

**BOSTON LANDMARKS ORCHESTRA, INC.
FINANCIAL STATEMENTS**

**For the Years Ended
December 31, 2022 and 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boston Landmarks Orchestra, Inc.
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Boston Landmarks Orchestra, Inc. (a Massachusetts non-profit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Boston Landmarks Orchestra, Inc. as of December 31, 2022, and its activities and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of Boston Landmarks Orchestra, Inc. as of and for the year ended December 31, 2021, were audited by another auditor whose report dated October 11, 2022, expressed an unmodified opinion on those statements.

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 Boston Landmarks Orchestra, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Boston Landmarks Orchestra, 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 Boston Landmarks Orchestra, 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.

Adler Blanchard & Associates LLP

Burlington, Massachusetts

November 30, 2023

BOSTON LANDMARKS ORCHESTRA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	2022	2021
Current assets:		
Cash and cash equivalents	\$ 1,131,500	\$ 1,168,279
Promises to give, net	-	90,000
Prepaid expenses	5,931	9,000
Total current assets	1,137,431	1,267,279
Fixed assets:		
Furniture and equipment	66,661	65,612
Less: accumulated depreciation	(63,923)	(60,874)
Net fixed assets	2,738	4,738
Total assets	\$ 1,140,169	\$ 1,272,017
Current liabilities:		
Accounts payable	\$ 3,968	\$ 5,699
Accrued expenses	33,221	19,994
Note payable - Paycheck Protection Program	-	111,379
Total current liabilities	37,189	137,072
Net assets:		
Without donor restrictions	1,027,980	1,019,945
With donor restrictions	75,000	115,000
Total net assets	1,102,980	1,134,945
Total liabilities and net assets	\$ 1,140,169	\$ 1,272,017

BOSTON LANDMARKS ORCHESTRA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Support:			
Individual contributions	\$ 250,993	\$ -	\$ 250,993
Foundation grants	532,615	50,000	582,615
Corporate sponsorships	71,563	-	71,563
Specials events	123,099	-	123,099
Government grants	136,450	-	136,450
Revenue:			
Concert performance fees	675	-	675
CD sales and chair rental fees	4,406	-	4,406
Other	150	-	150
Investment return	3,056	-	3,056
Net assets released from restrictions	90,000	(90,000)	-
Total support and revenue	1,213,007	(40,000)	1,173,007
Expenses:			
Program services	982,917	-	982,917
General and administrative	130,999	-	130,999
Fundraising	202,435	-	202,435
Total expenses	1,316,351	-	1,316,351
Change in net assets from operations	(103,344)	(40,000)	(143,344)
Non-operating revenue:			
Forgiveness of note payable - Paycheck Protection Program	111,379	-	111,379
Total non-operating revenue	111,379	-	111,379
Change in net assets	8,035	(40,000)	(31,965)
Net assets at beginning of year	1,019,945	115,000	1,134,945
Net assets at end of year	\$ 1,027,980	\$ 75,000	\$ 1,102,980

BOSTON LANDMARKS ORCHESTRA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Support:			
Individual contributions	\$ 307,595	\$ -	\$ 307,595
Foundation grants	544,250	115,000	659,250
Corporate sponsorships	80,135	-	80,135
Government grants	171,539	-	171,539
Revenue:			
Concert performance fees	21,509	-	21,509
CD sales and chair rental fees	3,195	-	3,195
Other	10,449	-	10,449
Investment return	8,722	-	8,722
Net assets released from restrictions	18,335	(18,335)	-
Total support and revenue	1,165,729	96,665	1,262,394
Expenses:			
Program services	865,897	-	865,897
General and administrative	154,121	-	154,121
Fundraising	126,909	-	126,909
Total expenses	1,146,927	-	1,146,927
Change in net assets from operations	18,802	96,665	115,467
Non-operating revenue:			
Employee retention tax credits	75,137	-	75,137
Forgiveness of note payable - Paycheck Protection Program	49,300	-	49,300
Total non-operating revenue	124,437	-	124,437
Change in net assets	143,239	96,665	239,904
Net assets at beginning of year	876,706	18,335	895,041
Net assets at end of year	\$ 1,019,945	\$ 115,000	\$ 1,134,945

BOSTON LANDMARKS ORCHESTRA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 423,970	\$ 35,820	\$ 92,952	\$ 552,742
Payroll taxes	36,762	3,106	8,060	47,928
Benefits	34,108	2,882	7,478	44,468
Total salaries, taxes and benefits	494,840	41,808	108,490	645,138
Advertising	17,985	-	-	17,985
Bank charges	-	306	4,446	4,752
Consultants	860	-	42,529	43,389
Contracted services	293,307	-	6,787	300,094
Depreciation	2,338	198	513	3,049
Dues, fees, and permits	32,827	2,894	2,777	38,498
Equipment rental	4,699	-	-	4,699
Insurance	5,214	441	1,143	6,798
Miscellaneous	5,369	465	3,800	9,634
Office supplies	57	2,641	175	2,873
Payroll processing fees	8,318	703	1,824	10,845
Performance space rental	13,580	-	-	13,580
Postage	406	1,035	-	1,441
Printing	11,250	-	-	11,250
Production expenses	67,362	-	660	68,022
Professional fees	-	60,599	-	60,599
Rent	9,304	786	2,040	12,130
Special events	-	-	22,765	22,765
Storage rental	-	13,068	-	13,068
Technology	249	5,927	3,228	9,404
Travel and meals	12,858	128	295	13,281
Website	2,094	-	963	3,057
Total	\$ 982,917	\$ 130,999	\$ 202,435	\$ 1,316,351

BOSTON LANDMARKS ORCHESTRA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 398,559	\$ 37,997	\$ 62,879	\$ 499,435
Payroll taxes	36,668	3,496	5,785	45,949
Benefits	39,432	3,759	6,221	49,412
Total salaries, taxes and benefits	474,659	45,252	74,885	594,796
Advertising	6,536	-	-	6,536
Bank charges	14	1,047	3,417	4,478
Consultants	700	1,990	36,031	38,721
Contracted services	264,266	5,400	-	269,666
Depreciation	3,821	364	603	4,788
Dues and fees	2,546	5,808	719	9,073
Insurance	9,018	860	1,423	11,301
Miscellaneous	3,341	18,715	751	22,807
Office supplies	380	1,736	178	2,294
Payroll processing fees	2,080	198	328	2,606
Performance space rental	3,546	-	-	3,546
Postage	517	459	503	1,479
Printing	-	771	1,113	1,884
Production expenses	77,528	-	-	77,528
Professional fees	-	40,584	-	40,584
Rent	6,061	578	956	7,595
Special events	-	119	674	793
Storage rental	4,776	6,368	-	11,144
Technology	205	21,446	4,395	26,046
Telephone	-	60	-	60
Travel and meals	5,903	178	33	6,114
Website	-	2,188	900	3,088
Total	\$ 865,897	\$ 154,121	\$ 126,909	\$ 1,146,927

BOSTON LANDMARKS ORCHESTRA, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (31,965)	\$ 239,904
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of note payable - Paycheck Protection Program	(111,379)	(49,300)
Loss on disposal of fixed assets	-	5,423
Depreciation	3,049	4,788
Net unrealized and realized gains on investments	(2,330)	(6,793)
Decrease (increase) in:		
Promises to give	90,000	(90,000)
Accounts receivable		18,335
Prepaid expenses	3,069	6,125
Increase (decrease) in:		
Accounts payable	(1,731)	(14,183)
Accrued expenses	13,227	4,373
Net cash provided (used) by operating activities	(38,060)	118,672
Cash flows from investing activities:		
Purchase of fixed assets	(1,049)	(3,748)
Proceeds from the sale of investments	8,099	114,429
Purchase of investments	(5,769)	(107,636)
Net cash provided by investing activities	1,281	3,045
Cash flows from financing activities:		
Repayments of capital lease obligations	-	(1,882)
Proceeds from Paycheck Protection Program loan	-	111,379
Net cash provided by financing activities	-	109,497
Net increase (decrease) in cash and cash equivalents	(36,779)	231,214
Cash and cash equivalents, beginning of year	1,168,279	937,065
Cash and cash equivalents, end of year	\$ 1,131,500	\$ 1,168,279
Supplemental data of noncash investing and financing activities:		
Forgiveness of note payable - Paycheck Protection Program	\$ 111,379	\$ 49,300
Fixed assets disposed of prior to capital lease maturity	\$ -	\$ 18,547

**BOSTON LANDMARKS ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies followed by Boston Landmarks Orchestra, Inc. (the "Organization") are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activities

The Organization was founded in 2001. The Organization's orchestra is comprised of all professional musicians and is active throughout the neighborhoods of Boston, Massachusetts. The Organization's mission is to perform free summer concerts in settings of historical, geographical, and architectural significance in the Boston area.

Basis of Presentation

The statements of activities report all changes in net assets, including changes in net assets without donor restrictions from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributed to the Organization's ongoing efforts. Non-operating revenues consists of forgiveness of debt and employee retention tax credits.

The Organization's net assets and its revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The statements of financial position present two classes of net assets (net assets without donor restrictions and net assets with donor restrictions), and the statements of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or by the passage of time. 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of the government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2022, or 2021.

BOSTON LANDMARKS ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization earns revenue as follows:

The Organization generally measures revenue based on the amounts of consideration it expects to be entitled to for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue from contracts with customers based on the five-step model under ASC Topic 606: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied.

Individual Contributions, Foundation Grants, and Corporate Sponsorships – In accordance with Accounting Standards Codification (“ASC”) Subtopic 958-605, Revenue Recognition, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement including a barrier that must be overcome and either a right of return of assets or right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such condition are met.

Contributions without donor restriction are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed, and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

The Organization recognized \$75,137 in Employee Retention Tax Credit revenue during the year ended December 31, 2021. Revenue was recognized in accordance with ASC Subtopic 958-605. See Note 6 for further details.

Special Events – Special event revenue is primarily derived from contributions collected and fees charged for admission at the Organization’s annual gala. Special events revenue is recognized when earned and is shown separate of related direct expenses in the accompanying statements of activities. The annual gala for the year ended December 31, 2021, was cancelled in response to the COVID-19 pandemic.

Government Grants – Federal and state contracts that are considered reciprocal transactions or purchases of services, the results of which are turned over to the grantor, are recognized as the work under the contract is performed. Contracts that are considered nonreciprocal transactions that further the programs of the Organization are recorded when the Organization receives notification of the contract, or if conditions for performance are imposed, revenue is recognized when conditions have been met. Government grants relate to cost-reimbursement contracts with governmental agencies. Revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental agency.

BOSTON LANDMARKS ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contract Performance Fees – Concert performance fees are primarily derived from the fees the Organization charges to provide concert performances for other organizations. Revenue derived from these events are recognized as income when the orchestra performs.

All of the Organization's revenue is derived from its activities in Massachusetts. Support from one foundation approximated 30% and 25% of support and revenue for the years ended December 31, 2022 and 2021, respectively. All revenue is recorded at the estimated net realizable amounts.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in the future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of December 31, 2021, management had determined any allowance would be immaterial. All promises to give as of December 31, 2021,, were due within one year. The Organization has no promises to give as of December 31, 2022.

Furniture and Equipment

Furniture and equipment are recorded at cost if purchased or fair value on the date of receipt if donated. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities, are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

The Organization computes depreciation using the straight-line method over the estimated lives for furniture and equipment of three to five years.

Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage to total contribution and special event revenue was 17% and 12% for the years ended December 31, 2022 and 2021, respectively. The ratios of expenses to amounts raised is computed using actual expenses and related revenue on accrual basis.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**BOSTON LANDMARKS ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

Payroll and associated costs are allocated to functions based upon time charges. Occupancy costs are allocated based upon the salary allocation.

Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

Investments

The Organization records investment purchases at cost or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit, and overall market volatility. All investments were bought and sold during the years ended December 31, 2022, and 2021, and, accordingly, the Organization held no investments as of December 31, 2022 or 2021.

Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC. The Organization's federal and state informational returns are subject to audit by the relevant taxing jurisdictions, generally for three years after they have been filed.

Paycheck Protection Program Loans

As described at Note 5, the Organization received two Paycheck Protection Program ("PPP") loans in the amount of \$111,379 and \$49,300, respectively, during the years ended December 31, 2021, and 2020, respectively. The Organization has elected to follow the guidance regarding Debt found in Financial Accounting Standards Board ("FASB") ASC 470 – *Not-for-Profit-Entities – Debt* to account for its PPP loans. Under ASC 470, a forgivable loan is reported as a liability on the statements of financial position until such time as the Organization is formally released from its obligations or the loan has been repaid. Any amounts forgiven are reported on the statements of activities as debt forgiveness at the time forgiven. During the year ended December 31, 2021, the first loan was forgiven in the amount of \$49,300. During the year ended December 31, 2022, the second loan was forgiven in the amount of \$111,379.

Adoption of New Accounting Standard

Effective January 1, 2022, the Organization adopted the provisions of Accounting Standards Update No. 2016-02, *Leases* ("ASU 2016-02"). The standard requires a lessee to recognize a right-of-use asset and a lease liability for all leases, initially measured at the present value of the lease payments, in its statements of financial position. Upon adoption of ASU 2016-02, the Organization has elected the following practical expedients: (a) use of a risk-free rate when the rate of the lease is not explicit in the contract, (b) the Organization will not separate lease and non-lease components in an identified lease, (c) short-term leases of 12 months or less will be excluded from lease accounting, (d) a package of expedients for leases in existence at the transition date such that the Organization need not reassess whether existing contracts contain a lease, reassess the classification of operating or capital leases, or reassess initial direct costs for

**BOSTON LANDMARKS ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard (Continued)

potential capitalization. ASU 2016-02 has been implemented by the Organization on a modified retrospective basis. Upon adoption, the Organization did not identify any leases requiring capitalization under the new accounting guidance.

Note 2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of resources available to meet future obligations but only in compliance with the restrictions specified by donors. As of December 31, 2022, net assets with donor restrictions amounted to \$75,000, all of which are purpose restricted for an event planned for 2023. As of December 31, 2021, net assets with donor restrictions amounted to \$115,000, consisting of \$90,000 restricted by time for use during 2022 and \$25,000 purpose restricted for an event planned for 2023.

During the years ended December 31, 2022, and 2021, net assets were released from donor restrictions in the amounts of \$90,000 and \$18,335, respectively, all of which were from time restrictions.

Note 3. CAPITAL LEASE OBLIGATIONS

The Organization leased office equipment under a capital lease arrangement. The economic substance of the lease was that the Organization was financing the acquisition of an asset through the lease, and, accordingly, it was recorded on the statements of financial positions. Capital leases are recorded at the lower of fair market value or the present value of future lease payments using interest rates appropriate at the inception of each lease. The Organization returned the assets and bought out the balance of the lease during the year ended December 31, 2021, resulting in an immaterial loss on disposal of fixed assets.

Note 4. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of December 31, 2022, and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year from the statements of financial position date.

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,131,500	\$ 1,168,279
Promises to give	-	90,000
	<u>1,131,500</u>	<u>1,258,279</u>
Less: financial assets not available for general expenditures:		
Amounts restricted by donors for specific purposes	<u>75,000</u>	<u>25,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,056,500</u>	<u>\$ 1,233,279</u>

**BOSTON LANDMARKS ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 4. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

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

Note 5. NOTES PAYABLE – PAYCHECK PROTECTION PROGRAM

The Organization received a PPP loan from Century Bank during the year ended December 31, 2020 in the original amount of \$49,300 with a maturity date of May 2022. The loan was forgiven during the year ended December 31, 2021, which has been reported as non-operating revenue on the accompanying statements of activities in a total amount of \$49,300. The Organization received a second PPP loan during the year ended December 31, 2021, in the amount of \$111,379, with a maturity date of February 2023. The loan was forgiven during the year ended December 31, 2022, which has been reported as non-operating revenue on the accompanying statements of activities in a total amount of \$111,379. The Small Business Administrated ("SBA") has disclosed criteria for forgiveness, which include but are not limited to maintaining the full-time equivalent number of employees over a certain period and expanding the funds on eligible expenses over the covered period. The Organization recognizes forgiveness of the loan in full or in part when the SBA determines the amount of forgiveness and notifies the Organization.

Note 6. EMPLOYEE RETENTION TAX CREDITS

The Organization qualified for the Employee Retention Tax Credit ("ERTC"), a refundable tax credit against certain employment taxes equal to 50% to 70% of the qualified wages an eligible employer pays during a specified period. As described in Note 1, the Organization is accounting for the ERTC in accordance with ASC Subtopic 958-605. The Organization believes that all conditions of the contribution have been met as of December 31, 2021, and has recorded the revenue in the amount of \$75,137, which is included in non-operating revenue on the accompanying statements of activities. The Organization did not recognize any revenue from ERTC during the year ended December 31, 2022.

Note 7. SUBSEQUENT EVENTS

The Organization has performed an evaluation of subsequent events through November 30, 2023, the date the Organization's financial statements were available and issued. No material subsequent events have occurred since December 31, 2022, requiring recognition or disclosure in these financial statements.