

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

(A Non-Profit Organization)

Financial Statements
Years Ended June 30, 2023 and 2022
(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Arts Education in Maryland Schools Alliance, Inc.
Baltimore, Maryland

Opinion

I have audited the accompanying financial statements of Arts Education in Maryland Schools Alliance, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arts Education in Maryland Schools Alliance, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Arts Education in Maryland Schools Alliance, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts Education in Maryland Schools Alliance, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

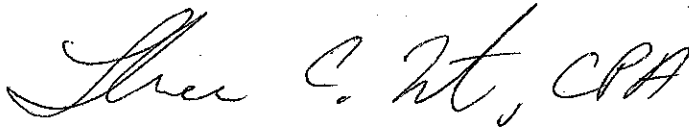
In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arts Education in Maryland Schools Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts Education in Maryland Schools Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I have identified during the audit.

Report on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Thane C. Martin, CPA". The signature is written in dark ink and is positioned above the printed name and title.

Thane C. Martin, CPA
The Financial Consulting Firm Inc.
Owings Mills, MD
January 16, 2024

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Statement of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 58,629	\$ 338,089
Grants Receivable	66,175	108,407
Prepaid Expenses	<u>3,453</u>	<u>11,559</u>
Total Current Assets	<u>128,257</u>	<u>458,055</u>
Property and Equipment		
Computers and Equipment	16,069	16,069
Accumulated Depreciation	<u>(16,069)</u>	<u>(15,528)</u>
Total Property and Equipment	<u>-</u>	<u>541</u>
Intangible Assets		
Data Platform	-	156,000
Website Design	-	8,750
Accumulated Amortization	<u>-</u>	<u>(57,663)</u>
Total Intangible Assets	<u>-</u>	<u>107,087</u>
Other Assets		
Deposit	1,740	1,740
Right of Use Assets - Operating	<u>50,979</u>	<u>-</u>
Total Other Assets	<u>52,719</u>	<u>108,827</u>
Total Assets	<u>\$ 180,976</u>	<u>\$ 567,423</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 45,105	\$ -
Lease Liability - Operating	<u>17,488</u>	<u>-</u>
Total Current Liabilities	<u>62,593</u>	<u>-</u>
Long-Term Liabilities		
Lease Liability - Operating	<u>33,608</u>	<u>-</u>
Total Long-Term Liabilities	<u>33,608</u>	<u>-</u>
Net Assets		
Without Donor Restrictions	(122,596)	66,322
Without Donor Restrictions - Board Designated Restriction	100,000	100,000
With Donor Restriction	<u>107,371</u>	<u>401,101</u>
Total Net Assets	<u>84,775</u>	<u>567,423</u>
Total Liabilities and Net Assets	<u>\$ 180,976</u>	<u>\$ 567,423</u>

See independent accountant's audit report and notes to the financial statements.

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.
Statement of Activities
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Revenue:						
Contributions	\$ 89,939	\$ -	\$ 89,939	\$ 56,133	\$ -	\$ 56,133
Dividends	71	-	71	-	-	-
Donations	31,436	-	31,436	8,515	-	8,515
Grants	142,122	231,327	373,449	47,423	286,087	333,510
Grants - Federal	-	-	-	-	36,183	36,183
Interest Income	20	-	20	76	-	76
Program Income	22,418	600	23,018	10,679	185,182	195,861
Other Income	50	-	50	60,012	-	60,012
Net Assets Released from Restrictions	<u>525,657</u>	<u>(525,657)</u>	<u>-</u>	<u>449,054</u>	<u>(449,054)</u>	<u>-</u>
Total Revenue	<u>811,713</u>	<u>(293,730)</u>	<u>517,983</u>	<u>631,892</u>	<u>58,398</u>	<u>690,290</u>
Expenditures:						
Program Services:	510,762	-	510,762	441,599	-	441,599
Management and General	211,060	-	211,060	213,371	-	213,371
Fundraising	<u>171,722</u>	<u>-</u>	<u>171,722</u>	<u>120,306</u>	<u>-</u>	<u>120,306</u>
Total Expenditures	<u>893,544</u>	<u>-</u>	<u>893,544</u>	<u>775,276</u>	<u>-</u>	<u>775,276</u>
Loss on the disposal of an asset	(107,087)	-	(107,087)	-	-	-
Change in Net Assets	<u>(188,918)</u>	<u>(293,730)</u>	<u>(482,648)</u>	<u>(143,384)</u>	<u>58,398</u>	<u>(84,986)</u>
Net Assets, beginning of year	166,322	401,101	567,423	333,266	317,403	650,669
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,560)</u>	<u>25,300</u>	<u>1,740</u>
Net Assets, end of year	<u>\$ (22,596)</u>	<u>\$ 107,371</u>	<u>\$ 84,775</u>	<u>\$ 166,322</u>	<u>\$ 401,101</u>	<u>\$ 567,423</u>

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Statement of Functional Expenses

For the Years Ended June 30, 2023 and 2022

2023

2022

	Program Expenses	Management and General	Fundraising	Total	Program Expenses	Management and General	Fundraising	Total
Amortization	\$ -	\$ -	\$ -	\$ -	\$ 18,123	\$ 13,180	\$ 1,647	\$ 32,950
Bank Service Charges	-	110	-	110	-	245	-	245
Conferences & Meetings	324	189	27	540	389	227	32	648
Contributions	-	-	-	-	-	5,000	-	5,000
Depreciation	298	216	27	541	2,246	1,634	204	4,084
Equipment Rental	927	954	927	2,808	1,290	1,330	1,290	3,910
Fringe Benefits	10,928	7,672	4,650	23,250	7,450	5,230	3,170	15,850
Gifts	-	-	-	-	-	780	-	780
Insurance	1,567	1,099	667	3,333	-	1,759	-	1,759
Interest Expense	-	56	-	56	-	-	-	-
Marketing	2,420	1,936	484	4,840	2,806	2,245	561	5,612
Meals & Entertainment	-	-	-	-	-	1,579	-	1,579
Memberships	-	1,097	-	1,097	-	974	-	974
Occupancy	10,261	7,204	4,366	21,831	13,530	9,500	5,758	28,788
Office Expenses	806	1,210	-	2,016	3,353	5,031	-	8,384
Payroll	156,288	109,734	66,506	332,528	117,612	82,578	50,048	250,238
Payroll Taxes	11,892	8,350	5,061	25,303	8,508	5,974	3,621	18,103
Printing & Reproduction	435	217	435	1,087	454	228	454	1,136
Professional Fees	46,793	27,296	3,899	77,988	33,946	22,631	-	56,577
Program Expenses								
Arts Education Advocacy	286	61	61	408	264	56	57	377
Webinar	1,050	225	225	1,500	1,750	375	375	2,500
MPHSDS	18,460	3,956	3,956	26,372	2,384	510	511	3,405
Campaign School	-	-	-	-	18,025	3,863	3,863	25,751
A Reall	12,258	1,830	4,208	18,296	1,114	239	239	1,592
Annual Conference	7,772	1,160	2,668	11,600	4,690	1,005	1,005	6,700
MCCC	197,164	29,428	67,683	294,275	201,694	43,221	43,220	288,135
Supplies	1,111	4,444	5,555	11,110	727	2,906	3,633	7,266
Telephone	613	690	230	1,533	888	1,000	333	2,221
Travel	109	21	87	217	356	71	285	712
Other	29,000	1,905	-	30,905	-	-	-	-
TOTAL EXPENSES	\$ 510,762	\$ 211,060	\$ 171,722	\$ 893,544	\$ 441,599	\$ 213,371	\$ 120,306	\$ 775,276

See independent accountant's audit report and notes to the financial statements.

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Statement of Cash Flows

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in Net Assets	\$ (482,648)	\$ (84,986)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation & Amortization	541	37,034
Change in assets and liabilities:		
(Increase) decrease in current assets:		
Grants Receivable	22,232	81,783
Prepaid Expenses	9,683	(2,670)
Increase (decrease) in current liabilities:		
Accounts Payable	45,049	-
Note Payable - PPP Loan	-	(59,995)
Net cash (used by)/provide for operating activities	<u>(405,143)</u>	<u>(28,834)</u>
Net (decrease)/increase in cash	(279,460)	(28,834)
Cash, beginning of year	<u>338,089</u>	<u>366,923</u>
Cash, end of year	<u>\$ 58,629</u>	<u>\$ 338,089</u>

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Notes to Financial statements

June 30, 2023 and 2022

NOTE A – ORGANIZATION

Arts Education in Maryland Schools Alliance, Inc. (the “Organization”) is a non-profit organization incorporated in the State of Maryland. The Organization’s mission is to ensure that all students in the state of Maryland have access to high quality arts education by mobilizing power to communities through advocacy programs, professional and leadership programs, and resource building and sharing.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. In accordance with accounting principles generally accepted in the United States of America, whereby revenues are recorded when earned and expenses are recorded when incurred.

Basis of Presentation

The Organizations financial statements will adhere to the new standards for external financial statements reporting issued by FASB ASU 2016-14. This pronouncement requires that:

- Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Management has designated, from net assets without donor restrictions, net assets for an operating reserve.
- Net Assets with Donor Restrictions – Net assets subject to donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets with donor restrictions was \$107,371 and \$401,101, net assets without donor restrictions-board designated restriction was \$100,000 and \$100,000, and net assets without donor restrictions was (\$122,596) and \$66,322 for the years ended June 30, 2023 and 2022 respectively.

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Notes to Financial statements

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In these financial statements, assets, liabilities, and earnings involve reliance on management's estimates.

Cash and Cash Equivalents

The Organization considers bank balances including cash on hand and deposits in transit in the form of coins, currency, checks, cashier checks, and money orders as cash and cash equivalents. Cash equivalents consists of money market funds.

Grant Receivable

Grants receivables are stated at the amount the Organization expects to collect from balances outstanding at year-end. Based on the Organization's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Property and Equipment

The Organization capitalizes all acquisitions of property and equipment in excess of \$1,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Depreciation of property and equipment is provided using the straight-line method based upon the estimated useful lives of the assets, generally three to five years. Routine maintenance and repair costs are charged to expense as incurred and major renewals and betterments are capitalized. Assets retired or otherwise disposed of, and the related amounts of accumulated depreciation are eliminated from accounts.

Depreciation expenses totaled \$541 and \$4,084 for the years ended June 30, 2023 and 2022 respectively.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Asset Type</u>	<u>Useful Lives</u>
Office Equipment, Computers	5
Website Development	3

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Notes to Financial statements

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants and contributions are reported as revenue in the year in which payments are received and/or unconditional promises made. Grants and contributions received are available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period or are restricted by the grantor or donor for specific purposes, are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

All other revenues are recognized when earned.

Functional Expense Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated between the program and supporting services based on estimates made by the Organization's management.

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. At June 30, 2023 and 2022 there is no unpaid liability as the Organization's policy does not allow for rollover of unused leave time.

Concentrations of Risk

Factors that potentially subject Arts Education in Maryland Schools Alliance, Inc. to concentrations of risk are as follows:

Financial instruments that potentially subject the Organization to credit risk include cash deposit with a financial institution, which was insured for up to \$250,000 by U.S. Federal Deposit Insurance Corporation. The Organization's account has exceeded this limit at various times throughout the year ended June 30, 2023 and 2022. The Organization believes it is not exposed to any significant concentration of credit risk on cash.

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Notes to Financial statements

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation, as defined in Section 509(a) of the IRC. Accordingly, no provision for income taxes has been recorded in the statement of activities.

Leases

The Organization reviews all contracts to determine if there are lease components present. All leases and contracts are reviewed to determine if they are operating or finance leases based on the criteria set in FASB ASC 842: Leases. All lease and non-lease components are combined for all leases. The discount rate used is the rate implicit in the lease, or if that rate is not readily determinable, then the incremental borrowing rate is used. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

NOTE C – CHANGE IN ACCOUNTING PRINCIPLE

Adoption of FASB ASC 842

Effective January 1, 2022, the Organization adopted FASB ASC 842, Leases. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized in the change in net assets on a straight-line bases over the lease term. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which amount other things, allowed it to carry forward historical lease classification.

The adoption of FASB ASC 842 did not have an impact on the financial statements.

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Notes to Financial statements

June 30, 2023 and 2022

NOTE D – GRANTS RECEIVABLE

Grants receivables consist of amounts due the Organization under cost reimbursement arrangements and are expected to be collected within one year. Grants receivable was \$66,175 and \$108,407 for the years ended June 30, 2023 and 2022 respectively. No allowance for doubtful accounts was recorded as management deemed all grants receivable as fully collectible.

NOTE E – PROPERTY AND EQUIPMENT

The cost and accumulated depreciation of property and equipment consists of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Computers	\$ 10,834	\$10,834
Equipment	<u>5,235</u>	<u>5,235</u>
	\$ 16,069	\$ 16,069
Less Accumulated depreciation	<u>(16,069)</u>	<u>(15,528)</u>
	<u>\$ 0</u>	<u>\$ 541</u>

Depreciation expenses were \$541 and \$4,084 for the years ended June 30, 2023 and 2022 respectively.

NOTE F – INTANGIBLE ASSETS

June 30, 2022, the Organization recorded the buildout of its website data platform in the amount of \$164,750 as an intangible asset on its books, with the corresponding accumulated amortization of \$57,633 and amortization of \$32,950. The Organization no longer owns the website data platform. The asset and associated accumulated amortization were removed from the books and no current amortization was recorded.

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Notes to Financial statements

June 30, 2023 and 2022

NOTE G - OPERATING LEASE

The Organization has an obligation as a lessee for office space in excess of one year. The Organization has classified this lease as an operating lease. The lease has a remaining lease term of 3 years. The lease specifies the tenant will pay \$2,115 per month until they relocate to the new suite. Once the relocation occurs, the rent will be \$1,700 with an annual increase of 3%. The lease will automatically renew every six months with rent increasing by one hundred dollars at the beginning of each period unless written notice is given to terminate at least forty-five days before the end of the current renewal period. The Organization can also renew for a term of twelve, eighteen or twenty-four months within thirty days of commencement of the renewal period. The Organization is not reasonably certain to exercise the renewal options, therefore the optional periods are not included in determining the lease term. The lease does not specify the Organization's right to terminate.

The incremental borrowing rate was used to determine the lease discount rate. The lease agreement does not include any material residual values or guarantees.

Operating lease cost	73,069
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Other information related to leases as of June 30, 2023 was as follows:

Supplemental Cash Flows Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	19,490
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Weighted average remaining lease term:

Operating leases	3 Years
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Weighted average discount rate:

Operating leases	7.50%
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Future minimum lease payments as of June 30, 2023 were as follows:

Period Ending June 30,	Operating Leases
2024	\$ 20,604
2025	21,222
2026	<u>14,428</u>
Total future minimum lease payments	56,254
Less Present value discount	<u>(5,158)</u>
Lease Liability	<u>\$ 51,096</u>

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Notes to Financial statements

June 30, 2023 and 2022

NOTE H – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors liquidity to meet its operating needs. The Organization's sources of liquidity at its disposal are cash and total receivables.

For the purpose of analyzing resources available to meet general expenditures over a twelve-month period, The Organization considers all expenditures related to ongoing activities of its programs as well as the conduct of services undertaken to support those activities to be general expenditures.

The following reflects The Organization's financial assets as June 30, 2023 and 2022 respectively:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 58,629	\$ 338,089
Grants Receivable	<u>66,175</u>	<u>108,407</u>
Total	\$ <u>124,804</u>	\$ <u>446,496</u>

Refer to the statement of activities, which identifies the sources of The Organization's cash and decrease in net assets without donor restrictions for the years ended June 30, 2023 and 2022 respectively.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the year ended June 30, 2023, subject to expenditure for specified purposes. During the year ended June 30, 2023, net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restriction.

	<u>2023</u>			<u>2022</u>	
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Release</u>	<u>Ending Balance</u>	<u>Balances</u>
MC3 Project	\$167,481	\$195,618	\$(372,749)	\$ (9,650)	167,481
Arts Education Data Initiative	206,717	26,859	(116,555)	117,021	206,717
A-Reall	20,808	5,000	(25,808)	-	20,808
MPHSDS	<u>6,095</u>	<u>4,450</u>	<u>(10,545)</u>	-	<u>6,095</u>
Total Net Assets with Donor Restrictions	<u>\$ 401,101</u>	<u>\$231,927</u>	<u>\$(525,657)</u>	<u>\$ 107,371</u>	<u>\$ 401,101</u>

ARTS EDUCATION IN MARYLAND SCHOOLS ALLIANCE, INC.

Notes to Financial statements

June 30, 2023 and 2022

NOTE J – OTHER EXPENSES

Other expenses is primarily comprised of a \$29,000 payment to return unused grant funds.

NOTE K – COVID-19 PANDEMIC

The World Health Organization declared the outbreak of a novel and highly contagious strain of the coronavirus as a global pandemic on March 11, 2020. The situation is constantly evolving, and precautionary measures put in place are having significant economic impacts across the world. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak impact on our contractors, grantors, and employees all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact the Organization's financial condition or results of operations are uncertain.

NOTE L – SUBSEQUENT EVENTS

The Organization evaluated subsequent events and transactions for potential recognition or disclosure through January 16, 2024, the date the financial statements were available to be issued. The Organization has determined that none of the events occurring after the date of the balance sheet substantially affect the amounts, presentation, and disclosure of the accompanying financial statements.