



Financial Statements
and
Independent Auditors' Report
June 30, 2021
(With Comparative Totals for 2020)

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, 2021, 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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Boston Children's Chorus, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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.

March 29, 2022

BOSTON CHILDREN'S CHORUS, INC.

Statement of Financial Position

June 30, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
<i>CURRENT ASSETS:</i>		
Cash	\$ 995,370	\$ 698,657
Accounts receivable	11,766	5,883
Promises to give, net	367,400	174,213
Due from employees	599	-
Prepaid expenses	7,876	-
	<u>1,383,011</u>	<u>878,753</u>
Total current assets		
<i>NONCURRENT ASSETS:</i>		
Security deposit	<u>18,770</u>	<u>18,770</u>
<i>FIXED ASSETS:</i>		
Leasehold improvements	423,211	393,472
Office and program equipment	142,966	139,275
Less: accumulated depreciation	<u>(517,581)</u>	<u>(444,294)</u>
Net fixed assets	<u>48,596</u>	<u>88,453</u>
<i>INTANGIBLE ASSETS</i>		
Website	12,547	12,547
Computer software	8,245	8,245
Less: accumulated amortization	<u>(19,775)</u>	<u>(17,017)</u>
Net intangible assets	<u>1,017</u>	<u>3,775</u>
Total assets	<u>\$ 1,451,394</u>	<u>\$ 989,751</u>
LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES</i>		
Accounts payable	\$ 20,964	\$ 24,442
Accrued expenses	26,815	1,916
Accrued payroll	57,125	38,620
Deferred revenue	17,362	-
Capital lease obligation - current portion	4,281	4,308
Loans payable - current	4,732	-
Total current liabilities	<u>131,279</u>	<u>69,286</u>
<i>LONG-TERM LIABILITIES</i>		
Capital lease obligation, net of current portion	366	4,412
Loans payable, net of current portion	<u>360,438</u>	<u>349,223</u>
Total long-term liabilities	<u>360,804</u>	<u>353,634</u>
Total liabilities	<u>492,083</u>	<u>422,920</u>
<i>NET ASSETS</i>		
Without restrictions		
Undesignated	441,606	336,831
With restrictions	<u>517,705</u>	<u>230,000</u>
Total net assets	<u>959,311</u>	<u>566,831</u>
Total liabilities and net assets	<u>\$ 1,451,394</u>	<u>\$ 989,751</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Activities
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for 2020)

SUPPORT AND REVENUE:	WITHOUT RESTRICTIONS	WITH RESTRICTIONS	2021 TOTAL	2020 TOTAL
<i>SUPPORT:</i>				
Corporate grants	\$ 93,390	\$ 5,000	\$ 98,390	\$ 88,098
Foundation grants	136,000	543,000	679,000	533,246
Government grants	347,821	-	347,821	59,492
Individual giving	705,507	16,000	721,507	649,496
In-kind donations	26,863	-	26,863	139,811
Total Support	<u>1,309,581</u>	<u>564,000</u>	<u>1,873,581</u>	<u>1,470,144</u>
<i>REVENUE:</i>				
Tuition	231,667	-	231,667	288,421
Less financial aid	<u>(12,213)</u>	<u>-</u>	<u>(12,213)</u>	<u>(9,900)</u>
Net Tuition	<u>219,454</u>	<u>-</u>	<u>219,454</u>	<u>278,521</u>
Tour fees	-	-	-	34,437
Less financial aid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,492)</u>
Net Tour fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,945</u>
Ticket sales	-	-	-	103,922
Performance fees	17,000	-	17,000	60,500
Interest Income	496	-	496	995
Other revenue	<u>4,272</u>	<u>-</u>	<u>4,272</u>	<u>33,152</u>
Total Revenue	<u>241,222</u>	<u>-</u>	<u>241,222</u>	<u>507,035</u>
Net assets released from restrictions	<u>276,295</u>	<u>(276,295)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,827,098</u>	<u>287,705</u>	<u>2,114,803</u>	<u>1,977,179</u>
EXPENSES:				
Programs	937,124	-	937,124	920,832
Management and general	466,000	-	466,000	876,886
Fundraising	<u>319,199</u>	<u>-</u>	<u>319,199</u>	<u>229,767</u>
Total Expenses	<u>1,722,323</u>	<u>-</u>	<u>1,722,323</u>	<u>2,027,485</u>
Change in net assets	104,775	287,705	392,480	(50,306)
Net assets, beginning of year	<u>336,831</u>	<u>230,000</u>	<u>566,831</u>	<u>617,137</u>
Net assets, end of year	<u>\$ 441,606</u>	<u>\$ 517,705</u>	<u>\$ 959,311</u>	<u>\$ 566,831</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for 2020)

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	2021 TOTAL	2020 TOTAL
Personnel	\$ 543,808	\$ 297,762	\$ 224,930	\$ 1,066,500	\$ 961,994
Training, conferences and meetings	3,500	-	-	3,500	3,302
Consultants	70,489	-	25,820	96,309	38,342
Commissions	32,415	-	-	32,415	4,534
Membership dues	-	160	1,127	1,287	3,220
Production expenses	15,263	-	-	15,263	80,784
Printing and reproduction	-	-	15,271	15,271	26,808
Materials and supplies	12,049	-	202	12,251	13,003
Equipment	3,038	-	593	3,630	26,072
Communication expenses	21,363	2,670	2,670	26,704	8,565
Administrative expense	17,178	1,591	998	19,768	39,185
Scholarships	19,000	-	-	19,000	15,000
Professional fees	23,363	26,075	1,133	50,570	347,082
Insurance	6,729	841	841	8,411	21,186
Occupancy	162,389	20,286	20,286	202,962	214,340
Tours	-	-	-	-	38,402
Travel and transportation	-	-	167	167	1,050
Depreciation and amortization	-	76,044	-	76,044	122,588
Advertising	-	-	21,703	21,703	2,248
Fees and royalties	1,470	-	-	1,470	3,616
Meals	-	-	3,457	3,457	8,055
Uniforms	5,070	-	-	5,070	2,408
Interest	-	4,448	-	4,448	3,587
Other expenses	-	36,122	-	36,122	1,327
Bad debt	-	-	-	-	40,787
Total Expenses	\$ 937,124	\$ 466,000	\$ 319,199	\$ 1,722,323	\$ 2,027,485

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2020

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Personnel	\$ 501,672	\$ 320,970	\$ 139,353	\$ 961,994
Training, conferences and meetings	1,783	1,023	495	3,302
Consultants	25,054	10,681	2,607	38,342
Commissions	4,534	-	-	4,534
Membership dues	164	1,901	1,155	3,220
Production expenses	55,257	25,056	471	80,784
Printing and reproduction	2,261	21,441	3,106	26,808
Materials and supplies	10,557	1,882	564	13,003
Equipment	2,921	1,842	21,309	26,072
Communication expenses	3,635	3,249	1,681	8,565
Administrative expense	25,010	10,723	3,451	39,185
Scholarships	15,000	-	-	15,000
Professional fees	44,820	282,932	19,330	347,082
Insurance	8,981	9,809	2,396	21,186
Occupancy	135,698	46,745	31,897	214,340
Tours	30,948	7,455	-	38,402
Travel and transportation	380	588	82	1,050
Depreciation and amortization	-	122,588	-	122,588
Advertising	202	2,045	-	2,248
Fees and royalties	3,616	-	-	3,616
Meals	4,992	1,221	1,842	8,055
Uniforms	2,408	-	-	2,408
Interest	-	3,587	-	3,587
Other expenses	151	1,149	26	1,327
Bad debt	40,787	-	-	40,787
 Total Expenses	 <u>\$ 920,832</u>	 <u>\$ 876,886</u>	 <u>\$ 229,767</u>	 <u>\$ 2,027,485</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATIONS		
Change in net assets	\$ 392,480	\$ (50,306)
Adjustments to reconciled change in net assets to net cash provided by operating activities:		
Loan forgiveness contribution	(199,323)	-
Depreciation and amortization	76,044	122,587
Bad debt	-	40,787
(Increase) decrease operating assets:		
Accounts receivable	(5,883)	(36,506)
Promises to give	(193,187)	165,967
Due from employees	(599)	
Prepaid expenses	(7,875)	7,323
Increase (decrease) in operating liabilities:		
Accounts payable	(3,478)	(7,029)
Accrued expenses (including accrued payroll)	43,404	(27,350)
Deferred revenue	17,362	(44,078)
Net cash provided by operating activities	<u>118,946</u>	<u>171,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(33,430)</u>	<u>(12,662)</u>
Net cash used in investing activities	<u>(33,430)</u>	<u>(12,662)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on line of credit	-	(200,000)
Principal payments on capital lease obligation	(4,073)	(3,873)
Loan proceeds	<u>215,270</u>	<u>349,223</u>
Net cash provided by financing activities	<u>211,197</u>	<u>145,350</u>
Net increase in cash	296,713	304,083
Cash at beginning of year	<u>698,657</u>	<u>394,574</u>
Cash at end of year	<u>\$ 995,370</u>	<u>\$ 698,657</u>
Supplemental Cash Flow Information		
Cash paid during the year for interest	<u>\$ 343</u>	<u>\$ 3,586</u>
Significant non-cash financing activity		
Paycheck Protection Program loan forgiveness	<u>\$ 199,323</u>	<u>\$ -</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Totals for 2020)

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, 2021

(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS CLASSIFICATION (CONTINUED)

With Donor Restrictions

The Chorus receives contributions and grants that are designated by donors for specific time periods or purposes. The contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes or as time restrictions expire. Net assets with donor restrictions also include amounts received from donors with the stipulation that the principal will be held in perpetuity and unspent appreciation on those funds. In accordance with Massachusetts law, all earnings and appreciation of restricted endowment are restricted until appropriated by the Chorus's spending policy.

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. There was no allowance for doubtful accounts at June 30, 2021 and 2020.

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 net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions 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. At June 30, 2021 and 2020, there were no uncollectible unconditional promises to give.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION AND DEFERRED REVENUE

The Chorus recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering music education services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the program year. Tour fees, ticket sales and performance fees are recognized at the time of the performance or tour.

Tuition and fees received in advance of services being performed are reported as deferred revenue in the accompanying statements of financial position.

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 net assets with donor restrictions to net assets without donor restrictions 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 \$73,287 and \$118,429, respectively, for the years ended June 30, 2021 and 2020.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Totals for 2020)

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 \$2,758 and \$4,158 in 2021 and 2020, respectively. Amortization expense is estimated to be as follows for each of the remaining years:

2022	\$	640
2023		<u>377</u>
Total	\$	<u>1,017</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.

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, 2021 and 2020, 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, 2020, from which the summarized information was derived.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Totals for 2020)

3. LIQUIDITY AND AVAILABILITY

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

Financial assets at year end:	
Cash	\$ 995,370
Accounts receivable	11,766
Promises to give, net	<u>367,400</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,374,536</u>

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, 2021 and 2020 all unconditional promises to give were within one year.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 were restricted as follows:

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 445,000	\$ 230,000
Purpose restricted	<u>72,705</u>	<u>-</u>
Total	<u>\$ 517,705</u>	<u>\$ 230,000</u>

6. LINE OF CREDIT

At June 30, 2021 and 2020, 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, 2021

(With Comparative Totals for 2020)

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 2021 through May 2021 and a 34% reduction from June 2021 through August 2021.

The third amendment to the lease specified the monthly 34% reduction would continue until December 2021.

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 \$26,863 for 2021, totaled \$137,506 and \$117,324, respectively, for the years ending June 30, 2021 and 2020.

Estimated future minimum lease payments are as follows:

2022	\$ 163,775
2023	177,543
2024	<u>15,218</u>
Total	<u>\$ 356,536</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, 2021

(With Comparative Totals for 2020)

7. LEASE OBLIGATIONS (CONTINUED)

CAPITAL LEASE (CONTINUED)

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

2022	\$ 4,416
2023	<u>368</u>
Total minimum lease payments	4,784
Less amount representing interest	<u>(137)</u>
Present value of minimum lease payments	<u>\$ 4,647</u>

Interest expense was \$343 and \$542, respectively, for the fiscal years ended June 30, 2021 and 2020.

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. In April 2020, the Chorus was awarded a PPP loan of \$199,323. The loan and related accrued interest was forgivable so long as the loan proceeds were used for eligible purposes, as outlined in the program. In February 2021, the PPP loan and related interest totaling \$200,951 was forgiven. The debt forgiveness is recorded in government grants in the statement of activities.

In March 2021, the Chorus was awarded second PPP loan of \$215,270. The Chorus expected to meet the PPP's eligibility criteria to qualify for forgiveness and, in November 2021, the second PPP loan and related interest totaling \$216,687 was forgiven by the SBA. The Chorus will record the debt forgiveness income in 2022.

At June 30, 2021 and 2020, the loans are recorded in the statement of financial position as a liability.

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 2021, 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, 2021 and 2020, the outstanding loan and accrued interest payable were \$150,000 and \$150,000, respectively, and \$4,317 and \$203, respectively.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Totals for 2020)

8. LOANS PAYABLE (CONTINUED)

ECONOMIC INJURY DISASTER LOAN (CONTINUED)

EIDL loan maturities for each of the next five years are as follows:

2022	\$	4,732
2023	\$	3,930
2024	\$	4,028
2025	\$	4,152
2026	\$	4,267

9. IN-KIND DONATIONS

The Chorus receives in-kind donations in support of its programmatic and administrative functions. In-kind donations recorded for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Legal services	\$ -	\$ 90,582
Space and food	26,863	24,229
Consultants	-	25,000
Total	<u>\$ 26,863</u>	<u>\$ 139,811</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, 2021 and 2020, contributions to the plan totaled \$16,144 and \$18,238, respectively.

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, 2021, and 2020, the uninsured balance totaled \$629,216 and \$17,540, 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 four donors, respectively, represented 35% and 12%, respectively, of total revenue and support for the years ended June 30, 2021 and 2020. Outstanding promises to give from two donors represented 81% and 72%, respectively, of the total outstanding promises to give at June 30, 2021 and 2020.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Totals for 2020)

12. CONTINGENCY

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. Economic uncertainties arose and are likely to continue impacting operations due to COVID-19 variants. The ultimate operational and fiscal impact is unknown at this time. The Chorus has taken actions to mitigate the potential negative fiscal impact including modifications of its lease obligation and receiving funding pursuant to the CARES Act. There could be a loss of revenue and other material adverse effects to the Chorus's financial position, results of operations, and cash flows. Management plans to assess and monitor the situation as it evolves.

13. SUBSEQUENT EVENTS

The Chorus has evaluated subsequent events through March 29, 2022, which is the date the financial statements were available to be issued.