

SWAN: SCALING WALLS A NOTE AT A TIME

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS REVIEW REPORT

DECEMBER 31, 2023 AND 2022

SWAN: SCALING WALLS A NOTE AT A TIME

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1
FINANCIAL STATEMENTS	
<i>Statements of Cash Receipts and Disbursements,</i>	
December 31, 2023	2
December 31, 2022	3
<i>Notes to Financial Statements</i>	4-6

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of SWAN: Scaling Walls a Note at a Time

We have reviewed the accompanying financial statements of SWAN: Scaling Walls a Note at a Time ("SWAN") (a nonprofit organization), which comprise the statements of cash receipts and disbursements for the years ended December 31, 2023 and 2022, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

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 the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of SWAN and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
February 26, 2024

SWAN: SCALING WALLS A NOTE AT A TIME

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Years Ended December 31, 2023 And 2022

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Cash receipts			
Donations	\$ 176,934	\$ 92,857	\$ 269,791
Special events, net	(66)	-	(66)
Interest income	123	-	123
Cash released from restrictions	<u>135,863</u>	<u>(135,863)</u>	<u>-</u>
Total cash receipts	<u>312,854</u>	<u>(43,006)</u>	<u>269,848</u>
Cash disbursements			
Program services			
Personnel	88,398	-	88,398
Voice and instrument coaching	110,761	-	110,761
Performance expenses	1,960	-	1,960
Music books and materials	4,409	-	4,409
Insurance expense	3,453	-	3,453
Instrument repair	3,054	-	3,054
Business meeting expenses	3,052	-	3,052
Postage	838	-	838
Student transportation	-	-	-
Miscellaneous program services	<u>4,320</u>	<u>-</u>	<u>4,320</u>
Total Program Services	<u>220,245</u>	<u>-</u>	<u>220,245</u>
Management and general			
Personnel	26,959	-	26,959
Computer expenses	2,755	-	2,755
Office supplies	1,901	-	1,901
Accounting and legal	5,580	-	5,580
Advertising	3,070	-	3,070
Bids and proposals	19,500	-	19,500
Printing and other	<u>238</u>	<u>-</u>	<u>238</u>
Total management and general	<u>60,003</u>	<u>-</u>	<u>60,003</u>
Development			
Personnel	<u>15,804</u>	<u>-</u>	<u>15,804</u>
Total development	<u>15,804</u>	<u>-</u>	<u>15,804</u>
Total disbursements	<u>296,052</u>	<u>-</u>	<u>296,052</u>
Change in cash	16,802	(43,006)	(26,204)
Cash in bank			
Beginning of year	<u>6,238</u>	<u>86,617</u>	<u>92,855</u>
End of year	<u>\$ 23,040</u>	<u>\$ 43,611</u>	<u>\$ 66,651</u>

SWAN: SCALING WALLS A NOTE AT A TIME

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS – (Continued)

Years Ended December 31, 2023 And 2022

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Cash receipts			
Donations	\$ 134,373	\$ 129,653	\$ 264,026
Special events, net	(6,778)	-	(6,778)
Interest income	75	-	75
Cash released from restrictions	<u>52,526</u>	<u>(52,526)</u>	<u>-</u>
Total cash receipts	<u>180,196</u>	<u>77,127</u>	<u>257,323</u>
Cash disbursements			
Program services			
Personnel	52,083	-	52,083
Voice and instrument coaching	80,714	-	80,714
Performance expenses	623	-	623
Music books and materials	2,849	-	2,849
Insurance expense	3,326	-	3,326
Instrument repair	868	-	868
Business meeting expenses	1,514	-	1,514
Postage	653	-	653
Student transportation	5,386	-	5,386
Miscellaneous program services	<u>4,229</u>	<u>-</u>	<u>4,229</u>
Total Program Services	<u>152,245</u>	<u>-</u>	<u>152,245</u>
Management and general			
Personnel	20,649	-	20,649
Computer expenses	1,111	-	1,111
Office supplies	8,182	-	8,182
Accounting and legal	5,534	-	5,534
Advertising	3,418	-	3,418
Bids and proposals	4,065	-	4,065
Printing and other	<u>336</u>	<u>-</u>	<u>336</u>
Total management and general	<u>43,295</u>	<u>-</u>	<u>43,295</u>
Development			
Personnel	<u>16,579</u>	<u>-</u>	<u>16,579</u>
Total development	<u>16,579</u>	<u>-</u>	<u>16,579</u>
Total disbursements	<u>212,119</u>	<u>-</u>	<u>212,119</u>
Change in cash	(31,923)	77,127	45,204
Cash in bank			
Beginning of year	<u>38,161</u>	<u>9,490</u>	<u>47,651</u>
End of year	<u>\$ 6,238</u>	<u>\$ 86,617</u>	<u>\$ 92,855</u>

SWAN: SCALING WALLS A NOTE AT A TIME

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 And 2022

(1) SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

SWAN: Scaling Walls a Note at a Time (“SWAN”) seeks to provide free music lessons, ensemble training, performance opportunities and mentoring for children and youth affected by parental incarceration. SWAN’s program reached 94 children in 2022 and 190 children in 2021. Children who benefit from SWAN’s program give back to the community by performing throughout the year in events held on local platforms.

BASIS OF ACCOUNTING

The financial statements are presented on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The primary differences between SWAN’s accounting basis and generally accepted accounting principles is that activity is recorded when a cash transaction occurs rather than when income and expenses are incurred. Additionally, capital items, such as property plant and equipment are expensed at the time of purchase. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

INCOME TAXES

SWAN is an organization exempt from United States federal income tax under Section 501(c)(3) of the Internal Revenue Code. Management has reviewed the tax positions for each of the open tax years (2020 – 2022) or expected to be taken in SWAN’s 2023 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

CASH RECEIPTS

The majority of SWAN’s support and revenue come from private contributions. All contributions are considered to be used for purposes without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, such net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as cash released from restrictions. Restricted donations whose restrictions are met in the same reporting period are accounted for as net assets without donor restrictions.

DONATED SERVICES

A number of volunteers have made significant contributions of their time to SWAN. For the years ended December 31, 2023 and 2022, the fair market value of donated services that SWAN received are as follows:

	<u>2023</u>	<u>2022</u>
Professional services	\$31,823	\$46,799
Meals	-	1,420
Performances	-	1,200
	<u>\$31,823</u>	<u>\$49,419</u>

The value of these services is not reflected in the financial statements because SWAN recognizes support and revenue on the cash basis of accounting. Approximately \$21,000 and \$27,000 of the donated professional services were provided by SWAN’s executive director and her husband in 2023 and 2022, respectively.

SWAN: SCALING WALLS A NOTE AT A TIME

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023 And 2022

NET ASSETS

SWAN reports information regarding its cash receipts and disbursements, according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Net assets of the restricted class are created only by donor-imposed restrictions on their use.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been recorded on a functional basis in the statement of cash receipts and disbursements. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject SWAN to concentrations of credit risk consist principally of cash. SWAN maintains its cash balances at two financial institutions. The balances are subject to limitations established by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023 and 2022, the amounts on deposit are fully insured.

CASH AND CASH EQUIVALENTS

SWAN considers all highly liquid investments with a maturity of three months or less when purchased to be equivalents.

MAJOR CONTRIBUTORS

For the year ended December 31, 2023, SWAN received approximately \$66,000 in support from two contributors which represented 25% of SWAN's total donations. For the year ended December 31, 2022, SWAN received approximately \$132,000 in support from two contributors which represented 49% of SWAN's total donations.

(2) NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2023 and 2022, net assets with donor restrictions were available for the following purposes:

	2023	2022
York and Lancaster Pennsylvania programs	\$ 5,000	\$ -
Kids trust fund	3,361	-
Educational programs	-	20,000
Student transportation	-	53,163
Summer camp	-	10,000
Music and mental health	35,000	-
Other	<u>250</u>	<u>3,454</u>
	<u>\$ 43,611</u>	<u>\$ 86,617</u>

(3) SPECIAL EVENTS

Special events receipts are shown net of direct expenses in the statement of cash receipts and disbursements. For the years ended December 31, 2023, and 2022, expenses of approximately \$16,300 and \$10,700, respectively, were incurred in connection with SWAN's special events.

SWAN: SCALING WALLS A NOTE AT A TIME

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023 And 2022

(4) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditure consisted of cash which totaled approximately \$66,650 and \$92,850 as of December 31, 2023 and 2022, respectively. \$43,600 and \$86,600 of this balance is made up of restricted funds to support purposes designated by the donor as of December 31, 2023 and 2022, respectively (See **“Note 2”**).

(5) SUBSEQUENT EVENTS

Subsequent events after year-end through the date that the financial statements were available for issuance, February 26, 2024, have been evaluated in the preparation of the financial statements.