



Financial Statements
and
Independent Auditors' Report
June 30, 2022
(With Comparative Totals for 2021)

BOSTON CHILDREN'S CHORUS, INC.

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Boston Children's Chorus (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 Boston Children's Chorus as of June 30, 2022, and the changes in 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 Boston Children's Chorus 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 Boston Children's Chorus'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 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 Boston Children's Chorus'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 Boston Children's Chorus'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.

Report on Summarized Comparative Information

We have previously audited Boston Children's Chorus's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



October 19, 2022

BOSTON CHILDREN'S CHORUS, INC.

Statement of Financial Position

June 30, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
<i>CURRENT ASSETS:</i>		
Cash	\$ 789,756	\$ 995,370
Accounts receivable, net	3,533	11,766
Promises to give, net	358,924	367,400
Due from employees	2,467	599
Prepaid expenses	500	7,876
	<u>1,155,181</u>	<u>1,383,011</u>
<i>NONCURRENT ASSETS:</i>		
Promises to give, net	25,000	-
Security deposit	18,770	18,770
<i>FIXED ASSETS:</i>		
Leasehold improvements	425,351	423,211
Office and program equipment	152,927	142,966
Less: accumulated depreciation	<u>(522,858)</u>	<u>(517,581)</u>
Net fixed assets	<u>55,420</u>	<u>48,596</u>
<i>INTANGIBLE ASSETS</i>		
Website	12,547	12,547
Computer software	8,245	8,245
Less: accumulated amortization	<u>(20,415)</u>	<u>(19,775)</u>
Net intangible assets	<u>377</u>	<u>1,017</u>
Total assets	<u>\$ 1,254,748</u>	<u>\$ 1,451,394.00</u>
LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES</i>		
Accounts payable	\$ 20,707	\$ 20,964
Accrued expenses	12,236	26,815
Accrued payroll	17,572	57,125
Refundable Advances & Deferred Revenue	6,733	17,362
Capital lease obligation - current portion	4,274	4,281
Loans payable - current	2,095	4,732
Total current liabilities	<u>63,616</u>	<u>131,279</u>
<i>LONG-TERM LIABILITIES</i>		
Capital lease obligation, net of current portion	15,208	366
Loans payable, net of current portion	147,905	360,438
Total long-term liabilities	<u>163,113</u>	<u>360,804</u>
Total liabilities	<u>226,729</u>	<u>492,083.0</u>
<i>NET ASSETS</i>		
Without restrictions		
Undesignated	665,823	441,606
With restrictions	362,195	517,705
Total net assets	<u>1,028,018</u>	<u>959,311</u>
Total liabilities and net assets	<u>\$ 1,254,748</u>	<u>\$ 1,451,394</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Activities
For the Year Ended June 30, 2022
(With Summarized Comparative Totals for 2021)

SUPPORT AND REVENUE:	WITHOUT RESTRICTIONS	WITH RESTRICTIONS	2022 TOTAL	2021 TOTAL
<i>SUPPORT:</i>				
Corporate grants	\$ 126,689	\$ -	\$ 126,689	\$ 98,390
Foundation grants	193,500	-	193,500	679,000
Government grants	651,128	-	651,128	347,821
Individual giving	540,725	130,450	671,175	721,507
In-kind donations	6,045	-	6,045	26,863
Total Support	<u>1,518,087</u>	<u>130,450</u>	<u>1,648,537</u>	<u>1,873,581</u>
<i>REVENUE:</i>				
Tuition	367,500	-	367,500	231,667
Less financial aid	<u>(165,920)</u>	<u>-</u>	<u>(165,920)</u>	<u>(12,213)</u>
Net Tuition	<u>201,580</u>	<u>-</u>	<u>201,580</u>	<u>219,454</u>
Ticket sales	65,776	-	65,776	-
Performance fees	133,710	-	133,710	17,000
Interest Income	110	-	110	496
Other revenue	<u>7,260</u>	<u>-</u>	<u>7,260</u>	<u>4,272</u>
Total Revenue	<u>408,436</u>	<u>-</u>	<u>408,436</u>	<u>241,222</u>
Net assets released from restrictions	<u>285,960</u>	<u>(285,960)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,212,483</u>	<u>(155,510)</u>	<u>2,056,973</u>	<u>2,114,803</u>
EXPENSES:				
Programs	1,199,644	-	1,199,644	937,124
Management and general	390,864	-	390,864	466,000
Fundraising	<u>397,757</u>	<u>-</u>	<u>397,757</u>	<u>319,199</u>
Total Expenses	<u>1,988,265</u>	<u>-</u>	<u>1,988,265</u>	<u>1,722,323</u>
Change in net assets	224,218	(155,510)	68,707	392,480
Net assets, beginning of year	<u>441,606</u>	<u>517,705</u>	<u>959,311</u>	<u>566,831</u>
Net assets, end of year	<u>\$ 665,824</u>	<u>\$ 362,195</u>	<u>\$ 1,028,018</u>	<u>\$ 959,311</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Summarized Comparative Totals for 2021)

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	2022 TOTAL	2021 TOTAL
Personnel	\$ 715,336	\$ 161,554	\$ 207,812	\$ 1,084,702	\$ 1,066,500
Staff development and recruitment	133	5,014	840	5,987	3,500
Consultants	54,240	22,629	119,569	196,438	128,724
Memberships and subscriptions	9,410	1,257	20,727	31,394	1,287
Production expenses	114,615	-	-	114,615	30,534
Materials and supplies	7,525	5,517	908	13,950	12,251
Equipment	9,015	5,029	1,285	15,329	3,630
Communication expenses	11,306	1,386	1,387	14,079	26,704
Administrative expense	10,757	2,780	4,241	17,778	19,768
Scholarships	16,000	-	-	16,000	19,000
Professional fees	-	113,347	-	113,347	50,570
Insurance	7,667	958	958	9,584	8,411
Occupancy	220,738	26,967	27,436	275,141	202,962
Travel and transportation	2,388	2,375	690	5,454	167
Depreciation and amortization	-	23,468	-	23,468	76,044
Advertising	6,108	7,218	5,599	18,926	21,703
Fees and royalties	-	-	-	-	1,470
Meals	373	2,955	298	3,626	3,457
Uniforms, Swag & Gifts	12,914	3,130	355	16,400	5,070
Interest	-	5,278	-	5,278	4,448
Other expenses	1,120	-	5,650	6,770	36,122
Total Expenses	<u>\$ 1,199,644</u>	<u>\$ 390,864</u>	<u>\$ 397,757</u>	<u>\$ 1,988,265</u>	<u>\$ 1,722,323</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2021

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Personnel	\$ 543,808	\$ 297,762	\$ 224,930	\$ 1,066,500
Staff development and recruitment	3,500	-	-	3,500
Consultants	70,489	-	25,820	96,309
Commissions	32,415	-	-	32,415
Memberships and subscriptions	-	160	1,127	1,287
Production expenses	15,263	-	-	15,263
Printing and reproduction	-	-	15,271	15,271
Materials and supplies	12,049	-	202	12,251
Equipment	3,038	-	593	3,630
Communication expenses	21,363	2,670	2,670	26,704
Administrative expense	17,178	1,591	998	19,768
Scholarships	19,000	-	-	19,000
Professional fees	23,363	26,075	1,133	50,570
Insurance	6,729	841	841	8,411
Occupancy	162,389	20,286	20,286	202,962
Travel and transportation	-	-	167	167
Depreciation and amortization	-	76,044	-	76,044
Advertising	-	-	21,703	21,703
Fees and royalties	1,470	-	-	1,470
Meals	-	-	3,457	3,457
Uniforms	5,070	-	-	5,070
Interest	-	4,448	-	4,448
Other expenses	-	36,122	-	36,122
Total Expenses	\$ 937,124	\$ 466,000	\$ 319,199	\$ 1,722,323

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATIONS		
Change in net assets	\$ 68,707	\$ 392,480
Adjustments to reconciled change in net assets to net cash (used in) provided by operating activities:		
Loan forgiveness contribution	(215,270)	(199,323)
Depreciation and amortization	23,468	76,044
Bad debt	5,650	-
(Increase) decrease operating assets:		
Accounts receivable	7,584	(5,883)
Promises to give	(21,524)	(193,187)
Due from employees	(1,868)	(599)
Prepaid expenses	7,376	(7,875)
Increase (decrease) in operating liabilities:		
Accounts payable	(257)	(3,478)
Accrued expenses (including accrued payroll)	(54,032)	43,404
Deferred revenue	(10,629)	17,362
Net cash (used in) provided by operating activities	<u>(190,797)</u>	<u>118,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(9,340)</u>	<u>(33,430)</u>
Net cash used in investing activities	<u>(9,340)</u>	<u>(33,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	(5,476)	(4,073)
Loan proceeds	<u>-</u>	<u>215,270</u>
Net cash (used in) provided by financing activities	<u>(5,476)</u>	<u>211,197</u>
Net (decrease) increase in cash	(205,614)	296,713
Cash at beginning of year	<u>995,370</u>	<u>698,657</u>
Cash at end of year	<u>\$ 789,756</u>	<u>\$ 995,370</u>
Supplemental Cash Flow Information		
Cash paid during the year for interest	<u>\$ 421</u>	<u>\$ 343</u>
Significant non-cash financing activity		
Paycheck Protection Program loan forgiveness	<u>\$ 215,270</u>	<u>\$ 199,323</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2022

(With Comparative Totals for 2021)

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, 2022

(With Comparative Totals for 2021)

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. The allowance for doubtful accounts was \$650 at June 30, 2022 and \$0 at June 30, 2021, respectively.

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, 2022 there were \$5,000 of uncollectible unconditional promises to give and no uncollectible unconditional promises on June 30, 2021.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2022

(With Comparative Totals for 2021)

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 \$23,468 and \$73,287, respectively, for the years ended June 30, 2022 and 2021.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2022

(With Comparative Totals for 2021)

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 \$640 and \$640 in 2022 and 2021, respectively. Amortization expense is estimated to be \$377 for 2023, the remaining year of useful life.

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, 2022 and 2021, 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, 2021, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY

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

Financial assets at year end:	
Cash	\$ 789,756
Accounts receivable	3,533
Promises to give, net	<u>358,924</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 1,152,214</u></u>

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2022

(With Comparative Totals for 2021)

3. LIQUIDITY AND AVAILABILITY (CONTINUED)

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

UNCONDITIONAL

Unconditional promises to give at June 30, 2022 and 2021 were due as follows:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 363,924	\$ 367,400
Within one to five years	25,000	-
Less: allowance for uncollectible	<u>(5,000)</u>	<u>-</u>
Total	<u>\$ 383,924</u>	<u>\$ 367,400</u>

CONDITIONAL

Outstanding conditional promises to give at June 30, 2022 were due for the following:

Program Director	\$ 155,000
HVAC improvements	<u>120,000</u>
Total	<u>\$ 275,000</u>

The were no outstanding conditional promises to give at June 30, 2021. The conditional promises to give will be recognized as contributions when the conditions upon which they depend are substantially met or explicitly waived by the donor.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 and 2021 were restricted as follows:

	<u>2022</u>	<u>2021</u>
Time restricted	\$ 200,000	\$ 445,000
Purpose restricted	<u>162,195</u>	<u>72,705</u>
Total	<u>\$ 362,195</u>	<u>\$ 517,705</u>

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2022

(With Comparative Totals for 2021)

6. LINE OF CREDIT

At June 30, 2022 and 2021, the Chorus had an unused \$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, 2023. The line is secured by all business assets of the Chorus.

7. LEASE OBLIGATIONS

OPERATING LEASE

The Chorus leases office and program space under a non-cancelable operating lease which expires July 31, 2023.

In addition to the monthly rent payment, the Chorus pays a proportionate share of certain operating costs and real estate taxes. Rent expense totaled \$163,775 and \$137,506, respectively, for the years ending June 30, 2022 and 2021.

Estimated future minimum lease payments are as follows:

2023	\$	177,543
2024		<u>15,218</u>
Total	\$	<u>192,761</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.

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

2023	\$	4,800
2024		4,800
2025		4,800
2026		4,800
2027		<u>1,600</u>
Total minimum lease payments		20,800
Less amount representing interest		<u>(1,318)</u>
Present value of minimum lease payments	\$	<u>19,482</u>

Interest expense was \$421 and \$343, respectively, for the fiscal years ended June 30, 2022 and 2021.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2022

(With Comparative Totals for 2021)

8. LOANS PAYABLE

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 July 2023. 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, 2022 and 2021, the outstanding loan and accrued interest payable, respectively, were \$150,000 and \$150,000, respectively, and \$8,861 and \$4,317, respectively.

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

2023	\$ 2,095
2024	3,671
2025	3,773
2026	3,878
2027	3,986
Thereafter	<u>132,597</u>
Total	<u>\$ 150,000</u>

PAYCHECK PROTECTION PROGRAM LOANS

In April 2020, the Chorus was awarded a Paycheck Protection Program ("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 2021 statement of activities.

In March 2021, the Chorus was awarded second PPP loan of \$215,270. The Chorus met 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 debt forgiveness is recorded in government grants in the 2022 statement of activities.

9. IN-KIND DONATIONS

The Chorus receives in-kind donations in support of its programmatic and administrative functions. In-kind donations recorded for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Services	\$ 2,620	\$ -
Space and food	-	26,863
Advertising	2,600	-
Supplies	825	-
Total	<u>\$ 6,045</u>	<u>\$ 26,863</u>

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2022

(With Comparative Totals for 2021)

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, 2022 and 2021, contributions to the plan totaled \$12,275 and \$16,144, 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, 2022, and 2021, the uninsured balance totaled \$347,767 and \$629,216, 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 donors represented 39% and 35%, respectively, of total revenue and support for the years ended June 30, 2022 and 2021. Outstanding promises to give from two donors represented 76% and 81%, respectively, of the total outstanding promises to give at June 30, 2022 and 2021.

12. SUBSEQUENT EVENTS

The Chorus has evaluated subsequent events through October 19, 2022, which is the date the financial statements were available to be issued.