

International
Double Reed
Society



idrs

May 13, 2025

Dear Members,

Enclosed please find the IDRS Financial Statement for fiscal year 2023. As you review this document, we ask you to keep the following in mind:

- Because as an organization we are always working on several overlapping conference cycles (typically three at once), this document may not provide a complete picture of our income and expenses for this particular year.
- Because this report takes time to complete, it does not represent a current picture of our financial situation. For the latest information on the society's finances, please refer to the financial report provided in the State of the Society address given at the annual general meeting. IDRS members can attend the general meeting in person or via the livestream at the annual conference, and can access a recording of the meeting at any time in our video archive on the IDRS website.
- I am always available to answer your questions or provide more clarification at wilson@idrs.org. It is the desire of the IDRS Board and Staff to maintain a positive, transparent relationship with our valued constituents.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacqueline Wilson', written in a cursive style.

Jacqueline Wilson
IDRS President



L & H Business Consulting, LLC

International Double Reed Society

Reviewed Financial Statements

December 31, 2023

International Double Reed Society

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
International Double Reed Society

We have reviewed the accompanying financial statements of International Double Reed Society (a non-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities and changes in net assets, statement of functional expenses and statement of cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

L & H Business Consulting, LLC

Lutherville, Maryland

November 15, 2024

International Double Reed Society

Statement of Financial Position

December 31, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 280,977
Accounts receivable	20,270
Prepaid expenses	<u>60</u>

Total current assets	<u>301,307</u>
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Endowment investments	<u>256,201</u>
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Total assets	<u><u>\$ 557,508</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 38,508
Deferred membership revenue	<u>59,637</u>

Total current liabilities	<u>98,145</u>
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Net assets

Without donor restrictions, undesignated	203,161
With donor restrictions	<u>256,202</u>

Total net assets	<u>459,363</u>
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Total liabilities and net assets	<u><u>\$ 557,508</u></u>
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See independent accountants' review report and accompanying notes to financial statements

International Double Reed Society
Statement of Activities and Change in Net Assets
For the year ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Publication revenue	\$ 68,482	\$ -	\$ 68,482
Membership revenue	190,662	-	190,662
Conference revenue	18,500	-	18,500
Competition revenue	1,204	-	1,204
Contributions	7,755	-	7,755
Investment revenue (losses), net of fees	200	11,693	11,893
	<u>288,377</u>	<u>11,693</u>	<u>300,070</u>
Total support and revenue			
	<u>-</u>	<u>-</u>	<u>-</u>
Net assets released from restrictions			
	<u>-</u>	<u>-</u>	<u>-</u>
Expenses			
Program	281,888	-	281,888
Management and general	48,024	-	48,024
Fundraising	322	-	322
	<u>330,234</u>	<u>-</u>	<u>330,234</u>
Total expenses			
	<u>330,234</u>	<u>-</u>	<u>330,234</u>
Net (decrease) increase in net assets	(41,857)	11,693	(30,164)
Net assets - beginning of year	245,018	244,509	489,527
	<u>245,018</u>	<u>244,509</u>	<u>489,527</u>
Net assets - end of year	\$ 203,161	\$ 256,202	\$ 459,363
	<u>\$ 203,161</u>	<u>\$ 256,202</u>	<u>\$ 459,363</u>

See independent accountants' review report and accompanying notes to financial statements

International Double Reed Society

Statement of Functional Expenses For the year ended December 31, 2023

	Program	Management and general	Fundraising	Total
Publication expenses	\$ 108,318	\$ -	\$ -	\$ 108,318
Conference expenses	25,769	-	-	25,769
Exhibit expenses	10,446	-	-	10,446
Competition expenses	11,208	-	-	11,208
Website expenses	22,107	-	-	22,107
Executive committee expenses	-	862	-	862
Meeting expenses	-	17,499	-	17,499
Membership expenses	22,159	-	-	22,159
Office expenses	2,796	1,398	43	4,237
Merchant service fees	11,423	-	-	11,423
Administrative expenses	13,831	13,831	279	27,941
Insurance expenses	-	1,582	-	1,582
Professional services	-	12,852	-	12,852
Grant awards	49,000	-	-	49,000
Prize Money	-	-	-	-
Bad debts	4,831	-	-	4,831
Total expenses	<u>\$ 281,888</u>	<u>\$ 48,024</u>	<u>\$ 322</u>	<u>\$ 330,234</u>

See independent accountants' review report and accompanying notes to financial statements

International Double Reed Society

Statement of Cash Flows

For the year ended December 31, 2023

Change in net assets	\$ (30,164)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Unrealized gain on investments, net of fees	(2,070)
(Increase) decrease in assets	
Pledges receivable	4,036
Prepaid expenses	(60)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	2,679
Deferred membership revenue	<u>(5,854)</u>
Net cash used in operating activities	<u>(31,433)</u>
Cash flows from investing activities	
Interest and dividends reinvested	<u>(9,623)</u>
Net cash used in investing activities	<u>(9,623)</u>
NET DECREASE IN CASH	(41,056)
Cash and cash equivalents, beginning of year	<u>322,033</u>
Cash and cash equivalents, end of year	<u><u>\$ 280,977</u></u>

See independent accountants' review report and accompanying notes to financial statements

International Double Reed Society

Notes to Financial Statements For the year ended December 31, 2023

NOTE 1 – NATURE OF ORGANIZATION AND OPERATIONS

International Double Reed Society. (the Society) is a nonprofit organization that was established in August 1972. In December 1982 the Society was incorporated in the State of Ohio. The Society's administrative office is in the State of Maryland. The purpose of the Society is to enhance the art of double reed playing by encouraging the composing and arranging of music for double reeds; to commission new works; to assist teachers and students in attaining high standards of performance; and to generally educate the public, manufacturers and musicians in such a manner as to promote the goals of the Society and continually improve the quality of the art.

The Society is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal and state income taxes. The Society pays tax on unrelated business income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newly Adopted Accounting Pronouncements

On January 1, 2023, International Double Reed Society adopted Accounting Standards Update No. 2016-13, Measurement of Credit Losses on Financial Instruments, and its related amendments ("ASC 326"). The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with ASC 326, International Double Reed Society evaluates certain criteria, including aging and historical write-offs, current economic condition of specific customers, and future economic conditions to determine the appropriate allowance for credit losses. The adoption of this ASU did not have a material impact on International Double Reed Society's financial statements.

Basis of Accounting

The financial statements of the Society have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Non-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified as follows:

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 Society. The Society's board may designate assets without donor restrictions for specific operational purposes from time to time.

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 Non-Profit Society or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Use of 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.

International Double Reed Society

Notes to Financial Statements For the year ended December 31, 2023

Cash and Cash Equivalents

The Society considers cash and cash equivalents to include time deposits, certificates of deposit, and all highly liquid debt instruments purchased with maturities of three months or less.

Income Taxes

The Society is generally exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income tax. For the year ended December 31, 2023, the Society had no activities that were classified as unrelated business income.

Management has determined that the Society has no material uncertain tax positions that would require recognition under ASC 740-10 *Income Taxes*. The federal and state income tax returns of The Society for 2020, 2021 and 2022 are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Pledges Receivable

The Society recognizes as pledges receivable those amounts which are owed to the Society net of any discounts offered and are expected to be realized in one year or less. Management evaluates the receivables for collectability and establishes a reserve for uncollectible amounts as it considers necessary.

Prepaid Expenses

Monies paid in 2023 for benefits and expense which will not occur until 2024 are classified as prepaid expenses. These primarily relate to conferences and the Fernand Gillet-Hugo Fox Double Reed competition each year.

Investments

Investments consist primarily of assets invested in money market accounts, marketable equity securities and mutual funds. The Society accounts for investments in accordance with FASB ASC 958-320 *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The standard requires that investments in equity securities with readily determinable fair values be measured at fair value in the Statement of Financial Position. Fair value of marketable equity securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of activities and change in net assets.

Fair Value Measurements

The accounting guidance for fair value measurements and disclosures emphasizes that fair value is a market based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Equipment, Furnishings and Fixtures

The Society has adopted a policy of capitalizing individual equipment, furniture, and fixture acquisitions which are in excess of \$1,000. In situations where a significant quantity of related assets under \$1,000 is purchased for a similar purpose within a short period of time, those assets are capitalized if the aggregate cost (or donated fair market value) is in excess of \$1,500.

International Double Reed Society

Notes to Financial Statements For the year ended December 31, 2023

Functional Allocation of Expenses

The Society reports its expenses on a functional basis in the statement of functional expenses. These functions consist of program and supporting service costs. Direct expenses are charged directly to program services, management and general, and fundraising based on specific identifications. Office expenses and administrative expenses have been allocated among the program and supporting service activities using methods such as percentage allocation based on management estimates.

Support and Revenue Recognition

Support and revenue received are recorded as net assets without donor restriction or net assets with donor restrictions depending upon the existence and/or nature of any donor-imposed restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the donor restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the donor restriction. When a donor restriction expires, as a result of time or fulfillment of purpose, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Contributions of donated services and assets are recorded at their fair market values in the period when they meet the criteria of FASB ASC 958 *Not-for-Profit Entities*. Under ASC 958, contributions of donated services are recorded if the service requires a specialized skill, the value of which can be ascertained, and which would need to be purchased if not provided by donations.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Society maintains several cash accounts in a manner designed to keep the maximum amount of funds federally insured while receiving a good rate of return on the deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances may exceed FDIC insured limits from time to time, but management has not experienced any losses related to this risk.

NOTE 4 – ENDOWMENT INVESTMENTS

On December 17, 1998, Alan H. Fox donated marketable securities to the Society, the purpose of which was to establish an endowment for prizes for the annual double reed competition to be held under the auspices of the Society. The competition shall be known as the Fernand Gillet-Hugo Fox Double Reed competition. If the Society ceases to exist or ceases to hold an annual double reed competition, the principal sum of the endowment may be made available to a qualified tax-exempt organization for the purpose of providing a similar competition.

The provisions of the endowment stipulate that ninety percent (90%) of the income derived from the endowment is to be used to fund prizes for the Fernand Gillet-Hugo Fox competition and that ten percent (10%) of the income derived from the endowment is to be reinvested in the endowment unless waived by the three-person investment committee which consists of two officers of the Society and the donor.

Investments are carried at fair value, by level, using the three-tier hierarchy framework for measuring fair value as established by FASB ASC 820, *Fair Value Measurements and Disclosures*. The endowment incurred losses in earlier years, however the endowment corpus (cash corpus plus securities corpus) has been fully restored beyond the \$235,001. The Society has the ability in future years to allocate 90% of gains attributable to the securities to be available for prizes.

The endowment is classified as net assets with donor restrictions of the Society and the endowment provides that any gains or losses, realized and unrealized, will increase or reduce the net assets with donor restrictions of the Society.

Investments in marketable securities consist of money market, exchange traded products and mutual funds. The fair value of these investments is measured on a recurring basis and as of December 31, 2023. The assets or

International Double Reed Society

Notes to Financial Statements For the year ended December 31, 2023

liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments were measured using the following level of hierarchy:

	Level 1	Level 2	Level 3	Total
Money market	\$ 256,201	\$ -	\$ -	\$ 256,201
Exchange-traded and closed-end funds	-	-	-	-
Mutual funds	-	-	-	-
	<u>\$ 256,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,201</u>

The income of the investments for the year ended December 31, 2023, is outlined below:

Dividends and interest income	\$ 9,623
Unrealized gain	2,220
Less: investment fees	<u>(150)</u>
	<u>\$ 11,693</u>

The three-tier hierarchy framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurement") and the lowest priority to unobservable inputs ("Level 3 measurements"). The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements and Disclosures* are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 5 – LIABILITIES

Accounts payable and accrued expenses represent obligations of the Society that were unpaid and/or accrued as of December 31, 2023. Deferred revenue consists of dues collected in 2023 but attributable to the calendar years 2024 and beyond in the amount of \$59,637.

International Double Reed Society

Notes to Financial Statements For the year ended December 31, 2023

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023, are restricted for the following purposes:

Net assets with donor restrictions	
Endowment Investment - Corpus	\$ 235,000
Endowment Investment - Prizes	<u>21,201</u>
Total net assets with donor restrictions	<u>\$ 256,201</u>

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions for the year ended December 31, 2023, are as follows:

Net assets without donor restriction	<u>\$ 203,161</u>
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There are currently no assets without donor restriction that are designated by the Board of Directors of the Society.

NOTE 8 – DONATED SERVICES AND FACILITIES

The executive secretary donates a small amount of office space to the Society. The fair rental value cannot be readily determined, and this donation does not meet the criteria of FASB ASC 958 *Not-for-Profit Entities*, and therefore is not shown on the statement of activities as a contribution or as an expense.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Society's financial assets available to meet cash needs for general expenditures within one year of December 31, 2023, are as follows:

Cash and cash equivalents	\$ 280,977
Accounts receivable	20,270
Less those unavailable for general expenditure within one year due to the following:	
Accounts payable and accrued expenses	(38,508)
Deferred membership revenue	<u>(59,637)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 203,162</u>

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

International Double Reed Society

Notes to Financial Statements

For the year ended December 31, 2023

NOTE 10 – SUBSEQUENT EVENTS

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Society through November 15, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial