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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jazz in Arizona, Inc.
110 E. Roosevelt Street
Phoenix, Arizona 85004

Opinion
I have audited the accompanying financial statements of Jazz in Arizona, Inc. (an Arizona nonprofit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, 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 Jazz in Arizona, Inc. as of June 30, 2024, and the changes in 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 States 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 Jazz in Arizona, 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 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 the 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 Jazz in Arizona, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
My objective is 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Financial Statements (continued)
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 Jazz in Arizona, 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 Jazz in Arizona, 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 identified during the audit.

Report on Comparative Information
The statement of financial position, the related statements of activities as of June 30, 2023, cash flows and summarized comparative totals presented for the statement of functional expenses for the year then ended, and the related notes to the financial statements of Jazz in Arizona, Inc. as of June 30, 2023, and for the year then ended were previously reviewed by me and I stated that I was not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America in my report dated April 5, 2024. During my audit of the financial statements for the year ended June 30, 2024, I performed procedures in connection with that review engagement related to contributions of nonfinancial assets and have made restatements to those previously issued financial statements (see Note 21 in the accompanying notes to the financial statements). The comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the reviewed financial statements for which it has been derived, with the modifications noted above.

Monica J. Stern, CPA, PLLC

January 13, 2024

Jazz in Arizona, Inc.
Statements of Financial Position
As of June 30, 2024 and 2023

	June 30, 2024	June 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 420,372	$ 406,848
Investments	212,363	405,115
Accounts receivable, net	2,720	4,592
Employee receivable	164	2,685
Prepaid expenses	9,282	4,717
Inventory	9,706	12,842
Current portion of promises to give, net - related party	-	100
Current portion of promises to give, net - unrelated party	100,000	88,175
Total current assets	754,607	925,074
Promises to give, net - unrelated party	673,298	-
Operating right of use asset	2,041,718	349,425
Construction in progress	876,086	-
Leasehold improvements and equipment, net	40,104	73,274
Website development, net	31,086	40,651
Deposits - rent	25,287	4,216
Liquor license	17,625	17,625
Total assets	$ 4,459,811	$ 1,410,265
LIABILITIES		
Current liabilities:		
Accounts payable	$ 47,177	$ 20,372
Accounts payable - construction	118,316	-
Accrued payroll and compensated absences	18,086	30,049
Deferred revenue	15,225	19,811
Current portion of lease liability	135,890	107,873
Current portion of long-term debt	3,807	3,693
Total current liabilities	338,501	181,798
Lease liability, long-term	1,945,470	246,426
Long-term debt	139,027	142,899
Total liabilities	2,422,998	571,123
NET ASSETS		
Without donor restrictions	1,263,515	754,142
With donor restrictions	773,298	85,000
Total net assets	2,036,813	839,142
Total liabilities and net assets	$ 4,459,811	$ 1,410,265

See accompanying notes and independent auditor's report.

Jazz in Arizona, Inc.
Statements of Activities
For the Years Ended June 30, 2024 and 2023

	June 30, 2024			June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions of cash and other financial assets	$ 592,794	$ 1,402,798	$ 1,995,592	$ 391,995	$ 80,400	$ 472,395
Contributions of nonfinancial assets	91,507	-	91,507	54,721	-	54,721
Admission fees	514,816	-	514,816	481,156	-	481,156
Fundraising events	78,205	-	78,205	41,405	-	41,405
Education fees	55,344	-	55,344	37,598	-	37,598
Sales, $152,067 and $153,703, net of cost of goods sold of $34,698 and $37,964	117,369	-	117,369	115,739	-	115,739
Other program income	26,925	-	26,925	25,356	-	25,356
Investment income	58,487	-	58,487	36,928	-	36,928
Net loss on disposal of assets and lease modifications	(7,013)	-	(7,013)	-	-	-
Total support and revenue	1,528,434	1,402,798	2,931,232	1,184,898	80,400	1,265,298
Net assets released from restrictions - Satisfied by payments or time	714,500	(714,500)	-	198,500	(198,500)	-
	2,242,934	688,298	2,931,232	1,383,398	(118,100)	1,265,298
EXPENSES						
Program services						
The Nash	911,602	-	911,602	734,547	-	734,547
Education	321,596	-	321,596	254,835	-	254,835
Total program services	1,233,198	-	1,233,198	989,382	-	989,382
Supporting services						
Administration	198,389	-	198,389	213,509	-	213,509
Fundraising	301,974	-	301,974	288,232	-	288,232
Total supporting services	500,363	-	500,363	501,741	-	501,741
Total expenses	1,733,561	-	1,733,561	1,491,123	-	1,491,123
Change in net assets	509,373	688,298	1,197,671	(107,725)	(118,100)	(225,825)
NET ASSETS, beginning of year	754,142	85,000	839,142	861,867	203,100	1,064,967
NET ASSETS, end of year	$ 1,263,515	$ 773,298	$ 2,036,813	$ 754,142	$ 85,000	$ 839,142

See accompanying notes and independent auditor's report.

Jazz in Arizona, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2024 (with summarized comparative totals for the year ended June 30, 2023)

	PROGRAM SERVICES			SUPPORTING SERVICES			Total	
	The Nash	Education	Total	Administration	Fundraising	Total	2024	2023
Salaries and wages	$ 177,278	$ 87,544	$ 264,822	$ 77,554	$ 111,745	$ 189,299	$ 454,121	$ 454,055
Payroll taxes	14,146	6,719	20,865	5,694	8,983	14,677	35,542	36,348
Other employee benefits	7,348	6,348	13,696	868	4,692	5,560	19,256	11,160
Total employee related expenses	198,772	100,611	299,383	84,116	125,420	209,536	508,919	501,563
Musicians	293,670	102,272	395,942	-	33,138	33,138	429,080	375,568
Professional services	-	16,150	16,150	10	19,447	19,457	35,607	31,609
Accounting	-	-	-	64,269	-	64,269	64,269	48,574
Advertising and promotion	157,741	7,150	164,891	402	24,833	25,235	190,126	123,348
Office expenses	13,907	2,287	16,194	3,485	9,924	13,409	29,603	29,662
Bank fees	1,314	-	1,314	32,756	12,607	45,363	46,677	47,879
Information technology	11,020	611	11,631	3,297	1,233	4,530	16,161	22,413
Occupancy	198,859	76,031	274,890	730	634	1,364	276,254	157,963
Cost of goods sold	34,698	-	34,698	-	-	-	34,698	37,964
Conferences and meetings	1,285	2,238	3,523	-	66,704	66,704	70,227	105,393
Travel and transportation	-	-	-	-	-	-	-	141
Interest	-	-	-	3,933	-	3,933	3,933	4,077
Depreciation and amortization	18,523	7,124	25,647	1,425	1,425	2,850	28,497	25,563
Insurance	8,941	1,724	10,665	3,966	25	3,991	14,656	10,526
Other expenses	7,570	5,398	12,968	-	6,584	6,584	19,552	6,844
Total expenses	946,300	321,596	1,267,896	198,389	301,974	500,363	1,768,259	1,529,087
Less: cost of goods sold included with revenue in the statement of activities	(34,698)	-	(34,698)	-	-	-	(34,698)	(37,964)
Total expenses reported in the statements of activities	$ 911,602	$ 321,596	$ 1,233,198	$ 198,389	$ 301,974	$ 500,363	$ 1,733,561	$ 1,491,123

See accompanying notes and independent auditor's report.

Jazz in Arizona, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	June 30, 2024	June 30, 2023
Cash flows from operating activities:		
Change in net assets	$ 1,197,671	$ (225,825)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization	28,497	25,563
Amortization on operating right of use asset	154,278	113,327
Unrealized (gain) on investments	(38,570)	(43,441)
Realized (gain) loss on investments	(7,266)	11,939
Reinvested interest on investments	(11,412)	(3,718)
Net loss on disposal of assets and lease modifications	7,013	-
Changes in assets and liabilities:		
Accounts receivable, net	1,872	(3,242)
Employee receivable	2,521	(2,685)
Prepaid expenses	(4,565)	33,459
Inventory	3,136	(6,903)
Promises to give, net - related party	100	50,600
Promises to give, net - unrelated party	(685,123)	70,305
Deposits - rent	(21,071)	-
Operating right-of-use asset	(2,158,221)	-
Accounts payable	26,805	(16,094)
Accrued interest payable	-	(208)
Accrued payroll and compensated absences	(11,963)	6,917
Deferred revenue	(4,586)	4,760
Deferred rent	-	(7,023)
Lease liabilities	2,045,936	(108,453)
Net cash provided by (used in) operating activities	525,052	(100,722)
Cash flows from investing activities:		
Purchase of leasehold improvements and equipment	-	(13,433)
Purchase of construction in progress	(757,770)	-
Purchase of website development	-	(47,825)
Sale of investments	250,000	-
Net cash (used in) investing activities	(507,770)	(61,258)
Cash flows from financing activities:		
Payments on long-term debt	(3,758)	(3,408)
Net cash (used in) financing activities	(3,758)	(3,408)
Net increase (decrease) in cash, cash equivalents and restricted cash	13,524	(165,388)
Cash and cash equivalents, beginning of year	406,848	572,236
Cash and cash equivalents, end of year	$ 420,372	$ 406,848

See accompanying notes and independent auditor's report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES – Jazz in Arizona, Inc. (the "Organization"), an Arizona non-profit corporation, was incorporated in 1977. The Organization's mission is to support and celebrate the rich tradition and ongoing innovation of jazz by presenting quality live performances, providing unique educational programs, and building a vibrant jazz community in the greater Phoenix, AZ area and beyond. The Nash, which opened in downtown Phoenix in 2012, is the signature venue of Jazz in Arizona, Inc.

BASIS OF ACCOUNTING - The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

BASIS OF PRESENTATION - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

RECLASSIFICATION – The June 30, 2023, financial statements have been reclassified to be consistent with the June 30, 2024, financial statements.

USE OF ESTIMATES – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FAIR VALUE MEASUREMENTS – Fair value is defined as 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 (i.e., an exit price). Accounting principles generally accepted in the United States includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Observable inputs other than the quoted prices included in Level 1 for similar assets or liabilities in active or non–active markets.

Level 3: Unobservable inputs (not actively traded or not available) that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances.

In instances where the determination of fair value measurements is based on inputs from different levels of the hierarchy, the level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. There have been no changes to the methodologies used as of June 30, 2024, from the previous year.

(1) <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS – The carrying amount of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the short maturity of those instruments.

SUPPORT WITHOUT DONOR RESTRICTIONS AND WITH DONOR RESTRICTIONS – Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions.

Individual, foundation and corporate support is generally available for use in the Organization's primary activities and for general operations unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. When a temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

CONTRIBUTIONS OF NONFINANCIAL ASSETS – Contributions of nonfinancial assets, including goods, property and equipment, and advertising, are recorded as support at their estimated fair value at the date of contribution. Such contributions are reported as support without donor restrictions unless the donor has restricted the asset to a specific purpose. Assets contributed with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those contributed assets must be maintained, the organization reports expirations of donor restrictions when the assets are placed in service by reclassifying net assets with donor restrictions to net assets without donor restrictions. Contributions of other nonfinancial assets may be utilized or monetized depending on the needs of the Organization and the nature of the nonfinancial assets.

The Organization records donated services when the service requires specific expertise. Approximately 90 individuals volunteered their time and performed a variety of tasks that assisted the Organization with various projects and events throughout the year. These volunteer services do not meet the criteria for recording.

CASH AND CASH EQUIVALENTS – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments held and available for current use with an initial maturity of 90 days or less to be cash equivalents.

INVESTMENTS – Investments as of June 30, 2024, consisted of mutual funds. Investments as of June 30, 2023, consisted of mutual funds and U.S. Treasury bonds. All investments are reported at fair value. Unrealized gains and losses are included in the change in net assets.

ACCOUNTS RECEIVABLE – Accounts receivable are unsecured and carried at cost, less an allowance for credit losses. The Organization has adopted the reserve method of accounting for uncollectible receivables. The allowance is determined based upon an analysis of specific customers, taking into consideration the age of past due accounts, an assessment of each customer's ability to pay, and current and projected future conditions. Receivables are charged off when the account cannot be collected. Interest is not charged on unpaid balances. Invoices are due within 30 days of presentation and are considered delinquent once 90 days past due. No amounts were more than 90 days past due as of June 30, 2024. Total balances more than 90 days past due as of June 30, 2023, was $300, however, management believed the amount was collectible. No amounts were written off during either year.

INVENTORY – Inventory, consisting of beer, wine, food and merchandise, is stated at the lower of cost (first– in, first– out) or net realizable value.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROMISES TO GIVE – Unconditional promises to give (pledges) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payment due in future periods are restricted to use after the due date.

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor.

LEASES – The Organization calculates operating and finance lease liabilities with a risk–free discount rate, using a comparable period with the lease term. Lease and non–lease components are combined for all leases. The depreciable life of a finance lease assets is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. 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.

LEASEHOLD IMPROVEMENTS AND EQUIPMENT, NET AND CONSTRUCTION IN PROGRESS– The Organization capitalizes all expenditures for leasehold improvements, equipment and construction in progress in excess of $500. Purchased acquisitions are carried at cost. Donated acquisitions are carried at fair value at the date of donation. Depreciation is computed using the straight-line method.

WEBSITE DEVELOPMENT, NET – The Organization capitalizes all expenditures directly related its website if the expense is related to a significant acquisitions or improvements with a useful life of more than five years and a cost of $500 or more. The cost of maintenance of the website and new content is expensed as incurred. Amortization of the accumulated costs is computed using the straight-line method over the estimated useful life. The asset is reviewed annually for impairment

LIQUOR LICENSE – The Organization purchased a Series 7 liquor license in August 2015. The license is carried at cost and is reviewed annually for impairment.

COMPENSATED ABSENCES – Employees of the Organization are entitled to paid time off and other time off depending on the job classification, length of service, and other factors.

REVENUE FROM CONTRACTS WITH CUSTOMERS – The Organization recognizes revenue in the accounting period in which the performance obligation is satisfied for admission fees, education fees, sales and other program income. The transfer of the performance obligations occur at a single point in time as services are rendered. Fees for activities received during one year for the following year's activities are recorded as deferred revenue and recognized as income during the year to which they apply. Cancellations result in a refund of the amount paid in advance.

EXPENSE ALLOCATIONS – The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefitted.

Administration includes those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of the Organization.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

EXPENSE ALLOCATIONS (continued) – Facility costs, including maintenance, utilities, interest, and depreciation are allocated on a square-footage basis. Certain shared costs as well as salaries and benefits are allocated on the basis of estimates of time and effort. Depreciation and amortization are recorded based on the estimated useful life of the asset using the straight-line method.

REPAIRS AND MAINTENANCE EXPENSE – The Organization utilizes the direct expensing method for any planned major maintenance projects. Under this method, the Organization expenses all costs associated with major planned maintenance activities, if any, as incurred.

ADVERTISING AND PROMOTION – The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. During the years ended June 30, 2024 and 2023, advertising costs totaled $190,126 and $123,348, respectively. Of the total expensed, $83,007 and $34,937 for the years ended June 30, 2024 and 2023, respectively, were contributions of non-financial assets received through in-kind advertising grants and services provided.

ACCOUNTING STANDARD ADOPTED IN 2023 – During the year ended June 30, 2023, Jazz in Arizona, Inc. adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

(2) DEDUCTIBLE GIFTS AND INCOME TAX EXEMPTION

The Organization is a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and, therefore, donors may deduct contributions for income tax purposes. Bequests, legacies, devises, transfers, and gifts to the Organization are deductible for Federal estate and gift tax purposes. The Organization is not classified as a private foundation by the Internal Revenue Service.

As of June 30, 2024, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization manages its liquid resources by employing a variety of measures. The Organization focuses on generating adequate contributions, charging fees for ticket sales to cover the costs of its activities, and monitors costs closely. The Organization invests excess cash, which is available as reserve, if necessary.

The Organization considers financial assets unavailable for general operations when balances held are not convertible to cash within one year, are received from donors for specific purposes, have been designated by the Board for a specific purpose, or are impacted by limits imposed by specific laws and contracts.

The following table reflects the Organization's financial assets available, reduced by amounts not available for general expenditure within one year.

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

	June 30, 2024	June 30, 2023
Financial Assets:		
Cash and cash equivalents	$ 420,372	$ 406,848
Investments	212,363	405,115
Accounts receivable, net	2,720	4,592
Employee receivable	164	2,685
Current portion of promises to give – related party	-	100
Current portion of promises to give – unrelated party	100,000	88,175
	735,619	907,515
Less those unavailable for general expenditures within one year due to:		
Donor restrictions by purpose	-	-
Financial assets available to meet cash needs for general expenditures within one year	$ 735,619	$ 907,515

(4) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	June 30, 2024	June 30, 2023
Cash in checking accounts and on hand	$ 403,664	$ 161,362
Cash in money market account	15,976	244,028
Cash held in brokerage account	732	1,458
	$ 420,372	$ 406,848

The Organization maintains bank accounts at a Phoenix area bank. Deposits held at this financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). Cash held in the brokerage account is protected against the loss of cash and securities by the Securities Investor Protection Corporation (SIPC), but is not insured.

From time to time, these deposits may exceed the insurance limits. As of June 30, 2024 and 2023, uninsured cash totaled $34,824 and $111,185, respectively, creating a concentration of credit risk. Management has placed these funds in high-quality institutions to minimize the risk.

(5) INVESTMENTS

Investments consist of the following:

	June 30, 2024	June 30, 2023
Mutual funds	$ 212,363	$ 242,706
U.S. Treasury bonds	-	162,409
	$ 212,363	$ 405,115

All investments are valued on a recurring basis at fair value using the closing price reported on the active market on which the individual securities are traded, and are classified as Level 1.

(5) INVESTMENTS (continued)

The coupon rate for the U.S. Treasury bonds was 0.375% held on June 30, 2023, and the bonds matured on October 31, 2023.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Mutual funds are protected by the SIPC. U.S. Treasury bonds are backed by the full faith and credit of the United States government. It is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

(6) ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

	June 30, 2024	June 30, 2023
Fees due from program services	$ 2,720	$ 3,950
Other	-	642
Less: allowance for credit losses	-	-
	$ 2,720	$ 4,592

(7) PROMISES TO GIVE RECEIVABLE, NET

RELATED PARTY

Promises to give receivable, net - related party consists of the following:

	June 30, 2024	June 30, 2023
Contributions due from board members:		
Due within one year	$ -	$ 100
Less: Allowance for doubtful accounts	-	-
Total promises to give from related parties, net	$ -	$ 100

UNRELATED PARTY

Promises to give receivable, net - unrelated party consists of the following:

	June 30, 2024	June 30, 2023
Contributions due from unrelated party:		
Due within one year	$ 100,000	$ 88,175
Due within two to five years	400,000	-
Due in more than five years	300,000	
	800,000	88,175
Less: Discount to net present value	(26,702)	-
Less: Allowance for doubtful accounts	-	-
Total promises to give from unrelated parties, net	773,298	88,175
Less: Current portion	(100,000)	(88,175)
Long-term portion of promises to give from unrelated parties, net	$ 673,298	$ -

(7) PROMISES TO GIVE RECEIVABLE, NET (continued)

Promises to give receivable in more than one year are discounted at 4.3%. No allowance for uncollectible promises receivable has been recorded as management believes the amount is fully collectible.

(8) OPERATING LEASES

The Organization leases space under operating lease agreements. The first agreement is the performance venue lease, which was modified in October 2023 and expires in January 2034. The change in terms to the agreement resulted in a $7,225 gain on the modification. Terms of the modification require escalating payments beginning in November 2023 at $9,745 and increasing annually to $14,623 for the last five months of the agreement. The lease also allows for no payments to be made from September 2025 through November 2025.

The second lease is for the facility used for education programs and other supporting activities. This lease was entered into in October 2023 and expires in January 2034. Terms of the agreement require escalating payments beginning at $9,501 and increase annually to $12,397 for the last twelve months of the agreement.

Both agreements have the option to renew for two additional five-year terms.

Lease expense is recognized for leases on a straight-line basis over the lease term. The lease agreements do not include any material residual value guarantees or restrictive covenants. Additional rents, including building maintenance expenses and property taxes, are charged to the Organization based upon its proportional share of leased space and expensed by the Organization in the period in which the obligation is incurred.

The following summarizes the line items in the Statements of Financial Position that include amounts for operating leases:

	June 30, 2024	June 30, 2023
Operating lease right-of-use assets	$ 2,041,718	$ 349,425
Current portion of lease liability	$ 135,890	107,873
Long-term portion of lease liability	1,945,470	246,426
Total operating lease liabilities	$ 2,081,360	$ 354,299

The maturities of the operating lease liabilities as of June 30, 2024, were as follows:

Year ending June 30,	
2025	$ 235,882
2026	211,343
2027	262,047
2028	272,393
2029	280,564
Thereafter	1,397,280
Total lease payments	2,659,509
Less: Present value adjustment	(578,149)
Present value of lease liability	2,081,360
Less: Current portion of lease liability	(135,890)
Long-term portion of lease liability	$ 1,945,470

(8) OPERATING LEASES (continued)

The following summarizes the weighted average lease term and discount rate as of June 30, 2024:

Weighted average remaining lease term	9.58 years
Weighted average discount rate	4.95%

The occupancy expense line in the Statements of Functional Expenses, which includes fixed costs related to the operating leases, common building maintenance expenses assessed to the Organization, and property taxes for the years ended June 30, 2024 and 2023, were $238,915 and $119,221, respectively.

Operating cash flows for amounts paid related to the measurement of the lease liability for the year ended June 30, 2024 and 2023, were $112,285 and $108,453, respectively.

Noncash activities involving operating lease right-of-use assets obtained in exchange for lease obligations were $2,158,221 and $462,752 for the year ended June 30, 2024 and 2023, respectively.

(9) CONSTRUCTION IN PROGRESS

During May 2024, the Organization began construction projects for the remodel of the performance space and creation of the education center. Total construction costs are estimated at approximately $1,535,000. As of June 30, 2024, incurred construction expenses totaled $876,086 with an estimated cost to complete of approximately $659,000. The grand opening for the spaces was held in November 2024, coinciding with the 12th Anniversary celebration of the Organization.

(10) LEASEHOLD IMPROVEMENTS AND EQUIPMENT, NET

Leasehold improvements and equipment, net, consists of the following:

	June 30, 2024	June 30, 2023
Leasehold improvements	$ 5,600	$ 154,063
Furniture and equipment	141,483	162,983
	147,083	317,046
Less: accumulated depreciation	(106,979)	(243,772)
Total leasehold improvements and equipment, net	$ 40,104	$ 73,274

Depreciation expense totaled $18,932 and $18,389 for the years ended June 30, 2024 and 2023, respectively.

(11) WEBSITE DEVELOPMENT, NET

Website development, net, consist of the following:

	June 30, 2024	June 30, 2023
Website development cost	$ 47,825	$ 47,825
Less: accumulated amortization	(16,739)	(7,174)
	$ 31,086	$ 40,651

Amortization expense totaled $9,565 and $7,174 for the years ended June 30, 2024 and 2023, respectively.

(12) LONG-TERM DEBT

Long-term debt consists of the following:

	June 30, 2024	June 30, 2023
SBA Economic Injury Disaster loan, payable in monthly installments of $641 beginning June 6, 2021, including accrued interest from June 6, 2023, at 2.75%. Final due date is June 6, 2050. Secured by substantially all assets.	$ 142,834	$ 146,592
Less: current portion	(3,807)	(3,693)
Long-term portion	$ 139,027	$ 142,899

Maturity schedule of the long- term debt as of June 30, 2024, is as follows:

Year Ending June 30,	
2025	$ 3,807
2026	3,913
2027	4,022
2028	4,124
2029	4,248
Thereafter	122,720
	$ 142,834

The effective interest rate is substantially equal to the stated rate. Total interest expense was $3,933 and $4,077 for the year ended June 30, 2024 and 2023, respectively.

(13) CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities included:

	June 30, 2024	June 30, 2023
Fundraising activities	$ -	$ 19,675
Advertising	91,507	34,937
Other goods	-	109
Total contributed nonfinancial assets	$ 94,366	$ 54,721

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Donated items are valued at fair market value on the date of the contribution.

(14) CONCENTRATION OF REVENUE

During the year ended June 30, 2024, the Organization received an unconditional promise to give from a Foundation totaling $1 million to be paid over 10 years. The entire amount was recognized as support when the promise was made.

(14) CONCENTRATION OF REVENUE (continued)

Installments on the promise to give of $200,000 were received in the year ended June 30, 2024. The outstanding balance on the promise to give, net of applicable discount, as of June 30, 2024, was $773,298.

During the year ended June 30, 2024, the Organization received a grant of $200,000 from a charitable trust for the capital campaign. During the year ended June 30, 2023, the Organization also received $200,000 from the same trust with no restrictions.

During the year ended June 30, 2024, the Organization received contributions from a board member totaling $202,000.

For the years ended June 30, 2024 and 2023, the total amount recognized as contributions of cash and other financial assets related to these donors was $1,375,298 and $200,000, respectively. This represented 47% and 16% of total support and revenue for the years ended June 30, 2024 and 2023, respectively.

(15) REVENUE RECOGNIZED FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

The following table summarizes revenue from contracts with customers:

	June 30, 2024	June 30, 2023
Admission fees, including special events	$ 593,021	$ 522,561
Sales	152,067	153,703
Education fees	55,344	37,598
Other program income	26,925	25,356
Total revenue from contracts with customers	$ 827,357	$ 739,218

Admission Fees – Admission fees consist of one-time or seasonal events. Examples include ticket sales for performances and other events. Admission fees for activities received during one fiscal year for the following fiscal year's activities are recorded as deferred revenue and recognized as income during the fiscal year to which they apply.

Sales – The Organization sells food, liquor, merchandise and music recordings for artists performing at the venue. Revenue is recognized at the time the items are sold.

Education Fees – Fees for educational programs include tuition and instruction revenue. Fees for activities received during one fiscal year for the following fiscal year's activities are recorded as deferred revenue and recognized as income during the fiscal year to which they apply.

Other program income – Other program income consists of contracted services, venue rental and advertising. Income for activities received during one fiscal year for the following year's activities are recorded as deferred revenue and recognized as income during the fiscal year to which they apply.

(15) REVENUE RECOGNIZED FROM CONTRACTS WITH CUSTOMERS (continued)

Contract Balances

The timing of billings, cash collections and revenue recognition can result in contract assets and contract liabilities reported in the Statement of Financial Position as accounts receivable, deposits, and/or deferred revenue.

The beginning and ending contract balances were as follows:

	June 30, 2024	June 30, 2023	July 1, 2022
Contract assets			
Accounts receivable	$ 2,720	$ 4,592	$ 150
	$ 2,720	$ 4,592	$ 150
Contract liabilities			
Deferred revenue	$ 15,225	$ 19,811	$ 15,051

(16) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted as follows:

	June 30, 2024	June 30, 2023
Purpose restricted	$ -	$ -
Time restricted	773,298	85,000
Total net assets with donor restrictions	$ 773,298	$ 85,000

Net assets with donor restrictions were released from restriction as follows:

	June 30, 2024	June 30, 2023
Purpose restricted:		
Performance and education programs	$ 27,000	$ 73,500
Leasehold improvement	402,500	-
Time restricted	285,000	125,000
Total net assets with donor restrictions	$ 714,500	$ 198,500

(17) RELATED PARTY TRANSACTIONS

The Organization received contributions from board members and management employees totaling $358,000 and $32,000 during the years ended June 30, 2024 and 2023, respectively.

(18) RETIREMENT PLAN

The Organization adopted a 403(b) retirement plan in January 2024 for eligible employees. The plan does not allow matching contributions but does allow for profit sharing contributions, none of which were approved for the year ended June 30, 2024.

(19) CONCENTRATION OF CREDIT RISK

The majority of contributions come from individuals that reside in the Greater Phoenix Metropolitan Area creating a concentration of credit risk.

(20) CASH FLOW INFORMATION

Interest paid during the years ended June 30, 2024 and 2023, was $3,933 and $4,077, respectively, none if which was capitalized. No cash was paid for income or excise taxes in either year.

(21) RESTATEMENT OF FINANCIAL STATEMENTS

The reviewed financial statements of Jazz In Arizona, Inc. as of June 30, 2023 and for the year then ended were originally issued on April 5, 2024, with an unmodified conclusion. However, it was subsequently discovered that contributions of nonfinancial assets had not reported correctly during the year. As such, the financial statements as of and for the year ended June 30, 2023, have been restated.

The corrections made to the financial statements as of June 30, 2023, and for the year then ended consist of the following:

	As previously reported	As adjusted	As restated
Statement of Activities			
Support and revenue			
Contributions of nonfinancial assets	$ 19,784	$ 34,937	$ 54,721
Total support and revenue	1,230,361	34,937	1,265,298
Expenses			
Program services – The Nash	702,064	32,483	734,547
Total program services	956,899	32,483	989,382
Supporting services – Fundraising	285,778	2,454	288,232
Total supporting services	499,287	2,454	501,741
Total expenses	1,456,186	34,937	1,491,123
Statement of Functional Expenses			
Total advertising and promotion expenses	$ 88,411	$ 34,937	$ 123,348
Total expenses	1,494,150	34,937	1,529,087
Total expenses reported in the statement of activities	1,456,186	34,937	1,491,123

(22) SUBSEQUENT EVENTS

Subsequent events were evaluated by management through January 13, 2025, which is the date the financial statements were available to be issued.

The lease related to the performance venue was modified in July 2024. The lease amendment modified the lease payments required under the agreement, changing the months no payments are required to September 2024 through November 2024, and requires the landlord to contribute $249,690 provided certain benchmarks

(22) SUBSEQUENT EVENTS (continued)

related to the leasehold construction contracts are met. Required monthly lease payments were also increased, and now escalate annually up to $20,003 during the last five months of the agreement. No changes were made to the length of the agreement.

In September 2024, the Organization entered into a loan agreement to provide funds necessary to finish the construction in progress projects. The loan amount is $200,000. The stated interest rate is a fixed rate at 6.25% and matures in September 2029. Principal and interest payments of $3,890 are due monthly beginning in October 2024. There is no prepayment penalty.