

**THE MIDORI FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**



**LUTZ AND GARR**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Midori Foundation, Inc.

### **Opinion**

We have audited the accompanying financial statements of The Midori Foundation, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Midori Foundation, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Midori Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 The Midori Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our 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 auditors' report that includes our 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, we:

- 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 The Midori Foundation, 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Midori Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

*Lotz + Carr, LLP*

New York, New York  
May 13, 2025

**THE MIDORI FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 6a)	\$ 896,363	\$ 399,793
Contributions receivable (Notes 1c, 4 and 6b)		
Without donor restrictions	187,836	880,190
With donor restrictions	84,500	20,000
Accounts receivable (Notes 1d, 1n and 6b)	97,467	136,434
Prepaid expenses	45,538	16,622
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 5)	15,846	14,471
Operating lease right-of-use asset (Note 1e)	50,025	197,219
Security deposit	<u>59,515</u>	<u>36,434</u>
 <b>Total Assets</b>	 <u><u>\$1,437,090</u></u>	 <u><u>\$1,701,163</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 193,686	\$ 241,366
Deferred revenue (Note 1i)	36,626	12,979
Operating lease liability (Notes 1e and 10)	50,737	199,067
Total Liabilities	<u>281,049</u>	<u>453,412</u>
 Commitment and Contingencies (Notes 9 and 11)		
 Net Assets (Note 3)		
Without Donor Restrictions		
Operating	850,291	1,027,751
Board designated - working capital reserve	200,000	200,000
Total Without Donor Restrictions	<u>1,050,291</u>	<u>1,227,751</u>
With Donor Restrictions	105,750	20,000
Total Net Assets	<u>1,156,041</u>	<u>1,247,751</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$1,437,090</u></u>	 <u><u>\$1,701,163</u></u>

See notes to financial statements.

## THE MIDORI FOUNDATION, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Changes in Net Assets</b>						
Support and Revenue (Note 6b)						
Contributions						
Individuals	\$ 439,270	\$ 21,250	\$ 460,520	\$ 139,375	\$ 10,000	\$ 149,375
Foundations and trusts	81,000	35,000	116,000	120,500	-	120,500
Corporations	97,678	-	97,678	30,728	-	30,728
Government	889,050	49,500	938,550	1,107,460	10,000	1,117,460
Government - Employee Retention Tax Credit (Note 7)	-	-	-	32,785	-	32,785
Special events income	106,836	-	106,836	318,355	-	318,355
Less: Direct special event expenses	(36,763)	-	(36,763)	(145,445)	-	(145,445)
Donated services (Notes 1g and 8)	40,000	-	40,000	-	-	-
Education revenue	195,931	-	195,931	207,989	-	207,989
Other revenue	2,812	-	2,812	3,353	-	3,353
	<u>1,815,814</u>	<u>105,750</u>	<u>1,921,564</u>	<u>1,815,100</u>	<u>20,000</u>	<u>1,835,100</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	20,000	(20,000)	-	65,000	(65,000)	-
	<u>1,835,814</u>	<u>85,750</u>	<u>1,921,564</u>	<u>1,880,100</u>	<u>(45,000)</u>	<u>1,835,100</u>
Total Support and Revenue						
Expenses						
Program Services	1,130,741	-	1,130,741	1,176,567	-	1,176,567
Supporting Services						
Management and general	362,386	-	362,386	318,295	-	318,295
Fundraising	520,147	-	520,147	313,459	-	313,459
	<u>2,013,274</u>	<u>-</u>	<u>2,013,274</u>	<u>1,808,321</u>	<u>-</u>	<u>1,808,321</u>
Total Expenses						
Increase (decrease) in net assets	(177,460)	85,750	(91,710)	71,779	(45,000)	26,779
Net assets, beginning of year	1,227,751	20,000	1,247,751	1,155,972	65,000	1,220,972
	<u>1,227,751</u>	<u>20,000</u>	<u>1,247,751</u>	<u>1,155,972</u>	<u>65,000</u>	<u>1,220,972</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,050,291</u>	<u>\$ 105,750</u>	<u>\$1,156,041</u>	<u>\$ 1,227,751</u>	<u>\$ 20,000</u>	<u>\$1,247,751</u>

See notes to financial statements.

**THE MIDORI FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024					2023				
	Supporting Services				Total Expenses	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total		Program Services	Management and General	Fundraising	Total	
Salaries, payroll taxes and employee benefits	\$ 702,270	\$ 230,403	\$ 308,070	\$538,473	\$1,240,743	\$ 687,898	\$ 223,594	\$ 184,895	\$408,489	\$1,096,387
Artist fees	155,148	-	28,050	28,050	183,198	207,333	-	300	300	207,633
Professional fees	38,460	335	65,001	65,336	103,796	55,227	800	49,974	50,774	106,001
Occupancy	97,203	22,352	43,471	65,823	163,026	104,556	26,568	30,447	57,015	161,571
Accounting and legal	1,641	83,473	464	83,937	85,578	8,596	41,616	2,101	43,717	52,313
Marketing and promotion	2,796	658	13,344	14,002	16,798	6,371	713	2,614	3,327	9,698
Insurance	5,395	1,279	2,487	3,766	9,161	5,896	1,441	2,272	3,713	9,609
Travel	17,756	459	4,492	4,951	22,707	9,635	88	283	371	10,006
Programming supplies	43,973	-	-	-	43,973	31,151	-	-	-	31,151
Postage and mailing	1,846	239	649	888	2,734	1,339	323	1,284	1,607	2,946
Instrument and equipment rentals	6,685	790	1,535	2,325	9,010	6,256	1,305	1,461	2,766	9,022
Office expenses	46,397	10,889	34,094	44,983	91,380	44,368	10,872	24,622	35,494	79,862
Meals and entertainment	3,143	4,255	10,372	14,627	17,770	2,918	8,020	4,329	12,349	15,267
Miscellaneous expenses	2,455	1,557	4,477	6,034	8,489	2,457	2,185	6,679	8,864	11,321
Dues and subscription	5,573	726	3,641	4,367	9,940	2,566	175	2,198	2,373	4,939
Bad debt expense	-	900	-	900	900	-	-	-	-	-
Total expenses before depreciation	1,130,741	358,315	520,147	878,462	2,009,203	1,176,567	317,700	313,459	631,159	1,807,726
Depreciation	-	4,071	-	4,071	4,071	-	595	-	595	595
Total Expenses	<u>\$1,130,741</u>	<u>\$ 362,386</u>	<u>\$ 520,147</u>	<u>\$882,533</u>	<u>\$2,013,274</u>	<u>\$1,176,567</u>	<u>\$ 318,295</u>	<u>\$ 313,459</u>	<u>\$631,754</u>	<u>\$1,808,321</u>

See notes to financial statements.

## THE MIDORI FOUNDATION, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (91,710)	\$ 26,779
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Non-cash operating lease expense	147,195	143,034
Depreciation	4,071	595
Bad debt expense	900	-
(Increase) decrease in:		
Contributions receivable	626,954	(647,840)
Accounts receivable	38,967	72,959
Prepaid expenses	(28,916)	31,421
Security deposits	(23,081)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(47,680)	41,724
Deferred revenue	23,647	3,479
Operating lease liability	<u>(148,331)</u>	<u>(141,186)</u>
Net Cash Provided (Used) By Operating Activities	502,016	(469,035)
 <b>Cash Flows From Financing Activities</b>		
Purchase of property and equipment	<u>(5,446)</u>	<u>(15,066)</u>
 Net increase (decrease) in cash and cash equivalents	496,570	(484,101)
Cash and cash equivalents, beginning of year	<u>399,793</u>	<u>883,894</u>
 <b>Cash and Cash Equivalents, End of Year</b>	 <u><u>\$896,363</u></u>	 <u><u>\$399,793</u></u>
 <b>Supplemental Disclosure of Noncash Investing Activities</b>		
Operating lease right-of-use asset obtained in exchange for operating lease liability	 <u><u>\$ -</u></u>	 <u><u>\$ 340,253</u></u>

See notes to financial statements.

**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

The Midori Foundation, Inc. (the "Foundation") is a nonprofit corporation formed under the General Law of Delaware. The primary purpose of the Foundation is to serve New York City's schools and community organizations by providing, at no cost to the individual student, comprehensive music education of the highest quality. Focusing on children with little or no access to the arts, the Foundation, which operates as Midori & Friends, offers music programming that enhances the existing educational curricula by exposing children to diverse cultures and uncovering new means of self-expression through general music studies, instrument instruction, and on-site professional ensemble performances.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash.

c - Contributions and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Amounts received that are designated for future periods and all other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation uses the allowance method to determine uncollectible promises to give. The allowance, if any, is based on prior years' experience and management's analysis of specific promises made.

d - Accounts Receivable

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Foundation separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the statement of financial position date, the Foundation develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.



**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

e - Operating Lease Right-of-Use Asset and Operating Lease Liability

For leases with an initial term greater than twelve months, the Foundation's operating lease liability is initially recorded at the present value of the unpaid lease payments. The Foundation's operating lease right-of-use asset is initially recorded at the carrying amount of the operating lease liability adjusted for initial direct costs, accruals, prepayments, and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the lease term.

f - Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

g - Donated Services

Donated services, which require specialized skills, are performed by people with those skills, and which the Foundation would have paid for if not donated are recorded at the estimated fair value at the time the services are rendered. Donated services are recognized as contribution revenue and expenses.

h - Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

i - Revenue Recognition

Education revenues are recognized when the services are performed.

**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

j - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Foundation's expenses are directly related to program activities. The expenses that are allocated include salaries, payroll taxes and benefits, insurance, general office expenses, and occupancy costs, which are allocated based on employee time and effort.

k - 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.

l - Tax Status

The Midori Foundation, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has also been designated as an organization which is not a private foundation.

m - Subsequent Events

The Foundation has evaluated subsequent events through May 13, 2025, the date that the financial statements are considered available to be issued. No material subsequent events have occurred since June 30, 2024 that require recognition or disclosure in these financial statements.

n - New Accounting Standard

During 2024, the Foundation adopted ASU 2016-13, *Current Expected Credit Losses* ("Topic 326"). The core principles of ASU 2016-13 (the "ASU") significantly change the way Foundations recognize credit losses from the incurred loss model to the expected loss model for most financial assets. The financial asset held by the Foundation that is subject to the ASU was trade accounts receivable. The adoption of the ASU did not have a significant impact on net assets.

o - Prior Year Information

Certain 2023 amounts have been reclassified to confirm to the financial statement presentation used in 2024.

**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 2 - Information Regarding Liquidity and Availability**

The Foundation operates with the goal of a balanced budget for each fiscal year based on contributed income and earned revenues expected to be available to fund anticipated program expenses. The Foundation considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general, administrative and fundraising activities undertaken to support those services. The Foundation regularly monitors liquidity to meet its operating needs and other commitments and obligations.

Management prepares regular cash flow projections to determine liquidity needs and maintains liquid financial assets, including a board designated cash reserve of \$200,000, on an ongoing basis sufficient to cover four to six months of general expenditures. These liquid financial assets are kept at a bank and drawn upon as needed during the year to manage cash flow. The Foundation's cash flows have seasonal variations during the year attributable to program expenses beginning in the fall and increasing through the spring semester to the end of the school year in June.

The Foundation's financial assets as of June 30, 2024 and 2023 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2024</u>	<u>2023</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 896,363	\$ 399,793
Contributions receivable	272,336	900,190
Accounts receivable	<u>97,467</u>	<u>136,434</u>
Total Financial Assets	1,266,166	1,436,417
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(105,750)	(20,000)
Plus: Net assets with donor restrictions expected to be met in less than one year	102,000	20,000
Net assets restricted for board designated working capital reserve	<u>(200,000)</u>	<u>(200,000)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$1,062,416</u>	<u>\$1,236,417</u>

In addition to these financial assets available within one year, the Foundation's board designated working capital reserve could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 3 - Net Assets**

a - Board Designated - Working Capital Reserve

The Board has designated a working capital reserve that is used to manage the cyclical nature of the Foundation's cash flow. Borrowings from the working capital reserve are expected to be replenished in full prior to the close of each fiscal year.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions are designated for future programs and periods as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Music programs	\$ 46,250	\$10,000
Subject to expenditure for specified periods	<u>59,500</u>	<u>10,000</u>
Total Net Assets With Donor Restrictions	<u>\$105,750</u>	<u>\$20,000</u>

**Note 4 - Contributions Receivable**

Contributions receivable are due within one year. Uncollectible contributions receivable are expected to be insignificant and management has determined that no allowance is necessary at June 30, 2024 and 2023.

**Note 5 - Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2024</u>	<u>2023</u>
Furniture and equipment	5-7 years	\$20,511	\$43,511
Leasehold improvements	3 years	3,000	3,000
Website	3 years	<u>10,600</u>	<u>10,600</u>
		34,111	57,111
Less: Accumulated depreciation		<u>(18,265)</u>	<u>(42,640)</u>
		<u>\$15,846</u>	<u>\$14,471</u>

**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 5 - Property and Equipment (continued)**

In fiscal 2018, The City of New York spent \$32,935 relating to the Foundation's IT system. The City's investment of capital funding obligated the recipient organization to maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of The City of New York for cultural, educational or artistic uses and/or related purposes approved by the City.

**Note 6 - Concentrations**

- a - The Foundation maintains its cash balances at financial institutions located in New York. The balances are insured by the Federal Deposit Insurance Corporation up to applicable limits.
- b - Contributions and education revenue from city government agencies approximated 56% and 64% during the fiscal years ended June 30, 2024 and 2023, respectively, of the Foundation's total support and revenue. Contributions and accounts receivable from city government agencies at June 30, 2024 and 2023 approximated 89% and 83%, respectively, of the Foundation's total receivables.

**Note 7 - Employee Retention Tax Credit**

The Coronavirus Aid, Relief and Economic Security ("CARES") Act enacted in 2020 allowed eligible employers to claim employee retention tax credits for qualified wages paid after March 12, 2020 and before September 30, 2021. The Foundation determined that it qualified for a credit of \$32,785 during the year ended June 30, 2023, due to a partial suspension of operations due to government COVID-related orders and a decrease in gross receipts during the eligible period. Accordingly, this amount has been recognized as contribution income in the Statement of Activities for the year ended June 30, 2023.

**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 8 - Donated Services**

Donated services for the year ended June 30, 2024 consist of donated legal services. Donated legal services were used in connection with the Foundation's supporting services. The value of the donated services was based on the value provided by the donor at rates charged to other third parties for the same services.

**Note 9 - Retirement Plan**

The Foundation contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees. The risks of participating in this multiemployer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Foundation chooses to stop participating in its multiemployer plan, the Foundation may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Foundation's participation in this plan is summarized below. The "Plan Number" column provides the three-digit plan number. The most recent Pension Protection Act (PPA) zone status available in 2023 and 2022 is for the plan's year end at March 31, 2023 and 2022, respectively. The zone status is based on information that the Foundation received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates whether a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject, as applicable.

**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 9 - Retirement Plan (continued)**

<u>Pension Fund</u>	<u>Plan Number</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP Status Pending/ Implemented</u>	<u>Contributions of the Foundation</u>		<u>Surcharge Imposed</u>	<u>Expiration Date of Collective Bargaining Agreement</u>
		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		
American Federation of Musicians and Employer's Pension Fund	001	Red	Red	Implemented	<u>\$17,652</u>	<u>\$19,111</u>	10%	June 30, 2025

The Foundation's contributions to the plan listed above are not greater than 5% of the total plan contributions.

**Note 10 - Operating Lease Liability**

The Foundation leases office space under an operating lease agreement expiring October 31, 2024.

Rent expense for the years ended June 30, 2024 and 2023 was \$154,155 and \$154,514, respectively. There were no variable lease costs incurred. As of June 30, 2024, the remaining term of the Foundation's operating leases is 4 months, and the discount rate is 2.85%.

Maturities of the Foundation's operating lease liability as of June 30, 2024 are as follows:

Through October 31, 2024	\$51,042
Less: Amount attributable to interest	<u>(305)</u>
	<u>\$50,737</u>

In May 2024, the Foundation entered into an operating lease agreement for new office space for a five-year term with rent commencing October 2024 and through September 2029. Minimum annual rental payments are as follows:

<u>Year Ending June 30,</u>	
2025	\$61,522
2026	83,875
2027	86,391
2028	88,983
2029	91,652
Period ending September 30, 2029	23,081

**THE MIDORI FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 11 - Contingencies**

- a - The Foundation's programs are serviced by teaching artists. All teaching artists are covered by a collective bargaining agreement and are subject to the risks associated with unionized employees.
- b - Government-supported programs are subject to audit by the granting agency.