



**(A Nonprofit Organization)**

**FINANCIAL STATEMENTS**

**Years Ended July 31, 2022 and 2021**



**BRADY WARE**  
**& SCHOENFELD**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
**Atlanta Music Project, Inc.**

### Opinion

We have audited the accompanying financial statements of **Atlanta Music Project, Inc.** (a nonprofit organization), which comprise the statements of financial position as of July 31, 2022 and 2021, 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 **Atlanta Music Project, Inc.** as of July 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our 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 **Atlanta Music Project, Inc.** 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 **Atlanta Music Project, Inc.'s** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT - CONTINUED

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### 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.

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 **Atlanta Music Project, Inc.'s** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Atlanta Music Project, Inc.'s** ability to continue as a going concern for a reasonable period of time.

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



Atlanta, Georgia  
May 22, 2023

**ATLANTA MUSIC PROJECT, INC.****STATEMENTS OF FINANCIAL POSITION**

July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,896,902	\$ 3,594,537
Grants receivable	339,435	179,000
Prepaid expenses	6,700	-
Promises to give	<u>-</u>	<u>212,729</u>
Total current assets	2,243,037	3,986,266
PROPERTY AND EQUIPMENT, NET	1,455,907	1,599,358
INVESTMENTS	<u>1,004,419</u>	<u>-</u>
	<b><u>\$ 4,703,363</u></b>	<b><u>\$ 5,585,624</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 10,426	\$ 1,707
Accrued expenses	<u>50,635</u>	<u>28,747</u>
Total current liabilities	61,061	30,454
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	3,317,302	4,725,743
Designated	<u>1,250,000</u>	<u>-</u>
	4,567,302	4,725,743
With donor restrictions:		
Purpose restrictions	<u>75,000</u>	<u>829,427</u>
Total net assets	<u>4,642,302</u>	<u>5,555,170</u>
	<b><u>\$ 4,703,363</u></b>	<b><u>\$ 5,585,624</u></b>

See notes to financial statements.

**ATLANTA MUSIC PROJECT, INC.****STATEMENT OF ACTIVITIES**

Year Ended July 31, 2022

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Corporate funding	\$ 96,995	\$ -	\$ 96,995
Capital campaign	7,271	1,100	8,371
Government grants	315,600	-	315,600
Foundation grants	337,225	45,000	382,225
Program fees	31,851	-	31,851
Contributions of nonfinancial assets	34,308	-	34,308
Individual donations	226,268	2,916	229,184
Other revenue	18,848	-	18,848
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>803,443</u>	<u>(803,443)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>1,871,809</u>	<u>(754,427)</u>	<u>1,117,382</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services	1,398,305	-	1,398,305
Management and general	484,777	-	484,777
Fundraising	<u>147,168</u>	<u>-</u>	<u>147,168</u>
Total functional expenses	<u>2,030,250</u>	<u>-</u>	<u>2,030,250</u>
<b>CHANGE IN NET ASSETS</b>	(158,441)	(754,427)	(912,868)
<b>NET ASSETS</b>			
Beginning of year	<u>4,725,743</u>	<u>829,427</u>	<u>5,555,170</u>
End of year	<u>\$ 4,567,302</u>	<u>\$ 75,000</u>	<u>\$ 4,642,302</u>

See notes to financial statements.

**ATLANTA MUSIC PROJECT, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended July 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Corporate funding	\$ 61,533	\$ -	\$ 61,533
Capital campaign	-	15,155	15,155
Government grants	230,000	-	230,000
Foundation grants	279,995	150,000	429,995
Program fees	20,023	-	20,023
Contributions of nonfinancial assets	15,400	-	15,400
Individual donations	3,427,998	-	3,427,998
Other revenue	1,058	-	1,058
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>67,379</u>	<u>(67,379)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>4,103,386</u>	<u>97,776</u>	<u>4,201,162</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services	829,752	-	829,752
Management and general	256,734	-	256,734
Fundraising	<u>94,549</u>	<u>-</u>	<u>94,549</u>
Total functional expenses	<u>1,181,035</u>	<u>-</u>	<u>1,181,035</u>
<b>CHANGE IN NET ASSETS</b>	2,922,351	97,776	3,020,127
<b>NET ASSETS</b>			
Beginning of year	<u>1,803,392</u>	<u>731,651</u>	<u>2,535,043</u>
End of year	<u>\$ 4,725,743</u>	<u>\$ 829,427</u>	<u>\$ 5,555,170</u>

**ATLANTA MUSIC PROJECT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended July 31, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries - officers	\$ 130,000	\$ 91,250	\$ 38,750	\$ 260,000
Salaries - teaching artists	283,403	-	-	283,403
Salaries - other	381,150	128,752	44,209	554,111
Payroll taxes and related	79,211	51,897	27,313	158,421
Instruments and music supplies	15,628	-	-	15,628
Summer Series lunches	2,359	-	-	2,359
Musical events	93,380	-	-	93,380
Evaluations	58,000	-	-	58,000
Scholarship awards	50,000	-	-	50,000
Professional fees	32,791	45,933	15,357	94,081
Advertising and promotion	-	5,326	-	5,326
Website	1,424	712	-	2,136
Insurance	36,244	5,031	-	41,275
Office expenses	50,994	89,094	-	140,088
Storage	10,892	-	-	10,892
Travel and meetings	5,576	784	-	6,360
Bank charges	-	2,448	-	2,448
Fundraising	-	-	21,539	21,539
Occupancy	20,100	60,300	-	80,400
Bad debt	-	3,250	-	3,250
Depreciation	147,153	-	-	147,153
	<u>1,398,305</u>	<u>484,777</u>	<u>147,168</u>	<u>2,030,250</u>
Total expenses	\$ 1,398,305	\$ 484,777	\$ 147,168	\$ 2,030,250
Percent	<u>72%</u>	<u>21%</u>	<u>7%</u>	<u>100%</u>



**ATLANTA MUSIC PROJECT, INC.****STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended July 31, 2021

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries - officers	\$ 84,736	\$ 62,043	\$ 22,692	\$ 169,471
Salaries - teaching artists	157,960	-	-	157,960
Salaries - other	231,229	79,399	31,586	342,214
Payroll taxes and related	44,132	27,681	16,451	88,264
Instruments and music supplies	6,023	-	-	6,023
Musical events	14,192	-	-	14,192
Evaluations	2,314	-	-	2,314
Professional fees	22,763	16,250	7,610	46,623
Advertising and promotion	598	-	-	598
Website	3,551	1,776	-	5,327
Insurance	29,776	4,133	-	33,909
Office expenses	44,240	25,573	-	69,813
Storage	9,470	-	-	9,470
Travel and meetings	99	704	-	803
Fundraising	-	-	16,210	16,210
Occupancy	39,175	39,175	-	78,350
Depreciation	139,494	-	-	139,494
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	\$ 829,752	\$ 256,734	\$ 94,549	\$ 1,181,035
	<hr/>	<hr/>	<hr/>	<hr/>
Percent	70%	22%	8%	100%

See notes to financial statements.

**ATLANTA MUSIC PROJECT, INC.****STATEMENTS OF CASH FLOWS**

Years Ended July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (912,868)	\$ 3,020,127
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	<u>147,153</u>	<u>139,494</u>
	<b>(765,715)</b>	3,159,621
Changes in operating assets and liabilities:		
Grants receivable	<b>(160,435)</b>	(179,000)
Prepaid expenses	<b>(6,700)</b>	-
Promises to give	<b>212,729</b>	378,426
Accounts payable	<b>8,719</b>	(42,498)
Accrued expenses	<b>21,888</b>	(493)
Bank overdraft	<u>-</u>	<u>(2,021)</u>
Net cash and cash equivalents provided (used) by operating activities	<b>(689,514)</b>	3,314,035
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<b>(3,702)</b>	(58,667)
Purchases of investments	<u><b>(1,004,419)</b></u>	<u>-</u>
Net cash and cash equivalents used by investing activities	<u><b>(1,008,121)</b></u>	<u>(58,667)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,697,635)</b>	3,255,368
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u><b>3,594,537</b></u>	<u>339,169</u>
End of year	<u><b>\$ 1,896,902</b></u>	<u>\$ 3,594,537</u>

See notes to financial statements.

## ATLANTA MUSIC PROJECT, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Atlanta Music Project, Inc.** ("the Organization") is a Georgia non-profit organization established to operate in under-resourced communities to provide world-class music training and performance opportunities that support youth growth and development in the Metropolitan Atlanta area. The Organization also provides after-school partnership sites in band, orchestra, and choir; a preparatory music school; private lessons; summer series and youth orchestra a choir programs; college and career support and scholarships. The Organization's activities are supported primarily through public and private grants and other means of public support.

**Basis of Presentation** - The financial statement presentation follows the recommendations of generally accepted accounting principles. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net Assets With Donor Restrictions** - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization does not have any net assets with donor restrictions that are perpetual in nature as of July 31, 2022 and 2021.

**Financial Estimates** - The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities are summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, travel, advertising, and insurance are allocated based on estimates of time and effort, and occupancy and related expenses are allocated based on estimates of direct usage. All other expenses are allocated based on direct identification.

**Contributions and Revenue** - Contributions received are recorded as support and revenue without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional grants are recorded as revenue in the year the conditions are met. The continuation of the grants is subject to certain requirements.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The Organization recognized revenue for certain services received at the fair value of those services. These services include professional services that require specialized skill and services that create a non-financial asset. For the years ended July 31, 2022 and 2021, the Organization recognized \$700 and \$12,200 for professional services. The Organization receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition have not been satisfied. Donations of equipment and investments are recorded as contributions at their estimated fair value at the date of donation.

**Concentration of Credit Risk** - Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization's investment policies provide for the investment of excess cash balances in deposits with major institutions and in other high quality short-term liquid money market instruments. The Organization maintains cash balances at various financial institutions. At various times during 2022 and 2021, the cash balance was in excess of FDIC insured limits.

The exposure to concentrations of credit risk relative to the Organization's investments is limited due to the Organization's investment objectives and policies which require, among other things, that securities be diversified, meet certain quality criteria, and utilize only high credit quality institutions for investments. The investments are not insured for market risk.

**Cash and Cash Equivalents** - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents" with the exception of those held within its investment portfolio.

**Investments** - Investments in marketable securities with readily determinable fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets.

**Property and Equipment** - Property and equipment are stated at cost and depreciated over its estimated useful lives using the straight-line or double declining method. Routine repairs and maintenance are charged to expense when incurred and renewals and betterments are capitalized. When property and equipment are retired or sold, the related cost and accumulated depreciation are removed from the respective accounts, and the resulting gains and losses are included in income.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at July 31, 2022 and 2021.

**Income Taxes** - The Organization is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is presented in these financial statements. The Organization is not considered to be a private foundation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Uncertainty in Tax Positions*** - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of July 31, 2022.

***Recently Issued Accounting Standards Not Yet Adopted*** - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for fiscal year ending July 31, 2023. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

***Subsequent Events*** - The Organization has evaluated subsequent events through May 22, 2023, the date the financial statements were available to be issued.

**NOTE 2 - REVENUE RECOGNITION**

The Organization derives its revenue primarily from contributions, grants and program fees. Contributions and grants are accounted for under contribution guidance established by ASU 2018-08. Program fees are recognized over time as the benefits from music related instruction is provided, in amounts that reflect the consideration the Organization expects to be entitled to and in exchange for the value provided from the instruction. Incidental items that are immaterial in the context of the contracts are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

The Organization's contracts are cancelable at any time by either party. The Organization's standard payment terms for programs are typically due at the time of registration for the program. The Organization does not have any significant financing components. There is no variable consideration related to services provided.

**ATLANTA MUSIC PROJECT, INC.****NOTES TO FINANCIAL STATEMENTS****NOTE 3 - LIQUIDITY AND AVAILABILITY**

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets less those unavailable for general expenditure within one year.

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 1,896,902	\$ 3,594,537
Grants receivable	339,435	179,000
Promises to give	-	212,729
Investments	<u>1,004,419</u>	<u>-</u>
	<b>3,240,756</b>	3,986,266
Less those available for general expenditure within one year:		
Purpose restrictions	75,000	829,427
Investments designated for AMP Endowment Fund	1,000,000	-
Cash designated for Operating Reserve Fund	<u>250,000</u>	<u>-</u>
Financial assets available within one year of statement of financial position date for general expenditure	<u><b>\$ 1,915,756</b></u>	<u><b>\$ 3,156,839</b></u>

In addition to financial assets available to meet general expenditures over the year, the Organization expects to cover its general expenditures by collecting revenue from new contributions, grants and program fees.

**NOTE 4 - PROMISES TO GIVE**

In 2021, promises to give consisted of \$141,196 net of present value discount of \$3,804 expected to be collected in connection with the Next Movement Capital Campaign and includes provisions for funding and financial sustainability, which comprises an operating reserve and endowment fund. Additionally, promises to give includes the final balance due of \$71,533, net of present value discount of \$3,467, in connection with a three year operating grant.

Discount rates ranging from 1.59% to 2.53% were applied to contributions receivable in prior years. Promises to give were collected in full in 2022.

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

	<u>2022</u>	<u>2021</u>
Musical performance staging and equipment	\$ 547,500	\$ 547,500
Musical instruments	177,549	173,847
Leasehold improvements	1,070,747	1,070,747
Furniture and fixtures	78,006	78,006
Computer equipment	10,381	10,381
Vehicle	<u>99,891</u>	<u>99,891</u>
Total cost	<b>1,984,074</b>	1,980,372
Less accumulated depreciation	<u>528,167</u>	<u>381,014</u>
	<u><b>\$ 1,455,907</b></u>	<u><b>\$ 1,599,358</b></u>

**ATLANTA MUSIC PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5 - PROPERTY AND EQUIPMENT - CONTINUED**

Depreciation expense was \$147,153 and \$139,494 for the years 2022 and 2021.

**NOTE 6 - FAIR VALUE MEASUREMENTS**

The fair value of the Organization's assets measured on a recurring basis at July 31, 2022 are as follows:

	<b>2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash equivalents	<u>\$ 1,004,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,004,419</u>

The Organization's assets carried at fair value are classified and disclosed in one of the following categories:

Level 1 - Valuations are based on quoted market prices in active markets for identical assets.

Level 2 - Valuations are based on observable market information, including quoted prices from actual market transactions for similar assets in markets that are not active.

Level 3 - Fair values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about the assumptions market participants would use in pricing the investments.

The fair value of *cash equivalents* are based on quoted market prices.

**NOTE 7 - NET ASSETS**

The detail of the Organization's net asset categories at July 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions:		
Undesignated	\$ 3,317,302	\$ 4,725,743
Designated for the following purposes:		
AMP Endowment	1,000,000	-
Operating reserve	<u>250,000</u>	<u>-</u>
Total designated	<u>1,250,000</u>	<u>-</u>
With donor restrictions for the following purposes:		
Capital campaign	-	679,427
AMP scholarship fund	50,000	100,000
College/career counselor	<u>25,000</u>	<u>50,000</u>
Total subject to expenditure	<u>75,000</u>	<u>829,427</u>
Total net assets	<u>\$ 4,642,302</u>	<u>\$ 5,555,170</u>

**ATLANTA MUSIC PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - NET ASSETS - CONTINUED**

Net assets were released from donor restrictions by incurring expenses, funding the AMP Endowment fund and satisfying the restricted purposes as follows for the years ended July 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Capital campaign	\$ 680,527	\$ 58,667
Kindezi	-	8,712
AMP scholarship fund	50,000	-
College/career counselor	25,000	-
AMP Academy	10,000	-
Classroom materials	2,916	-
Youth orchestras	35,000	-
	<u>\$ 803,443</u>	<u>\$ 67,379</u>

**NOTE 8 - ENDOWMENT**

The Organization's endowment consists of funds established for a long-term endowment. The net assets associated with the funds included in the endowment are reported as net assets without donor restrictions in the accompanying financial statements. The endowment includes funds designated by the board to function as an endowment absent of any donor-imposed restrictions.

Endowment net assets consist of the following types of funds as of July 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Purpose</u>	<u>Total</u>
AMP Endowment	\$ 1,000,000	\$ -	\$ 1,000,000

Changes in endowment net assets consist of the following for 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Purpose</u>	<u>Total</u>
Endowment net assets, July 31, 2021	\$ -	\$ -	\$ -
Contributions	1,000,000	-	1,000,000
Appropriation of endowment assets for expenditure	-	-	-
Total change in endowment funds	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Endowment net assets, July 31, 2022	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>



**ATLANTA MUSIC PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 - ENDOWMENT - CONTINUED**

***Investment and Spending Policy***

The Organization has investment and spending policies for endowment assets that aim to maximize funds available for the Organization's mission and preservation of capital. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

**NOTE 9 - OPERATING LEASE**

The Organization leases office space under a non-cancelable operating lease expiring May 20, 2023, with renewal options on the building lease through May 20, 2031. As of July 31, 2022, there are no future minimum lease payments required under operating leases that have initial or remaining non-cancelable terms in excess of one year.

**NOTE 10 - CONTRIBUTIONS OF NON-FINANCIAL ASSETS**

	<u>2022</u>	<u>2021</u>
Musical instruments	\$ -	\$ 3,200
Stock donations	33,608	-
Professional services	<u>700</u>	<u>12,200</u>
	<u>\$ 34,308</u>	<u>\$ 15,400</u>

The Organization recognized contributed musical instruments, stock donations and professional services.

Musical instruments are used by the Organization's for practice and musical performances, and are valued based on the estimated current market price on the date of the donation.

Professional services consist of professional hours donated in connection with various administrative legal matters including contract review, and are valued based on the estimated current market price of the services received at the date of donation.