

COPLAND HOUSE, INC.

REVIEWED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

COPLAND HOUSE, INC.

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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, 2018, 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 2018 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 6, 2020

COPLAND HOUSE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

A S S E T S

Current assets:

Cash and cash equivalents	\$ 70,030
Prepaid expenses	<u>1,716</u>
Total current assets	71,746

Property and equipment-net of accumulated depreciation

66,398

Investments

Investments, at market value	127,432
Investments (Board designated), at market value	<u>262,329</u>
Total investments	<u>389,761</u>

Total assets	<u><u>\$ 527,905</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 13,706
Security deposits	<u>1,500</u>

Total liabilities	<u>15,206</u>
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Net assets:

Without donor restrictions	213,870
Without donor restrictions - Board designated	262,329
With donor restrictions	<u>36,500</u>

Total net assets	<u>512,699</u>
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Total liabilities and net assets	<u><u>\$ 527,905</u></u>
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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, 2018

	Without donor restrictions	With donor restrictions	Total
Operating revenue and support:			
Donations			
Foundations, corporations, government	\$ 82,255	\$ 66,250	\$ 148,505
Individuals	139,345	-	139,345
Concerts and other program revenue	131,640	-	131,640
Special event, net of \$76,664 direct expenses	41,047	-	41,047
	<u>394,287</u>	<u>66,250</u>	<u>460,537</u>
Net assets released from restrictions	51,000	(51,000)	-
	<u>445,287</u>	<u>15,250</u>	<u>460,537</u>
Total operating revenue and support			
Operating expenses			
Program services	384,113	-	384,113
Management and general	55,115	-	55,115
Fundraising	87,824	-	87,824
	<u>527,052</u>	<u>-</u>	<u>527,052</u>
Total operating expenses			
Changes in net assets from operations	(81,765)	15,250	(66,515)
Non-operating Revenue / (Expenses)			
Investment loss, net of fees	(15,098)	-	(15,098)
	<u>(96,863)</u>	<u>15,250</u>	<u>(81,613)</u>
Changes in net assets			
Net assets, beginning of year	573,062	21,250	594,312
Net assets, end of year	<u>\$ 476,199</u>	<u>\$ 36,500</u>	<u>\$ 512,699</u>

See accountants' review report.
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part of the financial statements.

COPLAND HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management & General	Fundraising	Total Expenses
Salaries	\$ 75,556	\$ 31,119	\$ 68,119	\$ 174,794
Payroll taxes	5,925	2,480	5,373	13,778
Employee benefits	11,135	4,661	10,099	25,895
Artist fees	158,115	-	1,200	159,315
Space rental	13,815	-	-	13,815
Catering	11,494	175	485	12,154
Artist travel	24,870	-	674	25,544
Musical instrument expenses	4,225	-	-	4,225
Promotion	3,077	-	-	3,077
Professional fees - Non-artistic	45,830	4,646	700	51,176
Dues and subscriptions	688	1,527	615	2,830
Insurance	10,809	6,724	-	17,533
Office expenses	3,805	725	-	4,530
Postage	337	361	496	1,194
Printing	1,091	121	63	1,275
Repair and maintenance	4,980	825	-	5,805
Telecommunication	2,139	1,522	-	3,661
Depreciation	5,545	-	-	5,545
Bank charges and fee	677	229	-	906
Total expenses	<u>\$ 384,113</u>	<u>\$ 55,115</u>	<u>\$ 87,824</u>	<u>\$ 527,052</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, 2018

Cash flows from operating activities:		
Changes in net assets	\$	(81,613)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		5,545
Donated investment		(14,763)
Net realized and unrealized loss on investments		13,376
Decrease (Increase) in current assets:		
Donations receivable		11,345
Increase (Decrease) in current liabilities:		
Accounts payable and accrued expenses		4,341
Security deposits		300
		<hr/>
Net cash used in operating activities		(61,469)
Cash flows from investing activities:		
Purchase of investment		(336,240)
Proceeds from sale of investment		327,446
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Net cash used in investing activities		(8,794)
		<hr/>
Net decrease in cash balance		(70,263)
Cash, beginning of year		140,293
		<hr/>
Cash, end of year	\$	<u>70,030</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, 2018

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, 2018

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 - Contributions are recognized when cash or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Net assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that will be met by actions of the Organization and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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, 2018

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.

Accounting Pronouncements Adopted - In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The ASU amends the previous reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has adopted this ASU as of and for the year ended December 31, 2018.

Subsequent events – Copland House has evaluated subsequent events through, March 6, 2020, 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 - PROPERTY AND EQUIPMENT

Property and equipment consists as follows:

Improvement	\$ 9,725
Furniture and fixture	6,650
Pianos	80,600
Automobile	<u>2,300</u>
Total cost of assets placed in service	99,275
Less accumulated depreciation	<u>32,877</u>
Net book value	<u><u>\$ 66,398</u></u>

Depreciation expense for the year ended December 31, 2018 was \$5,545.

COPLAND HOUSE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 – INVESTMENTS

At December 31, 2018, investments consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Money Market Fund	\$ 82,254	\$ 82,254
Equities	124,746	120,425
Fixed Income	<u>182,761</u>	<u>175,912</u>
Total	<u>\$ 389,761</u>	<u>\$ 378,591</u>

Net realized and unrealized loss consisted of the following:

Net realized gain	4,746
Net unrealized loss	<u>(18,122)</u>
Total net loss	<u>\$ (13,376)</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.

COPLAND HOUSE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 – INVESTMENTS (Continued)

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	\$ 82,254	\$ -	\$ 82,254
Equities	124,746	-	124,746
Fixed Income	-	182,761	182,761
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 207,000</u>	<u>\$ 182,761</u>	<u>\$ 389,761</u>

The investment advisory fee paid for year 2019 was \$4,530.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$36,500 at December 31, 2018 are designated by donors for specific 2019 activities.

NOTE 6 – 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, 2018 the fund balance was \$262,329.

NOTE 7 – AVAILABILITY AND LIQUIDITY

The Organization's financial assets available for general expenditures within one year of the 2018 statement of financial position date are as follows:

Cash	\$ 70,030
Investments	<u>389,761</u>
Total financial assets	459,791
Less amount restricted as Board designated investment	(262,329)
Less amount restricted for 2019 activities	<u>(36,500)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 160,962</u></u>

The Organization has a goal to maintain a cash balance to meet 30 days of operating expenses (exclusive of depreciation and amortization expense).

COPLAND HOUSE, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 – 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.