

TEXAS MUSIC EDUCATORS ASSOCIATION, INC.,
AND AFFILIATE
(A Nonprofit Corporation Exclusive
of Financial Activities of the
Chapters and Regions)

INDEPENDENT AUDITORS' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

TEXAS MUSIC EDUCATORS ASSOCIATION, INC.,
AND AFFILIATE
(A Nonprofit Corporation Exclusive of Financial Activities of the Chapters and Regions)

INDEPENDENT AUDITORS' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Texas Music Educators Association, Inc. and Affiliate
Austin, Texas

Opinion

We have audited the accompanying consolidated financial statements of the Texas Music Educators Association, Inc. (a nonprofit organization exclusive of the financial activities of its chapters and regions) and its Affiliate, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Texas Music Educators Association, Inc. and its Affiliate as of June 30, 2022, and the consolidated 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Texas Music Educators Association, Inc., and its Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Texas Music Educators Association Inc. and its Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Texas Music Educators Association 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Texas Music Educators Association 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.

Allman & Associates, Inc.

Austin, Texas
November 7, 2022

TEXAS MUSIC EDUCATORS ASSOCIATION, INC.,
AND AFFILIATE
(A Nonprofit Corporation Exclusive of Financial Activities of Chapters and Regions)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

Assets	
Current Assets:	
Cash and cash equivalents	\$ 585,387
Investments	9,073,839
Accounts receivable	47,106
Prepaid expenses	86,534
Intangible asset, current portion	<u>25,000</u>
Total Current Assets	9,817,866
Intangible asset, net of current portion	25,000
Property and equipment, net of accumulated depreciation	<u>772,382</u>
Total Assets	<u><u>\$ 10,615,248</u></u>
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable	\$ 20,423
Accrued expenses	137,304
Deferred revenue	<u>232,742</u>
Total Current Liabilities	<u>390,469</u>
Net Assets:	
Without donor restrictions	9,434,444
With donor restrictions	<u>790,335</u>
Total Net Assets	<u>10,224,779</u>
Total Liabilities and Net Assets	<u><u>\$ 10,615,248</u></u>

See accompanying auditors' report and notes to consolidated financial statements.

TEXAS MUSIC EDUCATORS ASSOCIATION, INC.,
AND AFFILIATE
(A Nonprofit Corporation Exclusive of Financial Activities of the Chapters and Regions)

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Revenues and Support:			
Membership dues	\$ 722,424	\$ -	\$ 722,424
Convention and clinic	1,780,648	-	1,780,648
Dividend and interest, net of fees of \$117,374	79,738	-	79,738
Honor band and orchestra	49,133	-	49,133
Subscriptions	122,184	-	122,184
Advertising, net of discounts	359,535	-	359,535
Database sales	17,727	-	17,727
Patch sales	61,424	-	61,424
Other income	1,570	-	1,570
Liability insurance	197,130	-	197,130
Unrealized gain (loss) on investments	(1,331,709)	-	(1,331,709)
Contributions	-	182,405	182,405
Net assets released from restrictions	179,500	(179,500)	-
Total Revenues and Support	<u>2,239,304</u>	<u>2,905</u>	<u>2,242,209</u>
Expenses and Losses:			
Programs Services:			
Convention	1,247,732	-	1,247,732
Publications, advertising and subscriptions	580,798	-	580,798
Membership	1,121,695	-	1,121,695
Public and and government relations	132,148	-	132,148
Competitions	346,761	-	346,761
Scholarships	212,072	-	212,072
Total programs	<u>3,641,206</u>	<u>-</u>	<u>3,641,206</u>
Supporting Services:			
General and administrative	598,525	-	598,525
Total Expenses and Losses	<u>4,239,731</u>	<u>-</u>	<u>4,239,731</u>
Change in net assets	(2,000,427)	2,905	(1,997,522)
Net assets at beginning of year	<u>11,434,871</u>	<u>787,430</u>	<u>12,222,301</u>
Net assets at end of year	<u><u>\$ 9,434,444</u></u>	<u><u>\$ 790,335</u></u>	<u><u>\$ 10,224,779</u></u>

See accompanying auditors' report and notes to consolidated financial statements.

TEXAS MUSIC EDUCATORS ASSOCIATION, INC.,
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services						Supporting Services	Total
	Convention	Publications, Advertising Subscriptions	Member- ship	Public and Government Relations	Competitions	Scholar- ships	General and Administrative	
Salaries	\$ 268,008	\$ 168,025	\$ 50,014	\$ 45,219	\$ 118,839	\$ 17,221	\$ 293,019	\$ 960,345
Employee benefits	78,167	49,006	14,587	13,188	34,660	5,023	85,462	280,093
Insurance and taxes	34,485	13,803	166,176	3,715	9,762	1,415	24,071	253,427
Travel and honorariums	41,537	9,543	7,553	4,793	120,158	5,778	19,533	208,895
Supplies	3,997	2,506	746	674	40,999	257	4,370	53,549
Printing and postage	7,407	308,280	645	583	1,532	222	3,778	322,447
Depreciation	12,629	7,918	2,357	2,131	5,600	811	13,808	45,254
Technology	17,914	11,231	3,343	3,023	7,944	1,151	60,361	104,967
Exhibit/registration set up	148,437	-	-	-	-	-	-	148,437
Labor/fire marshall/security	43,279	-	-	-	-	-	-	43,279
Food/beverage and hotel fees	44,492	-	-	-	-	-	-	44,492
Audio/visual	254,220	-	-	-	-	-	-	254,220
Transportation	13,078	-	-	-	-	-	-	13,078
Entertainment	14,100	-	-	-	-	-	-	14,100
Equipment rental and labor	161,473	-	-	-	-	-	-	161,473
Convention program	67,196	-	-	-	-	-	-	67,196
Professional fees	-	-	-	57,000	-	-	21,378	78,378
Miscellaneous	20,319	-	-	-	-	-	22,949	43,268
Building costs	10,799	6,770	2,015	1,822	4,788	694	49,796	76,684
Bank fees	6,195	3,716	70,443	-	2,479	-	-	82,833
Scholarships and grants	-	-	803,816	-	-	179,500	-	983,316
Total expenses	\$ 1,247,732	\$ 580,798	\$ 1,121,695	\$ 132,148	\$ 346,761	\$ 212,072	\$ 598,525	\$ 4,239,731

See accompanying auditors' report and notes to consolidated financial statements.

TEXAS MUSIC EDUCATORS ASSOCIATION, INC.,
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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows From Operating Activities:	
Change in net assets	\$ (1,997,522)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	45,254
Amortization	25,000
Reinvested earnings from investments, net of fees	(79,738)
Realized & unrealized (gain) loss on investments	1,331,709
Changes in assets and liabilities	
Accounts receivable	88,326
Prepaid expenses	(45,498)
Accounts payable	2,693
Accrued expenses	(39,590)
Deferred revenue	<u>54,812</u>
Net Cash Used by Operating Activities	<u>(614,554)</u>
Cash Flows From Investing Activities	
Proceeds from sale of investments	500,000
Purchase of furniture and equipment	<u>(12,602)</u>
Net Cash Provided by Investing Activities	<u>487,398</u>
Net Decrease in Cash and Cash Equivalents	(127,156)
Cash and cash equivalents, beginning of year	<u>712,543</u>
Cash and cash equivalents, end of year	<u><u>\$ 585,387</u></u>
Supplemental disclosure of cash flow information:	
Income taxes paid	<u>\$ -</u>
Interest paid	<u><u>\$ -</u></u>

See accompanying auditors' report and notes to consolidated financial statements.

TEXAS MUSIC EDUCATORS ASSOCIATION, INC.,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies

This summary of significant accounting policies for the Texas Music Educators Association, Inc. and Affiliate (the Association) is presented to assist in understanding the consolidated financial statements. The consolidated financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP), and have been consistently applied in the preparation of the consolidated financial statements.

General Purpose

Texas Music Educators Association, Inc. (TMEA) is incorporated under the laws of the State of Texas. The purpose of TMEA, as outlined by its charter, is (a) the promotion of music education; (b) the maintenance of a cooperative relationship with the State Department of Education for the development of a better program of music education in Texas; (c) to maintain a cooperative relationship with other music education associations. TMEA is governed by an executive board consisting of eight elected members who serve without compensation. TMEA's support comes primarily from membership dues and exhibit and registration fees for the annual convention.

The accompanying consolidated financial statements include the accounts of TMEA and of the Texas Music Educators Symposium Fund (Symposium), a nonprofit entity (collectively the Association).

The Symposium, that shares the same management as TMEA, dispenses scholarships to deserving students for educational endeavors.

Reporting Entity

The Association, for financial purposes, includes all of the financial activities relevant to their operations, exclusive of the financial activity of the chapters and regions. Chapters and regions operate at local levels to contribute to the goals of the Association.

Principles of Consolidation

All significant inter-company accounts and transactions between TMEA and Symposium have been eliminated in the consolidation.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with GAAP. Revenues are recognized when earned and expenses are recorded when incurred.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

Financial statement presentation follows the recommendation of the “Financial Statements of Not-For-Profit Organizations” section of the Accounting Standards Codification (ASC). Under the ASC, the Association is required to report information regarding its financial position and activities according to two classes of net assets as applicable.

- a) *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Association.

- b) *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 that 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 consisted of contributions for scholarships as of June 30, 2022.

Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are used in the functional allocation of expenses and depreciation.

Property, Equipment and Depreciation

Property and equipment are recorded at cost for purchased items or fair market value for donated items and depreciated using estimated lives of five to forty years on the straight-line method. It is the Association's policy to capitalize expenditures for these items in excess of \$500. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period disposed. Maintenance and repairs are charged to expense as incurred, and significant renewals and betterments are capitalized.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Income from membership dues is deferred and recognized as revenue over the periods to which the dues and fees relate. Contributions received (including unconditional promises to give) are recorded as donor restricted in the period received depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Association considers deposits in banks and money market accounts as cash and cash equivalents, unless designated for investment purposes.

Investments

Investments are stated at fair market value and consist of mutual funds in debt and equity securities, money market funds, and asset backed U.S. government securities. Unrealized gains and losses are reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Accounts Receivable

Accounts receivable consist of amounts due to the Association for membership dues and advertising along. The Association believes all accounts receivable are collectible. The Association uses the direct write-off method of writing off of accounts receivable that are deemed uncollectible. The Association does not require collateral for its receivables and is subject to credit risk.

Functional Allocation of Expenses

The costs of providing the various programs and activities of the Association have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses reports the natural classification detail of expenses by function. Expenses that can be identified with a specific program or relate to a specific source of revenue are allocated directly to that program. Indirect expenses have been allocated based on management's estimates. General and administrative expenses support the overall direction of the Association.

Federal Income Taxes

TMEA and the Symposium are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Provision for income tax on unrelated business income is made when required for income from non tax-exempt activities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

Federal Income Taxes (continued)

The Association has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Association has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Association believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the organization's financial position, changes net assets or cash flows. Accordingly, each organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2022. Each organization is subject to income tax audits for the previous three years which are open. There are no income tax audits for any tax periods in progress.

Intangible Assets

During the year ended June 30, 2019, the Association acquired six videos designed to show the effects of music in the lives of individuals from the perspective of a businessman, high school student, middle school student, choir teacher and a parent of a music student. The acquisition of all intellectual and other property rights was purchased for \$75,000. Accounting standards require the Association to amortize the intangible assets over a finite life. During the year ended June 30, 2022, the Association estimated the videos would be utilized through the year ended June 30, 2024. During the year ended June 30, 2022, amortization of \$25,000 was expensed with the remaining basis at \$50,000 as of June 30, 2022.

Change in Not-for-Profit Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. This guidance impacts the presentation of an entity's leasing activities and will require the recognition of lease (right-of-use) assets and related lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements. ASU 2016-02 was scheduled to become effective for fiscal years beginning after December 15, 2019, but has been delayed until annual periods beginning after December 15, 2021. The Association is currently evaluating the impact the adoption of this guidance will have on its financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

2. Concentration of Credit Risk

Financial instruments which potentially subject the Association to credit risk consist of cash and cash equivalents, investments and accounts receivable. The Association has no formal policy which limits credit exposure for balances exceeding federal insurance limits by restricting the amount which may be deposited with any one financial institution. The Association's deposits exceed the federal insurance limits as of June 30, 2022 in the amount of \$1,038,105.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the consolidated statement of financial position.

The Association generally does not maintain collateral for its accounts receivable, and does not believe significant credit risk exists as of June 30, 2022.

3. Property and Equipment

Property and equipment at June 30, 2022, consists of the following:

Building	\$ 1,072,210
Furniture and equipment	368,341
	<hr/>
Total depreciable assets	1,440,551
Less accumulated depreciation	(871,067)
	<hr/>
Building and equipment, net	569,484
Land	202,898
	<hr/>
Net property and equipment	\$ 772,382
	<hr/> <hr/>

The Association recognized depreciation expense in the amount of \$45,254 for the year ended June 30, 2022.

4. Leased Employees

Beginning on October 1, 2006, the Association began leasing its employees through Insperty, a professional employer organization. Insperty pays the employees and provides employee benefits such as health, dental, and life insurance, along with a 401k plan. TMEA paid Insperty \$1,249,620 for leased employees for the year ended June 30, 2022.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

5. Leases

Beginning July 1, 2016, the Association began leasing office equipment at a monthly rental rate totaling \$822 under a 60-month agreement that expired during the year ended June 30, 2022. Beginning December 1, 2021, the Association began leasing office equipment at a monthly rate of \$517 under a 60-month agreement. Rental expense under the operating leases totaled \$7,866 for the year ended June 30, 2022.

Future minimum payments to be paid under the non-cancellable operating lease having terms in excess of one year as of June 30, 2022 are as follows:

\$6,204 for each year ending June 30, 2023, 2024, 2025 and 2026.
\$2,585 for the year ending June 30, 2027.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 include contributions to be used for scholarship funds as follows:

TMEA Symposium Fund (Purpose restrictions)	\$ 790,335
Total	<u>\$ 790,335</u>

Net assets with donor restrictions of \$179,500 were released from restrictions due to satisfaction of purpose during the year ended June 30, 2022.

7. Fair Value of Financial Instruments

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). *Fair Value Measurements and Disclosures* also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

7. Fair Value of Financial Instruments (continued)

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

The following table represents assets and liabilities reported on the statement of financial position at their fair value as of June 30, 2022 by level within the fair value measurement hierarchy.

Description	Amount	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable inputs (Level 3)
Money Funds	\$ 1,263,371	\$ -	\$ 1,263,371	\$ -
Equity Securities:				
Large Cap Value	1,846,283	1,846,283	-	-
Mid Cap Value	512,588	512,588	-	-
SMID Core	184,336	184,336	-	-
Small Cap Value	223,970	223,970	-	-
International	457,376	457,376	-	-
Large Cap Growth	808,986	808,986	-	-
Fixed Income:				
US Treasury/Agency Sec.	1,148,358	-	1,148,358	-
Corporate Bonds	678,016	-	678,016	-
Municipal Bonds	406,570	-	406,570	-
Mutual Funds:				
Equity	634,818	634,818	-	-
Fixed Income	909,167	909,167	-	-
Total	<u>\$ 9,073,839</u>	<u>\$ 5,577,524</u>	<u>\$ 3,496,315</u>	<u>\$ -</u>

The fair value of the Association's remaining current assets and current liabilities approximate the carrying amounts of such instruments due to their short maturity.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

8. Deferred Revenue

The following table provides information about significant changes in deferred revenue for the year ended June 30, 2022:

	Membership Dues	Events and Other	Liability Insurance and Other	Total
Deferred revenue, June 30, 2021	\$ 61,730	\$ 94,580	\$ 21,620	\$ 177,930
Revenue recognized that was included in deferred revenue at beginning of year	(61,730)	(94,580)	(21,620)	(177,930)
Increase in deferred revenue due to cash received during the year	<u>68,640</u>	<u>137,897</u>	<u>26,205</u>	<u>232,742</u>
Deferred revenue, June 30, 2022	<u>\$ 68,640</u>	<u>\$ 137,897</u>	<u>\$ 26,205</u>	<u>\$ 232,742</u>

9. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 585,387
Investments	9,073,839
Accounts receivable	47,106
Less net assets restricted for scholarships	<u>(790,335)</u>
Financial assets available for general expenditures within one year	<u>\$ 8,915,997</u>

The Association does not have a formal liquidity policy, but intends to meet cash needs through convention revenue, membership dues, program and advertising fees and meeting budget expectations.

10. Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact future activities of the Association. The continuing disruption is having a broad and negative impact on the US economy. The Association will continue to assess any future outbreaks and will cut expenses to essential costs as well as budget appropriately and conservatively to minimize impact and uncertainty as the COVID-19 crisis continues past June 30, 2022.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

10. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management evaluated subsequent events through the date the financial statements were available for issuance, November 7, 2022, and there were no subsequent events to disclose.