit (see Note 8) on June 21, 2024.

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