

Chorus America
Washington, District of Columbia

Financial Statements
Auditor's Report
For the Years Ended
August 31, 2022 and 2021



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chorus America
Washington, District of Columbia

Opinion

We have audited the accompanying financial statements of Chorus America (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Chorus America as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Chorus America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Chorus America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chorus America'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 Chorus America'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.

Carpenter East and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
January 26, 2023

CHORUS AMERICA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions		With Donor Restrictions	Without Donor Restrictions		With Donor Restrictions
	Operating	Board Designated		Operating	Board Designated	
Support and Revenue:						
Grants and Contributions	\$ 600,557	\$ -	\$ 174,900	\$ 775,457	\$ 10,430	\$ 2,968,279
Membership Dues	200,891	-	-	200,891	-	198,588
Annual Conference	110,217	-	-	110,217	-	184,669
Publication Income	86,189	-	-	86,189	-	83,695
Investment Income	6,831	(209,636)	-	(202,805)	215,621	222,894
Other Income	30,136	-	-	30,136	-	19,863
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions	1,116,182	-	(1,116,182)	-	-	(239,058)
Total Support and Revenue	2,151,003	(209,636)	(941,282)	1,000,085	226,051	3,677,988
Expense:						
Program Services:						
Membership Services and Publications Projects	414,898	-	-	414,898	-	430,237
Total Program Services	1,256,569	-	-	1,256,569	-	431,699
Support Services:						
Management and General Fundraising	1,671,467	-	-	1,671,467	-	861,936
Total Support Services	280,658	-	-	280,658	-	267,643
Total Expense	197,528	-	-	197,528	-	195,887
	478,186	-	-	478,186	-	463,530
	2,149,653	-	-	2,149,653	-	1,325,466
Change in Net Assets from Operations	1,350	(209,636)	(941,282)	(1,149,568)	226,051	2,012,237
Other Changes in Net Assets:						
Designated Expense Fund Transfers	15,000	(15,000)	-	-	-	-
Change in Net Assets	16,350	(224,636)	(941,282)	(1,149,568)	226,051	2,352,522
Net Assets - Beginning of Year	343,469	601,585	2,600,800	3,545,854	375,534	588,563
Net Assets - End of Year	\$ 359,819	\$ 376,949	\$ 1,659,518	\$ 2,396,286	\$ 601,585	\$ 2,600,800
						\$ 3,545,854

The accompanying Notes to Financial Statements are an integral part of these statements.

CHORUS AMERICA
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED AUGUST 31, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022				2021						
	Program Services		Support Services		Program Services		Support Services				
	Memberships Services & Publications	Total Program Services	Management & General	Fund- raising	Total Support Services	Memberships Services & Publications	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services
Salaries	\$ 241,160	\$ 510,618	\$ 134,257	\$ 141,175	\$ 275,432	\$ 675,545	\$ 134,257	\$ 141,175	\$ 275,432	\$ 786,050	\$ 675,545
Payroll Taxes	19,867	42,066	11,061	11,631	22,692	56,251	11,061	11,631	22,692	64,758	56,251
Employee Benefits	26,290	55,665	14,636	15,390	30,026	79,494	14,636	15,390	30,026	85,691	79,494
Total Personnel Costs	287,317	608,349	159,954	168,196	328,150	811,290	159,954	168,196	328,150	936,499	811,290
Regrant Expense	-	574,000	-	-	-	-	-	-	-	574,000	-
Professional Fees	36,660	187,157	45,568	6,359	51,927	203,779	45,568	6,359	51,927	239,084	203,779
Rent	16,395	89,711	9,508	9,983	19,491	109,528	9,508	9,983	19,491	109,202	109,528
Travel	3,371	70,369	3,012	1,294	4,306	4,183	3,012	1,294	4,306	74,675	4,183
Office Supplies	6,133	19,706	19,624	1,514	21,138	4,459	19,624	1,514	21,138	40,844	4,459
Printing and Postage	24,700	29,569	160	1,386	1,546	22,704	160	1,386	1,546	31,115	22,704
Bank and Credit Card Fees	9,107	17,258	6,435	3,963	10,398	24,580	6,435	3,963	10,398	27,656	24,580
Conference and Seminar Expense	7,076	15,844	4,494	954	5,448	516	4,494	954	5,448	21,292	516
Marketing and Advertising	5,215	14,066	2,416	295	2,711	18,951	2,416	295	2,711	16,777	18,951
Miscellaneous	3,666	7,553	8,176	506	8,682	25,297	8,176	506	8,682	16,235	25,297
Audio Visual	-	13,789	-	-	-	7,399	-	-	-	13,789	7,399
Dues and Subscriptions	9,819	10,319	1,921	577	2,498	26,443	1,921	577	2,498	12,817	26,443
Equipment Rental and Maintenance	81	1,524	8,993	67	9,060	12,742	8,993	67	9,060	10,584	12,742
Telephone	-	-	6,809	-	6,809	14,239	6,809	-	6,809	6,809	14,239
Insurance	587	3,212	217	358	575	3,408	217	358	575	3,787	3,408
Depreciation	4,771	9,041	3,371	2,076	5,447	35,948	3,371	2,076	5,447	14,488	35,948
Total Expense	\$ 414,898	\$ 1,671,467	\$ 280,658	\$ 197,528	\$ 478,186	\$ 1,325,466	\$ 280,658	\$ 197,528	\$ 478,186	\$ 2,149,653	\$ 1,325,466

The accompanying Notes to Financial Statements
are an integral part of this statement.

CHORUS AMERICA
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED AUGUST 31, 2021

	Program Services			Support Services			Total All Services
	Memberships Services & Publications	Projects	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries	\$ 207,257	\$ 231,577	\$ 438,834	\$ 115,383	\$ 121,328	\$ 236,711	\$ 675,545
Payroll Taxes	17,257	19,283	36,540	9,608	10,103	19,711	56,251
Employee Benefits	24,388	27,251	51,639	13,578	14,277	27,855	79,494
Total Personnel Costs	248,902	278,111	527,013	138,569	145,708	284,277	811,290
Professional Fees	77,743	76,778	154,521	36,067	13,191	49,258	203,779
Rent	32,781	36,682	69,463	20,780	19,285	40,065	109,528
Travel	172	2,831	3,003	1,129	51	1,180	4,183
Office Supplies	1,688	946	2,634	1,328	497	1,825	4,459
Printing and Postage	20,001	99	20,100	2,219	385	2,604	22,704
Bank and Credit Card Fees	8,123	7,185	15,308	5,738	3,534	9,272	24,580
Conference and Seminar Expense	-	215	215	125	176	301	516
Marketing and Advertising	14,689	2,724	17,413	-	1,538	1,538	18,951
Miscellaneous	2,350	2,054	4,404	20,108	785	20,893	25,297
Audio Visual	-	7,399	7,399	-	-	-	7,399
Dues and Subscriptions	8,640	3,607	12,247	9,596	4,600	14,196	26,443
Equipment Rental and Maintenance	1,890	1,332	3,222	9,134	386	9,520	12,742
Telephone	400	-	400	13,839	-	13,839	14,239
Insurance	1,020	1,141	2,161	647	600	1,247	3,408
Depreciation	11,838	10,595	22,433	8,364	5,151	13,515	35,948
Total Expense	\$ 430,237	\$ 431,699	\$ 861,936	\$ 267,643	\$ 195,887	\$ 463,530	\$ 1,325,466

The accompanying Notes to Financial Statements
are an integral part of this statement.

CHORUS AMERICA
 STATEMENTS OF FINANCIAL POSITION
 AUGUST 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,259,106	\$ 1,418,361
Accounts Receivable	20,498	16,192
Pledges Receivable	205,624	936,320
Prepaid Expenses	11,195	10,523
Total Current Assets	1,496,423	2,381,396
Investments	1,002,286	1,205,494
Pledges Receivable	15,000	15,000
Property and Equipment - Net	41,172	51,631
Lease Security Deposit	8,484	8,484
TOTAL ASSETS	\$ 2,563,365	\$ 3,662,005
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 100,227	\$ 37,727
Deferred Revenue	2,404	12,224
Accrued Rent	64,448	66,200
Total Current Liabilities	167,079	116,151
Net Assets:		
Without Donor Restrictions:		
Operating	359,819	343,469
Board Designated	376,949	601,585
Total Without Donor Restrictions	736,768	945,054
With Donor Restrictions	1,659,518	2,600,800
Total Net Assets	2,396,286	3,545,854
TOTAL LIABILITIES AND NET ASSETS	\$ 2,563,365	\$ 3,662,005

The accompanying Notes to Financial Statements
 are an integral part of these statements.

CHORUS AMERICA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (1,149,568)	\$ 2,352,522
Total Adjustments	<u>950,060</u>	<u>(1,248,710)</u>
Net Cash Provided (Used) by Operating Activities	(199,508)	1,103,812
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(4,029)	(2,723)
Purchase of Investments	(150,297)	(609,449)
Proceeds from Sale of Investments	<u>144,029</u>	<u>633,762</u>
Net Cash Provided by Investing Activities	(10,297)	21,590
Cash Flows from Financing Activities:		
Contributions Restricted for Endowment	<u>50,550</u>	<u>51,295</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(159,255)	1,176,697
Cash and Cash Equivalents - Beginning of Year	<u>1,418,361</u>	<u>241,664</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,259,106</u>	<u>\$ 1,418,361</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

CHORUS AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

1. Summary of Significant Accounting Policies

Organizational Purpose

Chorus America is the only service organization in North America meeting the management and artistic needs of independent choruses. Since its founding in 1977, legions of choruses have benefited from Chorus America's services and networking clout to boost their own effectiveness.

Chorus America's mission is to empower singing ensembles to create vibrant communities and effect meaningful change by offering services that promote artistic achievement, organizational strength, and advocacy. Chorus America's programs serve the entire field of choral music: Members include professional, volunteer, symphony/opera, and children/youth choruses, as well as conductors, arts administrators, board members, singers, music business executives and choral music lovers who are at the core of a dramatically expanding choral movement in North America.

At the heart of its mission are Chorus America's professional development offerings. Its timely and relevant programs, conferences, publications, and research initiatives help chorus leaders acquire new information and skills that enhance the impact of their organizations in their communities. Through its research and national advocacy work, as well as a robust social media presence, it has extended its impact and reach far beyond its membership.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to Chorus America, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Chorus America reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

CHORUS AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, Chorus America considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Chorus America carries its investments at market value.

Marketable equity securities are valued at their net asset value at year end. Money market funds are valued at cost which approximates fair value.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities could occur in the near-term and that such change could materially affect the amounts reported in the statement of financial position.

Accounts Receivable and Doubtful Accounts

Chorus America extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and Chorus America does not charge interest on accounts receivable balances. Chorus America reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. Chorus America provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided as receivables are considered collectable.

Property and Equipment

All major expenditures for property, equipment and leasehold improvements over \$1,000 are capitalized at cost. Depreciation is provided through the use of the straight-line method. Contributed assets are recorded at fair market value at the time of donation. Leasehold improvements are amortized ratably over the life of the improvements, or the remaining lease term, if shorter.

CHORUS AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. No allowance for doubtful accounts has been provided as pledges receivable are considered collectable.

Revenue and Revenue Recognition

Chorus America recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Chorus America will record such disallowance at the time the final assessment is made.

Membership dues are recognized as revenue over the term of the membership. Conference and publication income are recognized as revenue when the event occurs and the performance obligations are met. Deferred Revenue consists primarily of prepaid publication advertising, prepaid project costs and conference fees received in advance of the event.

The following provides information about significant changes in Deferred Revenue ended August 31,:

	<u>2022</u>	<u>2021</u>
Deferred Revenue – Beginning of Year	\$ 12,224	\$ 16,204
Revenue recognized that was included in deferred revenue at the beginning of the year	(12,224)	(16,204)
Increases in deferred revenue due to cash received during the year	<u>2,404</u>	<u>12,224</u>
Deferred Revenue– End of Year	<u>\$ 2,404</u>	<u>\$ 12,224</u>

Contributions of Nonfinancial Assets

Chorus America records contributions of nonfinancial assets at fair market value at date of donation. Chorus America’s policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow Chorus America to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

CHORUS AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Advertising

Direct and indirect advertising costs are expensed as incurred. Advertising costs were \$4,778 and \$3,464 for the years ending August 31, 2022 and 2021, respectively.

New Accounting Pronouncement

Chorus America has adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believes the standards improve the usefulness and understandability of the Organization's financial reporting. The ASU has been applied retrospectively for the periods ended August 31, 2022 and 2021, as required.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on overall staff time recorded in each functional category.

Income Tax

Chorus America has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. Chorus America's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. Chorus America continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, Chorus America annually files a Return of Organization Exempt From Income Tax (Form 990).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHORUS AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

Chorus America has evaluated the effect that subsequent events would have on the financial statements through January 26, 2023, which is the date financial statements were available to be issued.

2. Significant Concentrations of Credit Risk

Chorus America provides services within North America. Accounts receivable, grants and pledges receivable are amounts due from various individuals and institutions.

3. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, Chorus America expects this matter may impact its future operating results, but reasonable estimates cannot be made at this time.

4. Investments

Chorus America held the following investments as of:

	August 31,			
	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Money Market Funds	\$ 266,113	\$ 266,113	\$ 131,282	\$ 131,282
Mutual Funds	686,391	736,173	848,582	1,074,212
	\$ 952,504	\$ 1,002,286	\$ 979,864	\$ 1,205,494

Investment income included the following as of:

	August 31,	
	2022	2021
Realized Gain (Loss)	\$ (11,851)	\$ 62,813
Unrealized Gain (Loss)	(197,625)	154,585
Interest and Dividends	14,401	12,949
Investment Fees	(7,730)	(7,543)
	\$ (202,805)	\$ 222,894

CHORUS AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

5. Fair Value

Chorus America adopted Financial Accounting Standards Board Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820") effective July 1, 2008. In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. SFAS 157 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at:

August 31, 2022

	Level 1	Level 2	Level 3	Total
Mutual Funds and Money Market Funds	<u>\$ 1,002,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,002,286</u>

August 31, 2021

	Level 1	Level 2	Level 3	Total
Mutual Funds and Money Market Funds	<u>\$ 1,205,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,494</u>

6. Property and Equipment

Chorus America owned the following as of:

	August 31,		Estimated Useful Lives
	2022	2021	
Computer Equipment	\$ 127,840	\$ 123,812	5 years
Leasehold Improvements	55,643	55,643	10 years
Furniture and Fixtures	<u>18,059</u>	<u>18,059</u>	5-7 years
	201,542	197,514	
Less Accumulated Depreciation	<u>160,370</u>	<u>145,883</u>	
	<u>\$ 41,172</u>	<u>\$ 51,631</u>	

Depreciation expense of \$14,488 and \$35,948 was recorded for the years ended August 31, 2022 and 2021, respectively.

CHORUS AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

7. Board Designated Net Assets Without Donor Restrictions

The Board designated net assets without donor restrictions are available for the following purposes:

	August 31,	
	2022	2021
Reserves and Opportunities Fund	\$ 232,389	\$ 307,292
Margaret Hillis Award Fund	75,754	151,482
Brazeal Wayne Dennard Fund	1,572	8,430
Alice Parker Fund	(6,751)	2,285
John Alexander Conducting Faculty Chair	73,985	132,096
Total Board Designated Net Assets	\$ 376,949	\$ 601,585

The Reserves and Opportunities Fund is a board-designated fund initiated by a matching grant from the Whitaker Fund. It is designed to provide financial stability to Chorus America and allow it to take advantage of unusual opportunities of strategic importance. The fund is designated to: a) provide for promising projects or research/development activities that fall outside the normal budget process and are time-sensitive; and/or b) offset unavoidable and significant variances in revenues or cash flows.

The Margaret Hillis Award Fund is a board-designated fund initiated by the American Choral Foundation, Inc. to administer the annual Margaret Hillis Award in the amount of at least \$5,000 annually for excellence in choral music. The board designated portion of the fund, which is the excess over the restricted amount of \$176,288, is available to fund normal operations.

The Brazeal Wayne Dennard Fund was established to further African American and other diverse choral music traditions through performance, research, or the creation of new compositions of significance. This fund has a permanently restricted core and is used to generate an annual \$2,500 award. Any funds generated through interest and appreciation in excess of \$2,500 may be used to offset the costs to administer the award and for Chorus America operations related to promoting the central purposes of the award.

The Alice Parker Fund Fund was established to support the composition and thoughtful presentation of choral music based in the traditions of Black and Latinx communities. This award will be presented annually, recognizing the exemplary work of a Black or Latinx composer or an ensemble that respectfully and authentically presents works incorporating these traditions and experiences. This fund has a permanently restricted core and is used to generate an annual \$2,000 award. Any funds generated through interest and appreciation in excess of \$2,000 may be used to offset the costs to administer the award and for Chorus America operations related to promoting the central purposes of the award.

The John Alexander Conducting Faculty Chair fund consists of the donor restricted in perpetuity amount of \$160,000 and the board designated portion of the fund, which is available to support the involvement of leading conductors in Chorus America's conducting programs.

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8. Pledges Receivable

The outstanding balance of pledges receivable at August 31, 2022, is expected to be collected over the following fiscal years:

Due in the Year Ending August 31,

2023	\$ 205,624
2024	<u>15,000</u>
Total Pledge Receivables	<u>\$ 220,624</u>

All pledges receivable are considered collectable.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of:

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
Subject to Expenditures for Specified Purpose:		
Music Education Collaborations Grant	\$ 953,472	\$ 1,912,942
Popplestone Foundation Projects	115,000	165,000
Chorus Leadership Guide	30,000	30,000
BIPOC Leadership Institute	27,000	-
Conducting Academy	20,000	-
Newhouse Commission	2,050	-
#RediscoveringHarmony	-	25,000
Chorus Management Institute	-	5,000
ADEI Learning Lab	-	5,000
Subject to Time Restrictions		
Future Operations	<u>33,588</u>	<u>30,000</u>
	1,181,110	2,172,942
Endowment – To be Held in Perpetuity	<u>478,408</u>	<u>427,858</u>
Total Net Assets with Donor Restriction	<u>\$ 1,659,518</u>	<u>\$ 2,600,800</u>

10. Unrelated Business Income Tax

Chorus America publishes a quarterly magazine that is subject to unrelated business income tax. The advertising revenues received for the publication of the magazine are subject to unrelated business income tax.

Income tax expense was \$-0- for both years ended August 31, 2022 and 2021.

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11. Endowment Fund

Description

Endowment funds consist of donor restricted net assets and without donor restrictions established for the purposes:

Donor Restricted Net Assets to be held in perpetuity are donor restricted to be held for designated purposes with the income and related investment gains to be used for those designated purposes.

Funds designated by the Board of Directors to function as endowments are held at the discretion of the Board of Directors with the income and investment gains to be used for operation in accordance with an established spending formula.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Chorus America classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets in perpetuity is classified as donor restricted net assets until those amounts are appropriated for expenditure by Chorus America in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Chorus America considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Chorus America and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of Chorus America
7. The investment policies of Chorus America.

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11. Endowment Fund (continued)

Endowment Net Asset Composition by Type of Fund:

August 31, 2022	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Investment Funds	\$ 376,949	\$ 478,408	\$ 855,357

August 31, 2021	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Investment Funds	\$ 601,585	\$ 427,858	\$ 1,029,443

Changes in Endowment Net Assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
August 31, 2020	\$ 375,534	\$ 376,563	\$ 752,097
Contributions	10,430	51,295	61,725
Investment Return	215,621	-	215,621
Transfers to Remove Board Designated Amounts	-	-	-
August 31, 2021	601,585	427,858	1,029,443
Contributions	-	50,550	50,550
Investment Return	(209,636)	-	(209,636)
Transfers to Remove Board Designated Amounts	(15,000)	-	(15,000)
August 31, 2022	\$ 376,949	\$ 478,408	\$ 855,357

12. Retirement Plan

Chorus America has a 403(b) voluntary defined contribution retirement plan under which all full-time employees are eligible to participate. Eligibility commences on the first day of employment. Participants are fully vested in all contributions. Chorus America did not make contributions for the years ended August 31, 2022 and 2021, respectively.

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13. Leased Facilities

Rental commitments under noncancelable leases for office space and equipment in effect at August 31, 2022, total \$681,552. The future annual rental commitments are as follows:

<u>Due in the Year Ending August 31,</u>	
2023	\$ 116,577
2024	119,679
2025	122,593
2026	122,731
2027	125,534
2028	74,438
	<u>\$ 681,552</u>

Rental expense was \$109,202 and \$109,528 for the years ended August 31, 2022 and 2021, respectively.

14. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
Depreciation	\$ 14,488	\$ 35,948
Unrealized (Gain) Loss on Investments	177,522	(154,585)
Realized (Gain) Loss on Investment	11,851	(181,218)
Contributions Restricted for Endowment	(50,550)	(51,295)
Pledge Receivable	-	(15,000)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	62,500	1,229
Refundable Advance	-	(34,170)
Deferred Revenue	(9,820)	(3,980)
Accrued Rent	(1,752)	629
Decreases (Increases) in Current Assets:		
Accounts Receivable	(4,306)	(7,147)
Pledges Receivable	730,696	(848,580)
Prepaid Expense	(672)	9,459
Total Adjustments	<u>\$ 929,957</u>	<u>\$ (1,248,710)</u>

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15. Liquidity and Availability

The following represents Chorus America's financial assets as of:

	August 31,	
	2022	2021
Financial Assets:		
Cash	\$ 1,259,106	\$ 1,418,362
Accounts Receivable	20,498	16,192
Pledges Receivable	220,624	951,320
Investments	<u>1,002,286</u>	<u>1,205,494</u>
Total Financial Assets	2,502,514	3,591,368
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	1,659,518	2,603,085
Board Designated Funds	376,949	599,300
Net Assets With Restrictions to be met within a year	<u>(1,181,110)</u>	<u>(2,172,942)</u>
Total Assets not available to be used within one year	<u>855,357</u>	<u>1,029,443</u>
Financial assets available for general expenditures within one year	<u>\$ 1,647,157</u>	<u>\$ 2,561,9256</u>

Chorus America's Board Designated portion of its Endowment is not considered available for use within one year but could be available for use with a board resolution.

Chorus America has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

As part of the Chorus America liquidity plan, Chorus America has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.