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Independent Auditor’s Report

To the Board of Directors
Jazz Outreach Initiative

Opinion
We have audited the accompanying financial statements of Jazz Outreach Initiative (a nonprofit organization), which comprise the statement of financial position as of July 31, 2022, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jazz Outreach Initiative (the “Organization”) as of July 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
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 Financial Statements section of our report. We are required to be independent of the Organization 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 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 Organization'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
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 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 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 Organization'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 Organization'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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
November 8, 2022
# JAZZ OUTREACH INITIATIVE
## STATEMENT OF FINANCIAL POSITION
### JULY 31, 2022

### ASSETS

**Current Assets:**
- Cash and cash equivalents: $50,039
- Prepaid expenses and other: $1,662
- Inventory: $18,075
- Total current assets: $69,776

**Property and Equipment, net:** $1,980

**Total Assets:** $71,756

### LIABILITIES AND NET ASSETS

**Current Liabilities:**
- Accounts payable: $12,483
- Deferred revenues: $458
- Total current liabilities: $12,941

**Net Assets:**
- Without donor restrictions: $49,001
- With donor restrictions: $9,814
- Total net assets: $58,815

**Total Liabilities and Net Assets:** $71,756

See accompanying notes to the financial statements.
JAZZ OUTREACH INITIATIVE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JULY 31, 2022

Net Assets without Donor Restrictions
Revenue and other support:
- Contributions $67,665
- Grants 25,100
- In-kind contributions 42,005
- Program revenue 2,950
- Merchandise sales 500
- Net assets released from donor restrictions 3,386

141,606

Expenses:
Program services: 118,513
- Supporting services:
  - Management and general 34,322
  - Fundraising 5,000

157,835
Decrease in net assets without donor restrictions (16,229)

Net Assets with Donor Restrictions:
- Contributions 8,200
- Net assets released from donor restrictions (3,386)
  Increase in net assets with donor restrictions 4,814

Decrease in Net Assets (11,415)

Net Assets, Beginning of Year 70,230

Net Assets, End of Year $58,815

See accompanying notes to the financial statements.
# JAZZ OUTREACH INITIATIVE
## STATEMENT OF FUNCTIONAL EXPENSES
### FOR THE YEAR ENDED JULY 31, 2022

See accompanying notes to the financial statements.
### JAZZ OUTREACH INITIATIVE
### STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED JULY 31, 2022

**Cash Flows From Operating Activities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in net assets</td>
<td>$ (11,415)</td>
</tr>
<tr>
<td>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>220</td>
</tr>
<tr>
<td>Noncash contribution of property and equipment</td>
<td>(2,200)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in grants receivable</td>
<td>1,209</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses and other</td>
<td>(30)</td>
</tr>
<tr>
<td>(Increase) decrease in inventory</td>
<td>(15,975)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>10,385</td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenues</td>
<td>(2,992)</td>
</tr>
<tr>
<td><strong>Net Decrease in Cash and Cash Equivalents</strong></td>
<td>(20,798)</td>
</tr>
</tbody>
</table>

**Cash and Cash Equivalents, Beginning of Year**  
70,837

**Cash and Cash Equivalents, End of Year**  
$ 50,039

*See accompanying notes to the financial statements.*
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Jazz Outreach Initiative (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Organization was incorporated in February 2017 as a non-profit corporation under the laws of the State of Nevada, and is governed by a volunteer board of directors. The Organization was founded to promote the cultivation of jazz music through performance, education, and advocacy.

Programs

Buzzin’ In Brass: This program is designed for students (Kindergarten through 5th grade) and its objective is to introduce, educate and instill a love for jazz music through live performances of the JOI Brass Quintet. The performances are both informative and interactive.

Jazz for Young People: The Jazz for Young People program consists of narrated hour-long concerts. The Organization sends an ensemble of musicians six times per semester into Las Vegas middle and high schools to educate and perform for the students. The performances are both informative and interactive. Scripted by Wynton Marsalis, students learn life lessons through the narration of the lives of luminary jazz artists accompanied by their music.

Las Vegas Youth Jazz Orchestra: The Organization has created a youth jazz orchestra, the Las Vegas Youth Jazz Orchestra, that brings together talented student musicians from as young as middle school through age nineteen of all demographics and from as many schools as possible creating a community of musicians for the next generation. Students gain hands-on experience working with other musicians and are mentored by top professionals in their respective instruments. They attended virtual masterclasses for each piece of music they’re learning taught by the composers/arrangers or bank members of legendary jazz banks and institutions. The band is led by the Organization’s President/Artistic Director Kenny Rampton (Jazz at Lincoln Center Orchestra) and the Organizations Director of Programming and Las Vegas Youth Jazz Orchestra’s band director, Gary Cordell.

Essentially Ellington: Through its annual Essentially Ellington High School Jazz Band program, Jazz at Lincoln Center co-produces noncompetitive, education-focused festivals designed to offer high school jazz bands of all levels the opportunity to perform the music of Duke Ellington and other seminal big band composers and arrangers. Participating bands receive professional feedback from Jazz at Lincoln Center clinicians and other jazz professionals in their own backyard. The Organization host the nation’s largest annual Essentially Ellington Regional High School Jazz Band Festival that takes place at the University of Nevada Las Vegas campus. The event is a collaboration with Jazz at Lincoln Center and co-hosts UNLV Division of Jazz and Commercial Music.

Jazz Language Classes: Students of the Las Vegas Youth Jazz Orchestra have experienced a weekly course teaching the language of jazz with topics including improvisation, transcriptions, chord structures and progressions, and more. The Organization plans to open this series up to students of all ages in spring 2021 with an intermediate advanced level course. Las Vegas Youth Jazz Orchestra members will continue to receive their access included with their tuition. Students outside of Las Vegas Youth Jazz Orchestra may participate for $75 for the semester.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs (Continued)

Jazz Routes: A play on words, Jazz Routes will provide donated and refurbished instruments to local disadvantaged and at-risk youth. Where this departs from similar program is the Organization’s inclusion of a year’s worth of free music lessons to help get the children started on their musical journey.

JOI Jazz Orchestra: This big band is comprised of the legendary professional local musicians who are volunteer mentors of the students of the Las Vegas Youth Jazz Orchestra. This band creates an opportunity for these outstanding musicians to perform great charts together and can even include Las Vegas Youth Jazz Orchestra students to form a “kicks band.” The JOI Jazz Orchestra has produced its first recording in December 2020 with vocals by the Organization’s board member and Grammy nominated vocalist, Clint Holmes.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally Accounting Standard Codification (ASC) 958, Not-for-Profit Entities. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of financial position and cash flows, the Organization considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

Property and Equipment

The Organization capitalizes significant expenditures for property and equipment at cost, generally those that exceed $2,000. Property and equipment that are contributed to the Organization are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is seven to ten years.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Inventory**

Inventory, which consists of donated musical instruments are recorded at the estimated fair value at the date of donation. Management determined that there are no obsolete inventory and no impairment has been identified.

**Deferred Revenue**

Program revenue collected prior to the fiscal year to which they apply are deferred and recognized over the periods as earned. The balances of deferred program revenue as of July 31, 2021 and 2022 were $3,450 and $458, respectively.

**Advertising**

Advertising costs are expensed as incurred. Total advertising costs for the year ended July 31, 2022 was $12,152.

**Revenue Recognition**

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributions may be considered conditional or non-conditional. A conditional contract exists if a) one or more barrier exists and b) the right to receive or retain payment or delivery of the promised asset depends on meeting those barriers. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Non-conditional contributions are recognized when received or right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. For the year ending July 31, 2022, all exchange grant revenue was recognized at a point in time when services were performed.

Revenue from program fees is reported at their estimated realizable amount from vendors. Program revenue consist primarily of tuition and festival registration fees. The Organization has identified the provision of educational services as the performance obligation related to festival registration. The tuition performance obligation is satisfied over the academic year, which is consistent with the contract period. Revenue recognition begins once a student starts attending classes during the academic year. The festival completion obligation is satisfied at the point in time the festival is completed. Program revenue is recognized at a point in time when services are performed, which is when the performance obligation is satisfied.

The revenue streams noted above do not include significant financing components as performance obligations are satisfied within a year of receipt of payment. Also, there are no significant consideration amounts that are variable.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation Methodology

The costs of providing the 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 supporting services benefited, based on management’s estimates of time and effort.

Income Taxes

The Organization has received notification from the Internal Revenue Service that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

At July 31, 2022, the tax years that remain subject to potential examination by taxing authorities begin with 2019.

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair value, provided the Organization has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded. Donated professional services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in program expenses. The Organization recognized the following in-kind donations during the period ended July 31, 2022:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and materials</td>
<td>$ 24,545</td>
</tr>
<tr>
<td>Professional services</td>
<td>17,460</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 42,005</strong></td>
</tr>
</tbody>
</table>

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which, among other things, requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. When effective, the ASU will supersede FASB ASC 840, Leases, and add Topic 842, Leases, to the FASB ASC. The ASU is effective for most nonprofit organizations for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. In addition to replacing FASB ASC 840 with FASB ASC 842, the ASU amends and supersedes other Topics throughout the FASB ASC. Management has not yet evaluated the effects of this standard on the Organization’s financial statements.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization beginning on August 1, 2022. The adoption of ASU 2020-07 is not expected to have a significant impact on the Organization’s consolidated financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has $45,235 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of $40,225 and grants receivable of $5,010. Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of July 31, 2022:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and equipment</td>
<td>$2,200</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(220)</td>
</tr>
<tr>
<td>Total</td>
<td>$1,980</td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended July 31, 2022 was $220.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or other events specified by donors. Net assets with donor restrictions are restricted for the following purposes as of July 31, 2022:

Subject to expenditure for specified purpose
and/or passage of time:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jazz Routes</td>
<td>$7,564</td>
</tr>
<tr>
<td>JOI Jazz Orchestra Member Clinics</td>
<td>1,400</td>
</tr>
<tr>
<td>Las Vegas Youth Jazz Orchestra Scholarships</td>
<td>850</td>
</tr>
<tr>
<td>Total</td>
<td>$9,814</td>
</tr>
</tbody>
</table>

As of July 31, 2022, net assets with donor restrictions consisted of cash and cash equivalents of $9,814.
NOTE 5 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through November 8, 2022, which is the date the financial statements were available to be issued.