



Financial Statements
and
Independent Auditors' Report
June 30, 2020
(With Comparative Totals for 2019)

BOSTON CHILDREN'S CHORUS, INC.

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Independent Auditors' Report

To the Board of Directors of
Boston Children's Chorus, Inc.

We have audited the accompanying financial statements of Boston Children's Chorus, Inc. (the Chorus) (a Massachusetts nonprofit Chorus), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Children's Chorus, Inc. as of June 30, 2020, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Chorus. has adopted the Financial Accounting Standard Board's Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as amended, ASU No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*, and ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Boston Children's Chorus, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Jarvis Kelly" followed by a stylized flourish.

September 27, 2021

BOSTON CHILDREN'S CHORUS, INC.

Statement of Financial Position

June 30, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
<i>CURRENT ASSETS:</i>		
Cash	\$ 698,657	\$ 394,574
Accounts receivable, net	5,883	10,164
Promises to give, net	174,213	314,975
Prepaid expenses	-	7,324
	<u>878,753</u>	<u>727,037</u>
<i>NONCURRENT ASSETS:</i>		
Promises to give, net	-	26,000
Security deposit	18,770	18,770
	<u>18,770</u>	<u>44,770</u>
<i>FIXED ASSETS:</i>		
Leasehold improvements	393,472	383,579
Office and program equipment	139,275	136,506
Less: accumulated depreciation	(444,294)	(325,865)
	<u>88,453</u>	<u>194,220</u>
<i>INTANGIBLE ASSETS</i>		
Website	12,547	12,547
Computer software	8,245	8,245
Less: accumulated amortization	(17,017)	(12,859)
	<u>3,775</u>	<u>7,933</u>
Total assets	<u>989,751</u>	<u>973,960</u>
LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES</i>		
Accounts payable	\$ 24,442	\$ 32,266
Accrued expenses	1,916	4,874
Accrued payroll	38,620	63,012
Line of credit	-	200,000
Deferred revenue	-	44,078
Capital lease obligation - current portion	4,308	3,874
	<u>69,286</u>	<u>348,104</u>
<i>LONG-TERM LIABILITIES</i>		
Capital lease obligation	4,412	8,719
Payroll protection program loan	199,323	-
Economic injury disaster loan	149,900	-
	<u>353,634</u>	<u>8,719</u>
Total long-term liabilities	<u>353,634</u>	<u>8,719</u>
Total liabilities	<u>422,920</u>	<u>356,823</u>
<i>NET ASSETS</i>		
Without restrictions		
Undesignated	336,831	317,212
With restrictions	230,000	299,925
	<u>566,831</u>	<u>617,137</u>
Total net assets	<u>566,831</u>	<u>617,137</u>
Total liabilities and net assets	<u>\$ 989,751</u>	<u>\$ 973,960</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Activities
For the Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)

SUPPORT AND REVENUE:	WITHOUT RESTRICTIONS	WITH RESTRICTIONS	2020 TOTAL	2019 TOTAL
<i>SUPPORT:</i>				
Corporate grants	\$ 88,098	\$ -	\$ 88,098	\$ 121,594
Foundation grants	303,246	230,000	533,246	484,000
Government grants	59,492	-	59,492	38,865
Individual giving	649,496	-	649,496	560,218
Special events	-	-	-	-
In-kind donations	139,811	-	139,811	66,826
Total Support	<u>1,240,144</u>	<u>230,000</u>	<u>1,470,144</u>	<u>1,271,503</u>
<i>REVENUE:</i>				
Tuition	288,421	-	288,421	334,159
Less financial aid	(9,900)	-	(9,900)	(9,145)
Net Tuition	<u>278,521</u>	<u>-</u>	<u>278,521</u>	<u>325,014</u>
Tour fees	34,437	-	34,437	151,687
Less financial aid	(4,492)	-	(4,492)	(2,165)
Net Tour fees	<u>29,945</u>	<u>-</u>	<u>29,945</u>	<u>149,522</u>
Ticket sales	103,922	-	103,922	160,765
Performance fees	60,500	-	60,500	73,300
Interest Income	995	-	995	5,237
Other revenue	33,152	-	33,152	6,828
Total Revenue	<u>507,035</u>	<u>-</u>	<u>507,035</u>	<u>720,666</u>
Net Assets released from restrictions	<u>452,425</u>	<u>(452,425)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,199,604</u>	<u>(222,425)</u>	<u>1,977,179</u>	<u>1,992,168</u>
EXPENSES:				
Programs	920,832	-	920,832	1,579,893
Management and general	876,886	-	876,886	667,781
Fundraising	229,767	-	229,767	339,855
Total Expenses	<u>2,027,485</u>	<u>-</u>	<u>2,027,485</u>	<u>2,587,529</u>
Change in net assets	172,119	(222,425)	(50,306)	(595,360)
Net assets, beginning of year	<u>317,212</u>	<u>299,925</u>	<u>617,137</u>	<u>1,212,497</u>
Net assets, end of year	<u>\$ 489,331</u>	<u>\$ 77,500</u>	<u>\$ 566,831</u>	<u>\$ 617,137</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	2020 TOTAL	2019 TOTAL
Personnel	\$ 501,672	\$ 320,970	\$ 139,353	\$ 961,994	\$ 1,359,605
Training, conferences and meetings	1,783	1,023	495	3,302	22,212
Consultants	25,054	10,681	2,607	38,342	86,069
Commissions	4,534	-	-	4,534	1,400
Membership dues	164	1,901	1,155	3,220	6,754
Production expenses	55,257	25,056	471	80,784	154,013
Printing and reproduction	2,261	21,441	3,106	26,808	42,541
Materials and supplies	10,557	1,882	564	13,003	18,698
Equipment	2,921	1,842	21,309	26,072	30,388
Communication expenses	3,635	3,249	1,681	8,565	16,315
Administrative expense	25,010	10,723	3,451	39,185	58,671
Scholarships	15,000	-	-	15,000	25,000
Professional fees	44,820	282,932	19,330	347,082	80,335
Insurance	8,981	9,809	2,396	21,186	27,598
Occupancy	135,698	46,745	31,897	214,340	221,490
Tours	30,948	7,455	-	38,402	144,034
Travel and transportation	380	588	82	1,050	7,215
In-kind expenses	-	-	-	-	66,826
Depreciation and amortization	-	122,588	-	122,588	120,000
Advertising	202	2,045	-	2,248	5,948
Fees and royalties	3,616	-	-	3,616	102
Meals	4,992	1,221	1,842	8,055	60,718
Uniforms	2,408	-	-	2,408	12,606
Interest	-	3,587	-	3,587	9,226
Other expenses	151	1,149	26	1,327	3,816
Bad debt	40,787	-	-	40,787	5,951
Total Expenses	<u>\$ 920,832</u>	<u>\$ 876,886</u>	<u>\$ 229,767</u>	<u>\$ 2,027,485</u>	<u>\$ 2,587,529</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2019

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	
Personnel	\$ 738,217	\$ 414,678	\$ 206,710	\$ 1,359,605
Training, conferences and meetings	15,391	4,203	2,618	22,212
Consultants	68,047	12,879	5,142	86,069
Commissions	1,400	-	-	1,400
Membership dues	231	4,422	2,101	6,754
Production expenses	153,913	-	100	154,013
Printing and reproduction	13,437	15,621	13,482	42,541
Materials and supplies	12,830	4,575	1,292	18,698
Equipment	8,807	4,600	16,981	30,388
Communication expenses	6,857	5,530	3,928	16,315
Administrative expense	43,338	14,443	889	58,671
Scholarships	25,000	-	-	25,000
Professional fees	-	66,930	13,405	80,335
Insurance	12,538	11,549	3,511	27,598
Occupancy	160,112	26,756	34,622	221,490
Tours	144,034	-	-	144,034
Travel and transportation	5,219	1,749	247	7,215
In-kind expenses	23,600	43,226	-	66,826
Depreciation and amortization	85,546	14,766	19,688	120,000
Advertising	1,436	4,512	-	5,948
Fees and royalties	102	-	-	102
Meals	40,397	5,314	15,007	60,718
Uniforms	12,606	-	-	12,606
Interest	-	9,226	-	9,226
Other expenses	883	2,802	130	3,816
Bad debt	5,951	-	-	5,951
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 1,579,893</u>	<u>\$ 667,781</u>	<u>\$ 339,855</u>	<u>\$ 2,587,529</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.Statement of Cash Flows
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATIONS		
Change in Net Assets	\$ (50,306)	\$ (595,360)
Adjustments to reconciled change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	122,587	120,000
Bad debt	40,787	5,951
(Increase) decrease operating assets:		
Accounts receivable	(36,506)	(2,458)
Promises to give	165,967	31,275
Prepaid expenses	7,324	35,957
Increase (decrease) in operating liabilities:		
Accounts payable	(7,029)	(14,536)
Accrued expenses	(27,350)	6,071
Deferred revenue	(44,078)	7,910
Net cash provided by (used in) operating activities	<u>171,397</u>	<u>(405,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(12,662)	(18,949)
Proceeds from sale of investments	-	19,166
Net cash (used in) provided by investing activities	<u>(12,662)</u>	<u>217</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	200,000
Repayments on line of credit	(200,000)	(200,000)
Principal payments on capital lease obligation	(3,873)	(3,686)
Government disaster loan proceeds	349,223	-
Net cash provided by (used in) financing activities	<u>145,349</u>	<u>(3,686)</u>
Net increase (decrease) in cash	304,084	(408,659)
Cash at beginning of year	<u>394,574</u>	<u>803,233</u>
Cash at end of year	<u>\$ 698,658</u>	<u>\$ 394,574</u>
Supplemental Cash Flow Information		
Cash paid during the year for interest	<u>\$ 3,586</u>	<u>\$ 3,804</u>
Significant non-cash investing activity		
Costs incurred for purchases of fixed assets	\$ (12,662)	\$ (12,061)
Amounts included in accounts payable and accrued expenses		
Beginning of the year	-	-
End of the year	-	-
Fixed assets acquired under a capital lease	-	-
Disposal of fully depreciated fixed assets	-	(6,888)
Payments for fixed assets	<u>\$ (12,662)</u>	<u>\$ (18,949)</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

1. CHORUS

Boston Children's Chorus, Inc. (the "Chorus") harnesses the power and joy of music to unite the City of Boston's (Boston) diverse communities and inspire social inquiry. Our singers transcend social barriers in a celebration of shared humanity and love of music. Through intensive choral training and high-profile public performance experience (locally, throughout the U.S. and around the world), they learn discipline, develop leadership skills, and proudly represent Boston as ambassadors of harmony.

The Chorus offers an after-school program focused on aural music education and social inquiry and justice curriculum. The program places participants in multiple choirs that are organized by age range, skill level, and vocal quality. Each of the choirs participates in culminating concerts and some of the advanced groups are able to take advantage of high-profile performance opportunities around the area, panel discussions with subject-matter experts, and touring opportunities locally, domestically and internationally.

The Chorus' operations are funded primarily by foundation grants and contributions from the general public

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Chorus prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenue is recognized when earned and expenses when incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NET ASSETS CLASSIFICATION

The financial statements are presented on the basis of without donor restricted net assets and with donor restricted net assets, in accordance with guidance issued by the Financial Accounting Standards Board ("FASB"). Accordingly, net assets of the Chorus and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Chorus.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS CLASSIFICATION (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable are presented net of the allowance for doubtful accounts. The Chorus' periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are charged off when deemed uncollectible. The allowance for doubtful accounts was \$0 and \$5,200, respectively, at June 30, 2020 and 2019.

GRANTS AND CONTRIBUTIONS

Grants and contributions are recognized when a donor makes a promise to give to the Chorus that is, in substance, unconditional. All contributions are considered to be available for use without donor restriction unless specifically restricted by the donor. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, the net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Conditional promises to give are those that include a barrier that must be overcome and either a right of return of assets received by the Chorus or a right of release of the donor's obligation to transfer assets to the Chorus. Conditional promises to give are not recognized as contributions until such time as the conditions upon which they depend are substantially met or explicitly waived by the donor. Proceeds received from conditional contributions are recorded as refundable advances until such time that the conditional barriers to revenue recognition have been overcome.

Unconditional promises to give that are collectible over time periods in excess of one year are recorded at their discounted net present value.

Pledges receivable are reported at net realizable value if at the time the pledge is made collection is expected to be received in one year or less. Pledges receivable that are expected to be collected in more than one year are reported at fair value using present value techniques and are discounted using a rate commensurate with the risk involved that is determined by management. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. At June 30, 2020 and 2019, there were no uncollectible unconditional promises to give.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION AND DEFERRED REVENUE

Tuition is recognized as services are provided based on the consideration specified in contracts with the students. Services consist of individual or group lessons based on the terms of the contract. Tuition received in advance of services being performed is recorded as deferred revenue in the accompanying statements of financial position. The Chorus provides services in one term throughout the year commencing in September and ending in June. Registration is ongoing. Students may register at any time throughout the year. The contract contains payment terms, as well as the rights and commitments of both parties. Tuition is billed based on the contract with the student. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved.

Registration fees are earned at the time of the students' registration. These fees are billed and collected concurrent with registration.

Tour fees, ticket sales and performance fees are recognized at the time of the performance or tour.

Advance receipts of tuition and fees are recorded as liabilities until services are performed and revenue earned.

IN-KIND DONATIONS

The Chorus receives in-kind donations in support of its operations. Donated materials, facilities and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fundraising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

FIXED ASSETS

Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Chorus reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Chorus reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchased fixed assets are recorded at cost. Repairs and maintenance are charged to operations. Betterments, renewals and purchases of more than \$2,500 are capitalized. Fixed assets are depreciated using the straight-line method over the useful life of the asset or the term of the lease, if shorter.

Depreciation expense was \$122,588 and \$115,842, respectively, for the years ended June 30, 2020 and 2019.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

Website development and computer software costs are being amortized on a straight-line basis over estimated useful lives of five years.

Amortization expense was \$4,158 and \$4,158 in 2020 and 2019, respectively. Amortization expense is estimated to be as follows for each of the remaining years:

Fiscal Year	Amount
2021	\$ 2,758
2022	640
2023	<u>377</u>
Total	<u>\$ 3,775</u>

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the programs and services benefited. Staff costs are allocated based on time and effort. Costs associated with occupancy are allocated based upon square footage. Management and general expenses include costs not identifiable with any specific program, but which provide for the overall support and direction of the Chorus.

INCOME TAXES

The Chorus is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the years ended June 30, 2020 and 2019, would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional areas. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Chorus' financial statements for the year ended June 30, 2019, from which the summarized information was derived.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

During 2020, the Chorus adopted the provisions of Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. The guidance clarifies and improves the scope and accounting guidance for contributions received and contributions made. Specifically, the ASU assists not-for-profit entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as an exchange (reciprocal transactions) and whether a contribution is conditional. There are no effects of the new requirements on amounts reported in the Chorus's financial statements.

In November 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash* to address diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the balance sheet and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended July 31, 2020. The Chorus had no restricted cash at June 30, 2020, 2019 or 2018. Consequently, there were no changes to ending cash and restricted cash as of June 30, 2019 or 2018.

The Chorus adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the Chorus expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Chorus adopted ASU 2014-09 on July 1, 2019.

Analysis of various provisions of this standard resulted in no significant changes in the way the Chorus recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year consist of the following

Financial assets at year end:

Cash	\$ 698,657
Accounts receivable, net	5,883
Promises to give, net	<u>174,213</u>

Financial assets available to meet general expenditures
within one year

\$ 878,753

The Chorus regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Chorus operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources.

The Chorus has various sources of liquidity at its disposal including cash, a line of credit and revenue from tuition revenue.

4. PROMISES TO GIVE

At June 30, 2020 and 2019 all unconditional promises to give were due as follows:

	<u>2020</u>	<u>2019</u>
Promises to give due within one year	\$ 174,213	\$ 314,975
Promises to give due in one to five years	<u>-</u>	<u>26,000</u>
Promises to give	<u>\$ 174,213</u>	<u>\$ 340,975</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019 were restricted for the following:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 230,000	\$ 234,000
Purpose restricted	<u>-</u>	<u>65,925</u>
Total	<u>\$ 230,000</u>	<u>\$ 299,925</u>

6. LINE OF CREDIT

At June 30, 2020 and 2019, the Chorus had a \$200,000 revolving line of credit. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 3%. The line of credit is renewed annually and currently expires on May 31, 2022. The line is secured by all business assets of the Chorus.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

7. LEASE OBLIGATIONS

OPERATING LEASE

The Chorus leases office and program space under a non-cancelable operating lease which expires July 31, 2023. Since the initial signing of the lease in 2017, the lease has been amended four times. The first amendment changed the monthly rent to \$13,044 effective February 1, 2021, \$14,493 effective February 1, 2022, and \$15,218 effective February 1, 2023. The three subsequent amendments provide reductions and deferrals and recognized the landlord as a sponsor of the Chorus for the amount of the reduced rent and is reflected as in-kind donations in the financial statements.

The second amendment to the lease specified a 50% reduction in the rent for the months of March 2020 through May 2020 and a 34% reduction from June 2020 through August 2020.

The third amendment to the lease specified the monthly 34% reduction would continue until December 2020.

The fourth amendment provides for the deferral of up to \$2,718 per month starting in February 2021 and ending in June 2021 at the option of the Organization. Any amount deferred may be payable at any on or before December 31, 2021, when all deferred amounts are due and payable.

In addition to the monthly rent payment, the Chorus will pay a proportionate share of certain operating costs and real estate taxes.

Rent expense, including in-kind donations of \$19,000 for 2020, totaled \$117,324 and \$145,816, respectively, for the years ending June 30, 2020 and 2019.

Estimated future minimum lease payments are as follows:

Fiscal Year	Amount
2021	\$ 137,506
2022	163,775
2023	177,543
2024	<u>15,218</u>
Total	<u>\$ 494,042</u>

CAPITAL LEASE

The Chorus leases office equipment under a capital lease. The asset and liability is recorded at the present value of the minimum lease payments. The equipment is being amortized over its estimated useful life on a straight-line basis.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

7. LEASE OBLIGATIONS (CONTINUED)

CAPITAL LEASE (CONTINUED)

Future minimum lease payments over the remaining term of the capital lease as follows:

Fiscal Year	Amount
2021	\$ 4,416
2022	4,416
2023	<u>368</u>
Total minimum lease payments	9,200
Less amount representing interest	<u>(480)</u>
Present value of minimum lease payments	<u>\$ 8,720</u>

Interest expense was \$542 and \$827, respectively, for the fiscal years ended June 30, 2020 and 2019.

8. LOANS PAYABLE

PAYCHECK PROTECTION PROGRAM LOAN

In response to the coronavirus ("COVID-19") outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security ("CARES") Act that, among other economic stimulus measures, established the Paycheck Protection Program ("PPP") to provide small business loans. On April 28, 2020, the Chorus obtained a PPP loan in the amount of \$199,323. The note executed by the Chorus matures in 2022 and bears interest at a fixed annual rate of 1%, with the first six months of interest deferred. The Chorus used all proceeds from the note for qualifying expenses which are classified as operating expenses on the accompanying statements of activities. As of June 30, 2020, the outstanding loan and accrued interest payable were \$199,323 and \$332 respectively.

PPP loans are contingently forgivable if the Chorus meets the conditions of the PPP Program.

In February 2021, the Chorus was notified that it had met the conditions for forgiveness and the PPP loan of \$199,323 was formally forgiven and recognized as grant income by the Chorus.

The Chorus submitted an application for a second PPP loan as permitted by the U.S. Small Business Administration. In March 2021, the Chorus was notified that its second PPP loan application was approved and funds of \$215,270 were received.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

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(With Comparative Totals for 2019)

8. LOANS PAYABLE (CONTINUED)

ECONOMIC INJURY DISASTER LOAN

The Chorus also applied for assistance under the provisions of the CARES Act, Economic Injury Disaster Loan ("EIDL") program. In June 2020, the Chorus received a grant in the amount of \$10,000 and a loan in the amount of \$150,000. The terms of the EIDL Loan provide for simple interest at a rate of 2.75% per annum. Payments on the loan are deferred for 24 months and are expected to commence in June 2022. Monthly payments are estimated to be \$676 through maturity in 2050. The loan may be prepaid at any time without penalty. As of June 30, 2020, the outstanding loan and accrued interest payable were \$150,000 and \$203, respectively.

Estimated future minimum payments on the EIDL loan for each of the next five years are as follows:

Fiscal Year	Amount
2021	\$ -
2022	\$ 4,732
2023	\$ 8,112
2024	\$ 8,112
2025	\$ 8,112

9. IN-KIND DONATIONS

The Chorus receives in-kind donations in support of its programmatic and administrative functions. In-kind donations recorded for 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Legal services	\$ 90,582	\$ 43,226
Food and space	24,229	23,600
Food and space	25,000	-
Total	<u>\$ 139,811</u>	<u>\$ 66,826</u>

10. RETIREMENT PLAN

The Chorus sponsors a retirement plan that was established under section 403(b) of the Internal Revenue Code. The Chorus, at its discretion, contributes 3% of an employee's salary up to the maximum amount allowed by the Internal Revenue Code. For the years ended June 30, 2020 and 2019, contributions to the plan totaled \$15,791 and \$9,407, respectively.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Totals for 2019)

11. CONCENTRATIONS

CREDIT RISK

The Chorus maintains cash balances at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. As of June 30, 2020, and 2019, the uninsured balance totaled \$17,540 and \$433,845, respectively. The Chorus has not experienced any loss in such accounts. The Chorus believes it is not exposed to any significant credit risk on its cash balances.

GRANTS AND CONTRIBUTIONS

Grants and contributions from five and six donors, respectively, represented 22% and 19%, respectively, of total revenue and support for the years ended June 30, 2020 and 2019. Outstanding promises to give from two donors represented 72% and 59%, respectively, of the total outstanding promises to give at June 30, 2020 and 2019.

12. COMMITMENTS AND CONTINGENCIES

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As a result, economic uncertainties have arisen which have impacted and are likely to continue impacting operations. The ultimate operational and financial impact is unknown at this time. The Chorus has taken actions to mitigate the potential negative financial impact including modifications of its lease obligation and receiving funding pursuant to the CARES Act. If the length of the outbreak and related effects on the Chorus's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects to the Chorus's financial position, results of operations, and cash flows.

13. SUBSEQUENT EVENTS

The Chorus has evaluated subsequent events through September 27, 2021, which is the date the financial statements were available to be issued. Management believes there are no events which require disclosure except as discussed in notes 7 and 8.