

COPLAND HOUSE, INC.

REVIEWED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

COPLAND HOUSE, INC.

TABLE OF CONTENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Page</u>
Independent Accountants' Review Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees
Copland House, Inc.
Cortlandt Manor, NY

We have reviewed the accompanying statement of financial position of Copland House, Inc. (a nonprofit organization) as of December 31, 2017, and the related statements of activities, functional expenses, and changes in net assets and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 these 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 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 2017 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



New York, NY
March 22, 2019

COPLAND HOUSE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

A S S E T S

Current assets:	
Cash and cash equivalents	\$ 140,293
Donations receivable	11,345
Prepaid expenses	<u>1,716</u>
Total current assets	153,354
Property and equipment-net of accumulated depreciation	71,943
Investments, at market value	98,800
Investments (Board designated), at market value	<u>280,780</u>
Total assets	<u><u>\$ 604,877</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 9,365
Security deposits	<u>1,200</u>
Total liabilities	<u>10,565</u>
Net assets:	
Unrestricted	292,282
Unrestricted - Board designated	280,780
Temporarily restricted	<u>21,250</u>
Total net assets	<u>594,312</u>
Total liabilities and net assets	<u><u>\$ 604,877</u></u>

See accountants' review report.
The accompanying notes are an integral part of the financial statements.

COPLAND HOUSE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Donations				
Foundations, corporations, government	\$ 155,828	\$ 42,500	\$ -	\$ 198,328
Individuals	105,965	-	-	105,965
Concerts and other program revenue	68,231	-	-	68,231
Special event, net of \$66,346 direct expenses	68,709	-	-	68,709
Investment income, net of fees	35,047	-	-	35,047
	<u>433,780</u>	<u>42,500</u>	<u>-</u>	<u>476,280</u>
Net assets released from restrictions	<u>102,785</u>	<u>(102,785)</u>		<u>-</u>
Total revenue and support	<u>536,565</u>	<u>(60,285)</u>	<u>-</u>	<u>476,280</u>
Expenses				
Program services	272,472	-	-	272,472
Management and general	59,611	-	-	59,611
Fundraising	37,655	-	-	37,655
Total expenses	<u>369,738</u>	<u>-</u>	<u>-</u>	<u>369,738</u>
Changes in net assets	166,827	(60,285)	-	106,542
Net assets, beginning of year	406,235	81,535	10,000	497,770
Prior year adjustment (Note 3)	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Net assets, end of year	<u>\$ 573,062</u>	<u>\$ 21,250</u>	<u>\$ -</u>	<u>\$ 594,312</u>

See accountants' review report.
The accompanying notes are an integral
part of the financial statements.

COPLAND HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Management & General	Fundraising	Total Expenses
Salaries	\$ 73,897	\$ 30,560	\$ 22,687	\$ 127,144
Payroll taxes	5,826	2,411	1,808	10,045
Employee benefits	13,878	5,742	4,307	23,927
Artist fees	87,400	-	-	87,400
Space rental	3,373	-	-	3,373
Composer residencies	4,193	-	-	4,193
Catering	10,678	-	3,275	13,953
Artist travel	12,380	-	147	12,527
Musical instrument expenses	8,000	-	-	8,000
Promotion	3,042	-	854	3,896
Professional fees - Non-artistic	20,880	4,314	1,966	27,160
Dues and subscriptions	1,552	800	990	3,342
Equipment rental	1,288	-	-	1,288
Insurance	9,419	11,833	-	21,252
Office expenses	8,591	2,543	373	11,507
Postage	669	362	502	1,533
Printing	1,457	871	746	3,074
Depreciation	5,545	-	-	5,545
Bank charges and fee	404	175	-	579
Total expenses	<u>\$ 272,472</u>	<u>\$ 59,611</u>	<u>\$ 37,655</u>	<u>\$ 369,738</u>

See accountants' review report.

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

COPLAND HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:	
Changes in net assets	\$ 106,542
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	5,545
Net realized and unrealized (gain) on investments	(60,145)
Decrease (Increase) in current assets:	
Prepaid expenses	2,762
Donations receivable	(11,345)
Increase (Decrease) in current liabilities:	
Accounts payable and accrued expenses	5,954
Security deposits	300
	<hr/>
Net cash provided by operating activities	49,613
Cash flows from investing activities:	
Purchase of investment	(86,081)
Proceeds from sale of investment	111,357
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Net cash provided by investing activities	25,276
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Net increase in cash balance	74,889
Cash, beginning of year	65,404
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Cash, end of year	\$ <u><u>140,293</u></u>

See accountants' review report.
The accompanying notes are an integral
part of the financial statements.

COPLAND HOUSE, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - NATURE OF ORGANIZATION

Copland House, Inc. ("Copland House") was formed in 1995 as a not-for-profit corporation, originally named "The Copland Heritage Association of Cortlandt, Inc." The name was officially changed to Copland House, Inc. in 2001. In 2002, Copland House accepted title to Mr. Copland's residence as a gift from the Aaron Copland Fund for Music, Inc. ("CFM"), a not-for-profit corporation established pursuant to Aaron Copland's will. [See Note 9(b), Aaron Copland Residence below]

Copland House creates, develops, and presents musical, educational, public, informational, and electronic-media programs offsite throughout North America and at the former home of the late Aaron Copland, one of America's foremost composers. Copland House confers three-to-eight week residencies and various post-residency awards to gifted American composers; sponsors a touring, resident chamber music ensemble; produces public, community, and scholarly presentations; and organizes educational activities — all of which champion America's musical heritage, including the works of Aaron Copland.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The organization prepares its financial statements in accordance with generally accepted accounting principles which involve the application of accrual accounting. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents - The Organization maintains its cash accounts in commercial institution. Cash balances located in the bank are insured by the Federal Deposit Insurance Organization (FDIC) up to \$250,000.

Fair Value Measurement - The Organization reports a fair value measurement of all applicable financial assets and liabilities.

Investments - Investment transactions are recorded on a trade-date basis. Realized and unrealized gains and losses on investments are determined by a comparison of specific costs of investments at acquisition to the proceeds at the time of disposal, or to their fair values at year-end, and are reflected in the accompanying statement of activities. The earnings from dividends and interest are recognized when earned. Dividends and interest income and investment fees are net to the Investment Income in the statement of activities.

COPLAND HOUSE, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Property and equipment is recorded at cost or fair value at the date of acquisition / donation, less accumulated depreciation. Depreciation of property and equipment is provided for by using the straight-line method over the estimated useful lives of the respective assets. Improvements are capitalized, while repairs and maintenance costs are charged to operations as incurred.

Contributions and Net assets - Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Collections - Copland House's collections consist of musical instruments, recordings, papers and other items of memorabilia that have been donated to the organization. Copland House's policy is to not capitalize donated collection items. To date, Copland House has not purchased or disposed of any collection item. If it were to dispose of a collection item in the future, upon any sale, it would recognize income and set aside the proceeds for other collection acquisitions or for the collection's care and preservation. Any purchased acquisitions would be treated as an expense.

Income taxes - The organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for federal or state income taxes has been made. The Internal Revenue Service has determined that the Organization is a not for profit organization and not a private foundation, under section 509(a) of the Internal Revenue Code.

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 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. Accounting estimates used include depreciation, revenue and cost allocations.

COPLAND HOUSE, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation - The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Subsequent events – Copland House has evaluated subsequent events through, March 22, 2019, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in the financial statements.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

At December 31, 2017, Copland House's donations receivable of \$11,345, were due within one year. Accordingly, no allowance for uncollectible amount has been provided in these financial statements.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists as follows:

Improvement	\$	9,725
Furniture and fixture		6,650
Pianos		80,600
Automobile		2,300
Total cost of assets placed in service		<u>99,275</u>
Less accumulated depreciation		27,332
Net book value	\$	<u>71,943</u>

Depreciation expense for the year ended December 31, 2017 was \$5,545

NOTE 5 – INVESTMENTS

At December 31, 2017, investments consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Money Market Fund	\$ 74,009	\$ 74,009
Equities	184,350	147,053
Fixed Income	<u>121,221</u>	<u>120,437</u>
Total	<u>\$ 379,580</u>	<u>\$ 341,499</u>

COPLAND HOUSE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 – INVESTMENTS (Continued)

Net realized and unrealized gains consisted of the following:

Net realized gain	6,482
Net unrealized gains	<u>53,663</u>
Total	<u>\$ 60,145</u>

Fair-value measurement as defined in ASC 820-10-05 prescribes three levels of fair-value measurement as follows:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date. The types of investments and other assets included in Level 1 consist of exchange-traded equity securities and debt, short-term money-market funds, and actively traded obligations issued by the U.S. government and government agencies.

Level 2: Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include other U.S. government and agency securities and corporate debt securities that are redeemable at or near the balance sheet date, and for which a model was derived for valuation.

Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. Level 3 assets include securities in privately held companies, secured notes, private corporate bonds, and limited partnerships, the underlying investments of which could not be independently valued, or cannot be immediately redeemed at or near the fiscal year-end. Copland House does not have any Level 3 investment.

The following tables summarize the fair values of the Fund's financial assets at each year-end, in accordance with the ASC 820-10-05 valuation levels:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money Market Fund	\$ 74,009	\$ -	\$ 74,009
Equities	184,350	-	184,350
Fixed Income	<u>-</u>	<u>121,221</u>	<u>121,221</u>
Total	<u>\$ 258,359</u>	<u>\$ 121,221</u>	<u>\$ 379,580</u>

COPLAND HOUSE, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$21,250 at December 31, 2017 are designated by donors for specific 2018 activities.

NOTE 7 – BOARD DESIGNATED NET ASSETS

The Board of Trustees of Copland House has designated the Beglarian Fund as a reserve to provide long-term financial stability. At December 31, 2017 the fund balance was \$280,780.

NOTE 8 – ADJUSTMENT TO NET-ASSET BALANCE

The permanently net asset at January 1, 2017 has been reduced by \$10,000 from the balance previously reported, to reflect the unquantifiable donation of residence from Aaron Copland Fund for Music, Inc. [See Note 9(b) below for details]

NOTE 9 – DONATED GOODS AND SERVICES

(a) Copland House, like many not-for-profit organizations, benefits from the donation of services by unpaid volunteers. In addition, in connection with the House renovations in earlier years, the organization received donations of furnishings. These donations of goods and services, whose values are difficult to measure, are not reflected in the financial statements.

(b) Aaron Copland Residence - In November 2002, Aaron Copland Fund for Music, Inc. (“CFM”) conveyed title to Aaron Copland's residence to Copland House. Under the terms of conveyance, Copland House's title would revert to CFM if the residence were not used to support American music. Because of these restrictions, it is not feasible to determine the fair value of the donated use of the property. Therefore, it is not reflected in the financial statements.