

**ASSOCIATED MUSICIANS OF GREATER NEW YORK,
LOCAL 802,
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

The Executive Board
Associated Musicians of Greater New York, Local 802,
A. F. of M. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Associated Musicians of Greater New York, Local 802, A. F. of M. and Subsidiary (a nonprofit organization) and affiliates, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Associated Musicians of Greater New York, Local 802, A. F. of M. and Subsidiary as of December 31, 2022 and 2021, 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 Associated Musicians of Greater New York, Local 802, A. F. of M. and Subsidiary 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Musicians of Greater New York, Local 802, A. F. of M. and Subsidiary'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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITORS' REPORT (continued)

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 consolidated 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 consolidated 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 Associated Musicians of Greater New York, Local 802, A. F. of M. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Musicians of Greater New York, Local 802, A. F. of M. and Subsidiary'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.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages fifteen and sixteen are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Aud. Kohut's Adliff, P.C.

New York, NY
May 4, 2023

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current:		
Cash and cash equivalents	\$ 2,982,632	\$ 2,621,524
Receivables:		
Work dues	850,267	601,110
Due from related organizations	176,784	31,995
Other	26,448	10,972
Accrued interest	16,498	12,497
Payroll retention credit	0	74,728
Total Receivables	<u>1,069,997</u>	<u>731,302</u>
Prepaid expenses	<u>236,188</u>	<u>192,688</u>
Total Current Assets	<u>4,288,817</u>	<u>3,545,514</u>
Other Assets:		
Investments, at fair value	4,411,288	4,963,060
Fixed assets, net of accumulated depreciation	<u>1,770,718</u>	<u>1,756,896</u>
Total Other Assets	<u>6,182,006</u>	<u>6,719,956</u>
Total Assets	<u>\$ 10,470,823</u>	<u>\$ 10,265,470</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Due to broker	\$ 0	\$ 4,789
Payroll withholdings	0	2,008
Accrued expenses payable	450,371	237,938
Due to American Federation of Musicians	24,607	7,135
Deferred income	90,537	143,161
Due to MOOMA - cash balance	15,000	15,000
Escrow payable - recording and claims	<u>708,545</u>	<u>1,109,210</u>
Total Current Liabilities	<u>1,289,060</u>	<u>1,519,241</u>
Non-current Liabilities:		
Severance pay - officers	121,689	161,183
Due to NY Philharmonic Strike Fund - cash balance	94,863	94,602
Security deposits	<u>37,046</u>	<u>40,792</u>
Total Non-current Liabilities	<u>253,598</u>	<u>296,577</u>
Total Liabilities	<u>1,542,658</u>	<u>1,815,818</u>
Net assets without donor restrictions	<u>8,928,165</u>	<u>8,449,652</u>
Total Liabilities and Net Assets	<u>\$ 10,470,823</u>	<u>\$ 10,265,470</u>

The accompanying notes are an integral part of the financial statements.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUES, GAINS AND OTHER		
Dues and fees:		
Work dues	\$ 5,234,406	\$ 2,230,804
Basic dues and application fees	<u>1,227,948</u>	<u>1,315,292</u>
Total Dues and Fees	<u>6,462,354</u>	<u>3,546,096</u>
Less Allocations to:		
American Federation of Musicians:		
Per capita and application fees	356,194	329,233
Work dues	624,598	260,730
Other	12,100	5,005
Other affiliates	<u>25,196</u>	<u>7,788</u>
Total Allocations	<u>1,018,088</u>	<u>602,756</u>
Net Dues Income	<u>5,444,266</u>	<u>2,943,340</u>
Other revenues:		
Rental of building	248,484	265,969
Journal advertising	43,515	42,568
Miscellaneous	4,402	5,067
Paycheck Protection Program loan forgiveness	0	887,517
Payroll retention credit	0	259,857
Net investment income (loss)	<u>(554,725)</u>	<u>25,837</u>
Total Other Revenues	<u>(258,324)</u>	<u>1,486,815</u>
Total Revenues, Gains and Other	<u>5,185,942</u>	<u>4,430,155</u>
EXPENSES		
Program expenses:		
Organizing, collective bargaining and related	1,111,909	1,064,479
Governance, communication and publication	529,920	488,131
Members' benefits	68,681	76,889
Political	44,314	41,220
Charitable and scholarship	<u>14,914</u>	<u>30,220</u>
Total Program Expenses	<u>1,769,738</u>	<u>1,700,939</u>
General and administrative expenses	<u>2,937,691</u>	<u>1,868,547</u>
Total Functional Expenses	<u>4,707,429</u>	<u>3,569,486</u>
Change in net assets without donor restrictions	<u>478,513</u>	<u>860,669</u>
Net assets without donor restrictions:		
Beginning	<u>8,449,652</u>	<u>7,588,983</u>
Ending	<u>\$ 8,928,165</u>	<u>\$ 8,449,652</u>

The accompanying notes are an integral part of the financial statements.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
PERSONNEL EXPENSES		
Payroll and related	\$ 3,032,039	\$ 2,029,607
Severance - officers	7,680	21,133
	<u>\$ 3,039,719</u>	<u>\$ 2,050,740</u>
BUILDING EXPENSES		
Payroll and related	\$ 219,387	\$ 85,925
Real estate taxes	172,924	199,229
Utilities	136,263	92,384
Equipment rental, repairs and maintenance	132,272	47,036
Security	75,579	21,383
Cleaning	63,476	25,935
Fuel oil	22,291	10,151
Supplies	11,791	4,547
Waste removal	9,902	6,563
Miscellaneous	4,802	7,314
Telephone	2,157	7,923
Licenses and permits	1,706	3,033
Seminars	26	0
	<u>\$ 852,576</u>	<u>\$ 511,423</u>
OFFICE EXPENSES		
Computer and copier supplies, repairs and maintenance	\$ 94,634	\$ 61,116
Equipment rental, repairs and maintenance	54,494	67,042
Data processing	42,047	53,012
Stationery, printing and postage	30,607	17,877
Supplies	24,099	4,960
Telephone	23,565	23,847
Miscellaneous office	3,413	2,887
	<u>\$ 272,859</u>	<u>\$ 230,741</u>

The accompanying notes are an integral part of the financial statements.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

GENERAL EXPENSES

Legal fees	\$ 134,169	\$ 284,735
Depreciation	81,155	88,580
Auditing fees	72,703	50,400
Members' life insurance	68,681	76,889
Insurance	58,190	45,636
Bank charges	45,436	41,017
Public relations	31,037	26,441
Arbitration and negotiation	17,877	79,666
Conferences, conventions, and meetings	15,665	24,459
Licenses and permits	14,977	11,332
Dues and subscriptions	958	1,221
Miscellaneous	630	25
Election	0	36,926
Research	0	7,600
Referral service	0	356
	<u>\$ 541,478</u>	<u>\$ 775,283</u>

ALLEGRO EXPENSES

Other	\$ 660	\$ 692
Postage	137	107
Photos, art and production	0	500
	<u>\$ 797</u>	<u>\$ 1,299</u>
Total Expenses	<u>\$ 4,707,429</u>	<u>\$ 3,569,486</u>

The accompanying notes are an integral part of the financial statements.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
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**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 478,513	\$ 860,669
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	81,155	88,580
Realized (gains) losses on sale of investments	66,500	(14,512)
Unrealized losses on investments	555,596	38,847
(Increase) decrease in operating assets:		
Work dues receivable	(249,157)	(558,590)
Due from related organizations	(144,789)	212,588
Other receivables	(15,476)	3,423
Accrued interest receivable	(4,001)	3,699
Due from broker	0	228
Payroll retention credit	74,728	(74,728)
Prepaid expenses	(43,500)	(3,857)
Increase (decrease) in operating liabilities:		
Due to broker	(4,789)	4,789
Payroll withholdings	(2,008)	1,750
Accrued expenses payable	212,433	(53,155)
Due to American Federation of Musicians	17,472	(79,417)
Deferred income	(52,624)	53,467
Escrow dues payable - recording and claims	(400,665)	436,546
Severance pay - officers	(39,494)	(33,176)
Due to NY Philharmonic Strike Fund - cash balance	261	513
Security deposits	(3,746)	316
Total Adjustments	47,896	27,311
Net Cash Provided By Operating Activities	526,409	887,980
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from the sale of investments	2,220,587	3,617,925
Cash paid for the purchase of fixed assets	(94,977)	(83,244)
Cash paid for the purchase of investments	(2,290,911)	(4,738,618)
Net Cash (Used For) Investing Activities	(165,301)	(1,203,937)
Net increase (decrease) in cash and cash equivalents	361,108	(315,957)
Cash and cash equivalents:		
Beginning	2,621,524	2,937,481
Ending	\$ 2,982,632	\$ 2,621,524

The accompanying notes are an integral part of the financial statements.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 – GENERAL

Organization: The Associated Musicians of Greater New York, Local 802 A. F. of M and Subsidiary (the “Union”) is a labor union established to provide collective bargaining representation to its members. The membership consists of workers in the music industry in Nassau and Suffolk Counties of Long Island and the New York City vicinity. The Union is an affiliated Local of the American Federation of Musicians (AFL-CIO/TLC).

The purpose of the Union is to organize all persons within its jurisdiction; establish and maintain equitable wages and working conditions; to elevate the moral, social and intellectual standing of its members; to guard members’ financial interests; to promote their general welfare; to secure employment for its members; and to assist employers in the music industry. The operations of the Union are financed primarily by members’ dues and fees.

General Fund: The General Fund is funded mostly by membership and work dues and consists of several departments including recording and organizing. These departments are used for the specific purposes as stipulated in the bylaws of the Union or otherwise established.

Members Benefit Strike Fund: The Members Benefit Strike Fund (the “Strike Fund”) was set up to pay expenses incurred in strikes, lockouts, and informational picketing, including payments to individuals or to musicians unemployed as the result of such actions.

Special Projects and Services Fund: The objectives of the Special Projects and Services Fund are to create new work opportunities for all members of the Union; to promote the more effective operation and management of the Union; and to lease and/or purchase such equipment and machinery as shall be necessary or appropriate. The Special Projects and Services Fund is to enable executives, staff, and members of any duly sanctioned committee of the Union to avail themselves of management seminars dealing with new business methods, computer programming, modern accounting procedures and labor negotiations.

Members Legal Services Fund: The Members Legal Services Fund provides legal services for bargaining units provided certain requirements are met.

Club Corp: The Club Corp was incorporated in New York on December 31, 1991, to own and operate the land and building located at 322 West 48th Street, New York, NY 10036, which is the Union's headquarters. All of the issued and outstanding stock of the Club Corp. is owned by the Union. All officers of the Union are also officers of the Club Corp.

Anne Walker Scholarship Fund: Members in good standing of the Union and their children are eligible to apply for grants from the Anne Walker Scholarship Fund to be applied toward tuition for a degree or a diploma oriented program at an accredited institution.

Recording and Claims Funds: The Union is custodian of cash for the Recording and Claims Funds, which is reported as both assets and liabilities in the Statement of Financial Position. The Recording Fund holds wages due to covered employees, which can be in the form of an employer check or employer deposits. The Claims Fund holds deposits from employers as security until wages are paid to covered employees.

Tax Status: The Union is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code (IRC). The Anne Walker Scholarship Fund is a Section 501(c)(3) exempt private foundation. The Club Corp is a tax exempt 501(c)(2) title-holding corporation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying consolidated financial statements of the Union have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation: Financial statement presentation follows the accounting standards requirements for not-for-profit organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to two classes of net assets depending on the existence and/or nature of any donor restrictions as follows: net assets without donor restrictions and net assets with donor restrictions.

Consolidation: The accompanying consolidated financial statements of the Union include the accounts of the Union's General Fund, Strike Fund, Special Projects and Services Fund, Building Fund, Members' Legal Services Fund, Anne Walker Scholarship Fund, the Union's wholly owned subsidiary, the Greater New York Musicians Club Corporation (the "Club Corp."), and the Recording and Claims Funds, which are escrow accounts held on behalf of both members and employers. All significant inter-fund and intra-fund transactions and accounts have been eliminated in the consolidation.

Fixed Assets and Depreciation: Fixed assets are stated at cost less depreciation accumulated since acquisition. Such amounts do not purport to represent replacement or realizable values. The building is being depreciated on the straight-line method over an estimated useful life of forty years. Furniture and equipment is being depreciated over estimated useful lives of five to ten years. Expenditures for normal replacements are charged to current operations. All other expenditures for fixed assets are capitalized.

Use of 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. This affects the reported amounts of assets and liabilities, 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 may differ from these estimates.

Valuation of Investments: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 10 for a discussion of fair value measurements.

Cash and Cash Equivalents: For the purpose of the Consolidated Statements of Cash Flows, cash is considered to be all checking, money market accounts and certificates of deposit with original maturities of three months or less that are not part of a managed investment portfolio.

Receivables: Work dues receivable is based on subsequent cash collections. As a consequence, consideration of an allowance for uncollectible work dues receivable is not necessary. Due from related organizations is reported at the outstanding unpaid principal balance. Interest is not accrued or recorded on outstanding receivables. The Union has determined that no allowance was required as of December 31, 2022 and 2021.

Revenue Recognition: Revenue from dues and assessments are recorded in the applicable membership period. Dues received in advance of the applicable membership period are recorded as deferred revenue and recognized in that future period.

Functional Expenses: The costs of program and supporting services activities have been summarized on a functional basis on the statement of activities for the years ended December 31, 2022 and 2021. Management has reviewed all overhead costs and determined that it is appropriate to allocate a portion of these costs to the program services.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Union.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 – RELATED PARTY TRANSACTIONS

The Union's related party transactions with the Local 802 Musicians Health Fund (the "Health Fund") and other related Funds are summarized as follows:

	Totals	Health Fund	All Other
Beginning balances	\$ 31,995	\$ 176,766	\$ (144,771)
Current period activity:			
Payments	(500,875)	(500,875)	0
Expense reimbursements	669,091	669,091	0
Exchanges	(23,427)	0	(23,427)
Total Current Activity	144,789	168,216	(23,427)
Ending balances	\$ 176,784	\$ 344,982	\$ (168,198)

The Union is reimbursed for payroll costs, rent and other administrative expenses incurred on behalf of the Health Fund as described in the administrative services and cost-sharing agreement and the lease for office space between the Union and the Health Fund. The Union was also reimbursed for overhead expenses incurred on behalf of other related organizations.

NOTE 4 – LIQUIDITY RESOURCES

The Union's primary revenue sources are its members' dues and fees. The Union has various sources of liquidity at its disposal, including cash and cash equivalents, and investments.

The following table reflects the Union's financial assets available to meet general expenditures within one year as of December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents - less escrow account balances	\$ 2,275,049	1,513,195
Investments	4,411,288	4,963,060
Receivables	1,071,219	731,302
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,757,556	7,207,557

NOTE 5 – FIXED ASSETS

Fixed assets at December 31, 2022 and 2021 by classification are summarized as follows:

	2022	2021
Land, building and improvements	\$ 3,872,802	\$ 3,785,484
Computer software and equipment	74,924	126,889
Furniture and equipment	9,596	39,862
	3,957,322	3,952,235
Less - Accumulated depreciation	2,186,604	2,195,339
Net Fixed Assets	\$ 1,770,718	\$ 1,756,896

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**NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – ESCROW ACCOUNT LIABILITY

The Union is custodian of cash for the Recording and Claims Funds, which is reported as both an asset and a liability in the Statement of Financial Position. The Recording Fund holds wages due to covered employees, which can be in the form of an employer check or employer deposit held by the Union for those musicians who are out of town at the time. The Claims Fund holds deposits from employers as security until wages are paid to covered employees. Cash held for the Recording and Claims Funds as of December 31, 2022 and 2021, was \$707,582 and \$1,108,329 respectively.

	Recording Fund	Claims Fund
RECEIPTS		
Escrow monies received	\$ 145,159	\$ 0
Claims and transient items collected	0	2,270
Total Receipts	<u>145,159</u>	<u>2,270</u>
DISBURSEMENTS		
Escrow monies disbursed	548,175	0
Increase (decrease) in cash	(403,016)	2,270
CASH BALANCE		
January 1, 2022	<u>1,068,164</u>	<u>40,165</u>
December 31, 2022	<u><u>\$ 665,148</u></u>	<u><u>\$ 42,435</u></u>

NOTE 7 – RISKS AND UNCERTAINTIES

The Union invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statement of financial position.

NOTE 8 – CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Union to concentration of credit risk include cash and short-term investments. While the Union attempts to limit any financial exposure, its cash deposit balances may at times exceed federally insured limits. Short-term investments are not covered by the Federal Deposit Insurance Corporation.

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

The Union has evaluated subsequent events through May 4, 2023, the date the financial statements were available to be issued.

NOTE 10 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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**NOTES TO FINANCIAL STATEMENTS
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NOTE 10 – FAIR VALUE MEASUREMENTS (continued)

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Union has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Certificates of deposit: Certificates of deposit are readily convertible into cash, and carried at fair value, as reported by the financial institutions.

U.S. government securities: Certain U.S. government securities are valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate debt instruments: Certain corporate debt instruments are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Corporate stocks: Corporate stocks are valued at the closing price reported on the New York Stock Exchange and other exchanges.

Registered investment companies: Certain registered investment companies are valued at the closing price reported in the active market on which they are traded. Others are valued at estimated fair value as determined by the investment manager based on the market value and estimated fair value of the underlying investments in the portfolio. In establishing the fair value of these investments, the investment manager takes into consideration information about the net asset value of shares held at year end.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Union believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Union's assets at fair value as of December 31, 2022 and 2021:

December 31, 2022				
Investment	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 2,038,693	\$ 0	\$ 0	\$ 2,038,693
U.S. government securities	0	982,300	0	982,300
Corporate debt instruments	0	540,551	0	540,551
Corporate stocks	690,529	0	0	690,529
Registered investment companies	159,215	0	0	159,215
	<u>\$ 2,888,437</u>	<u>\$ 1,522,851</u>	<u>\$ 0</u>	<u>\$ 4,411,288</u>

December 31, 2021				
Investment	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 2,253,817	\$ 0	\$ 0	\$ 2,253,817
U.S. government securities	0	1,060,060	0	1,060,060
Corporate debt instruments	0	644,218	0	644,218
Corporate stocks	822,237	0	0	822,237
Registered investment companies	182,728	0	0	182,728
	<u>\$ 3,258,782</u>	<u>\$ 1,704,278</u>	<u>\$ 0</u>	<u>\$ 4,963,060</u>

NOTE 11 – NET INVESTMENT INCOME

Net investment income for the years ended December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Interest, dividends and other	\$ 94,832	\$ 77,479
Unrealized (losses) on investments	(555,596)	(38,847)
Realized gains (losses) on sale of investments	(66,500)	14,512
	<u>(527,264)</u>	<u>53,144</u>
Less - Investment fees	27,461	27,307
Net Investment Income (Loss)	<u>\$ (554,725)</u>	<u>\$ 25,837</u>

NOTE 12 – FUTURE RENTAL INCOME

The Club Corp entered into non-cancellable lease agreements to rent space to the following tenants:

- The Health Fund (a related party, see Note 4) for the period July 1, 2015 through June 30, 2025 at a base rent of \$4,988 with a 2.5% per annum escalation. There is a 4.6% proportionate share of any increase in real estate tax, fuel expense, and quarterly maintenance contract of the air conditioning.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 12 – FUTURE RENTAL INCOME (continued)

- Actors Federal Credit Union for the period January 1, 2018 through December 31, 2020 at a base rent of \$701 per month with a 2.5% per annum escalation. There is a monthly fixed water charge of \$4, a proportionate share of 1.56% real estate tax increase, as well as a 1.56% proportionate share of both the quarterly maintenance contract for all repairs and maintenance of the air conditioning system and fuel expense. This lease has not been renewed and Actors Federal Credit Union is paying rent on a month-to-month basis.
- Stage Call, Inc. for the period November 1, 2022 through October 31, 2023 at a base rent of \$3,276 per month with a 3% per annum escalation. There is a proportionate share of 3.52% real estate tax increase, as well as a 3.52% proportionate share of both the quarterly maintenance contract for all repairs and maintenance of the air conditioning system and fuel expense.
- The New York Songspace Ltd. For the period July 30, 2019 through September 30, 2024 at a base rent of \$7,121 per month with a 3 % per annum escalation. There is a monthly fixed water charge of \$100 and electricity charges of \$639.

The annual minimum lease income under these non-cancelable leases as of December 31, 2022, is:

Year ending December 31:	2023	\$	208,992
	2024		190,134
	2025		44,580
			44,580
Aggregate future minimum rentals		\$	443,706

NOTE 13 – PENSION PLANS AND OFFICERS' SEVERANCE

Eligible employees of the Union are covered under the following multiemployer defined benefit pension plans. Pension expense amounted to \$355,693 and \$210,066 in 2022 and 2021, respectively.

Pension Fund			Pension Protection		FIP/RP Status	Contributions			Surcharge Imposed	Expiration Date
			Act Zone Status							Pending / Implemented
Name	E.I.N.	Plan No.	2022	2021	Implemented	2022	2021	2020		
American Federation of Musicians										
Employers' Pension Fund	51-6120204	001	Red	Red	Implemented	\$ 337,276	\$ 202,921	\$ 252,863	Yes	6/30/2021
Local 153 Pension	13-2864289	001	Red	Red	Implemented	18,417	7,145	15,900	Yes	3/31/2019
						\$ 355,693	\$ 210,066	\$ 268,763		

Eligible officers are entitled to severance payments upon termination of employment. The liability for these payments is initially recorded when an officer completes five years of service. Officers' severance pay expense amounted to \$7,680 and \$21,133 in 2022 and 2021, respectively.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
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**SUPPLEMENTAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022								2021	
	General Fund	Members' Benefit Strike Fund	Special Projects Fund	Legal Services Fund	Club Corp	Anne Walker Scholarship Fund	Recording Fund	Claims Fund	Consolidated Totals	Consolidated Totals
ASSETS										
Current:										
Cash and cash equivalents	\$ 2,011,596	\$ 240,233	\$ 482	\$ 22,739	\$ 0	\$ 0	\$ 665,148	\$ 42,434	\$ 2,982,632	\$ 2,621,524
Receivables:										
Work dues	850,267	0	0	0	0	0	0	0	850,267	601,110
Due from related organizations	4,598,137	9,143	54,371	408,073	(4,964,771)	71,831	0	0	176,784	31,995
Other	21,508	0	0	0	4,940	0	0	0	26,448	10,972
Accrued interest	10,980	5,518	0	0	0	0	0	0	16,498	12,497
Payroll retention credit	0	0	0	0	0	0	0	0	0	74,728
Total Receivables	5,480,892	14,661	54,371	408,073	(4,959,831)	71,831	0	0	1,069,997	731,302
Prepaid expenses	236,188	0	0	0	0	0	0	0	236,188	192,688
Total Current Assets	7,728,676	254,894	54,853	430,812	(4,959,831)	71,831	665,148	42,434	4,288,817	3,545,514
Other Assets:										
Investments, at fair value	2,372,595	2,038,693	0	0	0	0	0	0	4,411,288	4,963,060
Fixed assets, net of accumulated depreciation	177,173	0	0	0	1,593,545	0	0	0	1,770,718	1,756,896
Total Other Assets	2,549,768	2,038,693	0	0	1,593,545	0	0	0	6,182,006	6,719,956
Total Assets	\$ 10,278,444	\$ 2,293,587	\$ 54,853	\$ 430,812	\$ (3,366,286)	\$ 71,831	\$ 665,148	\$ 42,434	\$ 10,470,823	\$ 10,265,470
LIABILITIES AND ASSETS										
Current Liabilities:										
Due to broker	0	0	0	0	0	0	0	0	0	4,789
Payroll withholdings	0	0	0	0	0	0	0	0	0	2,008
Accrued expenses payable	450,371	0	0	0	0	0	0	0	450,371	237,938
Due to American Federation of Musicians	24,607	0	0	0	0	0	0	0	24,607	7,135
Deferred income	90,537	0	0	0	0	0	0	0	90,537	143,161
Due to MOOMA - cash balance	15,000	0	0	0	0	0	0	0	15,000	15,000
Escrow payable - recording and claims	0	0	0	0	0	0	666,111	42,434	708,545	1,109,210
Total Current Liabilities	580,515	0	0	0	0	0	666,111	42,434	1,289,060	1,519,241
Non-current Liabilities:										
Severance pay - officers	121,689	0	0	0	0	0	0	0	121,689	161,183
Due to NY Philharmonic Strike Fund - cash balance	94,863	0	0	0	0	0	0	0	94,863	94,602
Security deposits	37,046	0	0	0	0	0	0	0	37,046	40,792
Total Non-current Liabilities	253,598	0	0	0	0	0	0	0	253,598	296,577
Total Liabilities	834,113	0	0	0	0	0	666,111	42,434	1,542,658	1,815,818
Net assets without donor restrictions	9,444,331	2,293,587	54,853	430,812	(3,366,286)	71,831	(963)	0	8,928,165	8,449,652
Total Liabilities and Net Assets	\$ 10,278,444	\$ 2,293,587	\$ 54,853	\$ 430,812	\$ (3,366,286)	\$ 71,831	\$ 665,148	\$ 42,434	\$ 10,470,823	\$ 10,265,470

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,
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**SUPPLEMENTAL CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022								2021	
	General Fund	Members' Benefit Strike Fund	Special Projects Fund	Legal Services Fund	Club Corp	Anne Walker Scholarship Fund	Recording Fund	Claims Fund	Consolidated Totals	Consolidated Totals
REVENUES, GAINS AND OTHER										
Dues and fees:										
Work dues	\$ 5,234,406	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,234,406	\$ 2,230,804
Basic dues and application fees	1,227,948	0	0	0	0	0	0	0	1,227,948	1,315,292
Total Dues and Fees	6,462,354	0	0	0	0	0	0	0	6,462,354	3,546,096
Less Allocations to:										
American Federation of Musicians:										
Work dues	624,598	0	0	0	0	0	0	0	624,598	260,730
Per capita and application fees	356,194	0	0	0	0	0	0	0	356,194	329,233
Other	12,100	0	0	0	0	0	0	0	12,100	5,005
Other affiliates	25,196	0	0	0	0	0	0	0	25,196	7,788
Total Allocations	1,018,088	0	0	0	0	0	0	0	1,018,088	602,756
Net Dues Income	5,444,266	0	0	0	0	0	0	0	5,444,266	2,943,340
Other revenues:										
Rental of building	0	0	0	0	248,484	0	0	0	248,484	265,969
Journal advertising	43,515	0	0	0	0	0	0	0	43,515	42,568
Miscellaneous	0	0	0	0	0	4,402	0	0	4,402	5,067
Paycheck Protection Program loan forgiveness	0	0	0	0	0	0	0	0	0	887,517
Payroll retention credit	0	0	0	0	0	0	0	0	0	259,857
Net investment income (loss)	(340,321)	(214,404)	0	0	0	0	0	0	(554,725)	25,837
Total Other Revenues	(296,806)	(214,404)	0	0	248,484	4,402	0	0	(258,324)	1,486,815
Total Revenues	5,147,460	(214,404)	0	0	248,484	4,402	0	0	5,185,942	4,430,155
EXPENSES										
Program expenses:										
Organizing, collective bargaining and related	905,472	0	611	0	205,826	0	0	0	1,111,909	983,936
Governance, communication and publication	427,162	0	304	0	102,454	0	0	0	529,920	445,224
Members' benefits	68,681	0	0	0	0	0	0	0	68,681	76,889
Political	35,708	0	25	0	8,581	0	0	0	44,314	37,587
Charitable and scholarship	12,017	0	9	0	2,888	0	0	0	14,914	27,556
Total Expenses	1,449,040	0	949	0	319,749	0	0	0	1,769,738	1,571,192
General and administrative expenses	2,404,665	0	1,577	0	531,317	50	82	0	2,937,691	1,998,294
Total Functional Expenses	3,853,705	0	2,526	0	851,066	50	82	0	4,797,429	3,569,486
Change in net assets without donor restrictions	1,293,755	(214,404)	(2,526)	0	(602,582)	4,352	(82)	0	478,513	860,669
Net assets without donor restrictions:										
Beginning	8,211,768	2,507,991	48,283	381,716	(2,763,704)	64,479	(881)	0	8,449,652	7,588,983
Transfers (to) from other Funds	(61,192)	0	9,096	49,096	0	3,000	0	0	0	0
Ending	\$ 9,444,331	\$ 2,293,587	\$ 54,853	\$ 430,812	\$ (3,366,286)	\$ 71,831	\$ (963)	\$ 0	\$ 8,928,165	\$ 8,449,652