

**GATEWAYS MUSIC FESTIVAL, INC.**

**Financial Statements as of  
October 31, 2021  
Together with  
Independent Accountant's Review Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

September 12, 2022

To the Board of Directors of  
Gateways Music Festival, Inc.:

We have reviewed the accompanying financial statements of Gateways Music Festival, Inc. (a New York not-for-profit corporation) (the Organization), which comprise the balance sheet as of October 31, 2021 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

171 Sully 's Trail  
Pittsford, New York 14534  
p (585) 381-1000  
f (585) 381-3131

[www.bonadio.com](http://www.bonadio.com)

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**  
(Continued)

**Summarized Comparative Information**

We previously reviewed the Organization's 2020 financial statements and in our conclusion dated September 3, 2021 stated that based on our review, we were not aware of any material modifications that should be made to the 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended October 31, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.

*Bonadio & Co., LLP*

# GATEWAYS MUSIC FESTIVAL, INC.

## BALANCE SHEET

OCTOBER 31, 2021

(With Comparative Totals for 2020)

(See Independent Accountant's Review Report)

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	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
CASH	\$ 1,103,004	\$ 332,452
ACCOUNTS RECEIVABLE	433,150	68,680
PREPAID EXPENSES	<u>10,082</u>	<u>10,374</u>
Total assets	<u>\$ 1,546,236</u>	<u>\$ 411,506</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable and accrued expenses	148,034	131,046
Deferred revenue	<u>1,175,425</u>	<u>53,641</u>
Total liabilities	<u>1,323,459</u>	<u>184,687</u>
NET ASSETS:		
Without donor restrictions	222,777	92,898
With donor restrictions	<u>-</u>	<u>133,921</u>
Total net assets	<u>222,777</u>	<u>226,819</u>
Total liabilities and net assets	<u>\$ 1,546,236</u>	<u>\$ 411,506</u>

The accompanying notes are an integral part of these statements.

**GATEWAYS MUSIC FESTIVAL, INC.**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED OCTOBER 31, 2021**

(With Comparative Totals for 2020)

(See Independent Accountant's Review Report)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>REVENUE AND SUPPORT:</b>				
Contributions and other support	\$ 213,088	\$ -	\$ 213,088	\$ 144,646
Foundation and government grants	213,216	-	213,216	101,911
Foundation grant - BON	1,575	-	1,575	
In-kind revenue	121,618	-	121,618	122,043
Other	8,464	-	8,464	365
Releases from restrictions	<u>133,921</u>	<u>(133,921)</u>	<u>-</u>	<u>-</u>
Total unrestricted revenue and support	<u>691,882</u>	<u>(133,921)</u>	<u>557,961</u>	<u>368,965</u>
<b>EXPENSES:</b>				
Salaries and benefits	254,357	-	254,357	265,973
Musician	7,071	-	7,071	-
Other program expenses	48,989	-	48,989	3,077
Music festival	26,450	-	26,450	5,925
Marketing	38,140	-	38,140	2,652
Administration	18,759	-	18,759	12,725
Fund raising and special events	<u>168,237</u>	<u>-</u>	<u>168,237</u>	<u>11,986</u>
Total expenses	<u>562,003</u>	<u>-</u>	<u>562,003</u>	<u>302,338</u>
CHANGE IN NET ASSETS	129,879	(133,921)	(4,042)	66,627
NET ASSETS - beginning of year	<u>92,898</u>	<u>133,921</u>	<u>226,819</u>	<u>160,192</u>
NET ASSETS - end of year	<u>\$ 222,777</u>	<u>\$ -</u>	<u>\$ 222,777</u>	<u>\$ 226,819</u>

The accompanying notes are an integral part of these statements.

**GATEWAYS MUSIC FESTIVAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED OCTOBER 31, 2021**

(With Comparative Totals for 2020)

(See Independent Accountant's Review Report)

				Total	
	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>2021</u>	<u>2020</u>
EXPENSES:					
Staff salaries and benefits	\$ 189,007	\$ 27,996	\$ 37,354	\$ 254,357	\$ 265,973
Musician expenses	7,071	-	-	7,071	-
Other program expenses					
Independent contractors	23,784	-	-	23,784	-
Professional sound and video recording	19,341	-	-	19,341	2,600
Honoriums	24,700	-	-	24,700	6,350
Other	7,614	-	-	7,614	52
Marketing expenses					
Printing, copying & supplies	3,300	-	-	3,300	896
Videography - graphic design & artwork	33,022	-	-	33,022	750
Website development - BON	1,500	-	-	1,500	
Other	13,818	-	-	13,818	1,006
Administration expenses					
Travel & lodging	-	10,568	-	10,568	2,834
Webhosting, email, & cloud storage	-	2,071	-	2,071	4,267
Insurance	-	1,832	-	1,832	869
Conferences & meetings	-	929	-	929	755
Other	-	3,359	-	3,359	4,000
Fund raising and special events	-	-	154,737	154,737	11,986
	<u>-</u>	<u>-</u>	<u>154,737</u>	<u>154,737</u>	<u>11,986</u>
Total expenses	<u>\$ 323,157</u>	<u>\$ 46,755</u>	<u>\$ 192,091</u>	<u>\$ 562,003</u>	<u>\$ 302,338</u>

The accompanying notes are an integral part of these statements.

## GATEWAYS MUSIC FESTIVAL, INC.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED OCTOBER 31, 2021

(With Comparative Totals for 2020.)

(See Independent Accountant's Review Report)

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	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (4,042)	\$ 66,627
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Changes in:		
Accounts receivable	(364,470)	(64,264)
Prepaid expenses	292	(10,374)
Accounts payable and accrued liabilities	16,988	(56,509)
Deferred revenue	<u>1,121,784</u>	<u>53,641</u>
Net cash flow from operating activities	<u>770,552</u>	<u>(10,879)</u>
CHANGE IN CASH	770,552	(10,879)
CASH - beginning of year	<u>332,452</u>	<u>343,331</u>
CASH - end of year	<u>\$ 1,103,004</u>	<u>\$ 332,452</u>

The accompanying notes are an integral part of these statements.

# **GATEWAYS MUSIC FESTIVAL, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**OCTOBER 31, 2021**

(See Independent Accountant's Review Report)

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### **1. THE ORGANIZATION**

The mission of Gateways Music Festival, Inc. (the Organization) is to "connect and support professional classical musicians of African descent and inspire and enlighten communities through the power of performance." Due to the COVID-19 pandemic, Gateways held its first virtual chamber music festival in October 2020. The virtual festival featured nearly 30 musicians in 14 live and recorded performances and events, including a Young Musicians Institute for parents of children learning to play a musical instrument and the debut of Gateways Radio. The five-day virtual festival was viewed by an audience of approximately 2,000, with continued re-broadcast adding even more views. During 2021, the Organization became a sponsor for the newly formed Black Orchestral Network (BON), which is a network of Black orchestral musicians.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Financial Reporting**

The Organization reports its net assets and changes therein in the following classifications:

- Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions are net assets whose use by the Organization is limited by donor-imposed stipulations. This includes stipulations that can be fulfilled or removed by actions of the Organization pursuant to the stipulations, as well as donor-imposed stipulations that do not expire.

#### **Revenue and Support**

Revenue and support are received in the form of contributions from various organizations and individuals. The purpose of the contributions is to support the ongoing activities of the Foundation.

Contributions and grants are recognized as revenue in the year an unconditional promise to give is received and are recorded at fair value. Contributions are recorded as without donor restrictions or with donor restrictions depending on the nature of the donor-imposed restrictions. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions. Conditional contributions are not recognized as support until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at the estimated fair value at the date of donation.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Revenue and Support (Continued)**

Special events, fundraising and program service revenue is recorded in the year the event or related activity is held. Funds collected in advance of the year the event or related activity is held are recorded as deferred revenue.

Accounts receivable represents amounts due to the Organization from events and other miscellaneous items. The Organization does not accrue interest on these receivables. Accounts for which no payments have been received for several months are considered delinquent, and the account is written-off when customary collection efforts have been exhausted. The Organization believes that an allowance is not necessary at October 31, 2021 and 2020, based on the Organization's past experience and a review of outstanding accounts.

### **Cash**

Cash consists of bank demand deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk with respect to cash.

### **Allocation of Certain Expenses**

The financial statements report salaries and benefits that are attributable to one or more program or supporting functions, which are allocated based on time spent performing the services.

### **Contributed Services**

A significant number of unpaid volunteers have made contributions of their time to the administrative and programmatic activities of the Organization. The value of this contributed time is not reflected in the accompanying financial statements as it does not meet the criteria for recognition under GAAP.

A portion of the President and Artistic Director's salaries and benefits is paid by the Eastman School of Music and the University of Rochester in the amount of \$121,618, for the years ended October 31, 2021 and 2020, respectively. Those amounts have been included both in income and expense in the accompanying financial statements.

### **Income Taxes**

The Organization is a not-for-profit corporation and is exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified by the Internal Revenue Service as an organization that is not a private foundation.

### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### 3. LIQUIDITY

The Organization is substantially supported by revenue generated by contributions, special events and programming services. Some support is received in the form of contributions with donor restrictions, which require the 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. As a result, some of the financial assets reported may not be available for general expenditure within one year. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's financial assets available for general expenditure within one year of the balance sheet date are as follows as of October 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,103,004	\$ 332,452
Accounts receivable	<u>433,150</u>	<u>68,680</u>
	1,536,154	401,132
Restricted by donors with purpose restrictions	<u>-</u>	<u>(133,921)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,536,154</u>	<u>\$ 267,211</u>

### 4. NET ASSETS WITH DONOR RESTRICTIONS

The Organization had net assets with donor restrictions for the following purposes at October 31:

<u>Purpose of Release</u>	<u>2021</u>	<u>2020</u>
Program management salaries and expenses (Mellon Foundation)	\$ -	\$ 127,921
Young Musician Institute	<u>-</u>	<u>6,000</u>
Total	<u>\$ -</u>	<u>\$ 133,921</u>

Net assets with donor restrictions were released from restrictions as follows for the years ended October 31:

<u>Purpose of Release</u>	<u>2021</u>	<u>2020</u>
Program management salaries and expenses (Mellon Foundation)	\$ 127,921	\$ 55,926
Young Musician Institute	<u>6,000</u>	<u>6,000</u>
	<u>\$ 133,921</u>	<u>\$ 61,926</u>

**5. CONCENTRATION**

Approximately 22% and 33% of the Organization's total revenue and support was received from the Eastman School of Music and the University of Rochester for the years ended October 31, 2021 and 2020, respectively.

**6. RISKS AND UNCERTAINTIES**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.

**7. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 12, 2022 which is the date the financial statements were available to be issued.