



Independent Auditors' Report

and

Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



September 16, 2024

BOSTON CHILDREN'S CHORUS, INC.

Statement of Financial Position

June 30, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
<i>CURRENT ASSETS:</i>		
Cash	\$ 709,573	\$ 1,185,625
Accounts receivable	1,492	3,063
Promises to give, net	1,280,467	588,246
Prepaid expenses	26,270	51,234
	<u>2,017,802</u>	<u>1,828,168</u>
<i>NONCURRENT ASSETS:</i>		
Promises to give, net	1,007,289	999,000
Security deposit	-	18,770
	<u>1,007,289</u>	<u>1,017,770</u>
<i>FIXED ASSETS:</i>		
Leasehold improvements	405,601	425,351
Office and program equipment	152,927	152,927
Less: accumulated depreciation	(543,800)	(537,594)
	<u>14,728</u>	<u>40,684</u>
<i>INTANGIBLE ASSETS</i>		
Website	12,547	12,547
Computer software	8,245	8,245
Less: accumulated amortization	(20,792)	(20,792)
	<u>-</u>	<u>-</u>
Net intangible assets	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,039,819</u>	<u>\$ 2,886,622</u>
LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES</i>		
Accounts payable	\$ 45,399	\$ 59,806
Accrued expenses	37,863	16,475
Accrued payroll	42,788	94,700
Deferred revenue	56,608	94,066
Lease liability -finance lease - current portion	4,538	4,404
Loans payable - current	4,028	4,028
	<u>191,224</u>	<u>273,479</u>
Total current liabilities	191,224	273,479
<i>LONG-TERM LIABILITIES</i>		
Lease liability-finance lease, net of current portion	6,266	10,804
Loans payable, net of current portion	145,972	145,972
	<u>152,238</u>	<u>156,776</u>
Total long-term liabilities	152,238	156,776
	<u>152,238</u>	<u>156,776</u>
Total liabilities	<u>343,462</u>	<u>430,255</u>
<i>NET ASSETS</i>		
Without restrictions	(991,208)	527,372
With restrictions	3,687,565	1,928,995
	<u>2,696,357</u>	<u>2,456,367</u>
Total net assets	2,696,357	2,456,367
	<u>2,696,357</u>	<u>2,456,367</u>
Total liabilities and net assets	<u>\$ 3,039,819</u>	<u>\$ 2,886,622</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Activities
For the Year Ended June 30, 2024
(With Summarized Comparative Totals for 2023)

SUPPORT AND REVENUE:	WITHOUT RESTRICTIONS	WITH RESTRICTIONS	2024 TOTAL	2023 TOTAL
<i>SUPPORT:</i>				
Corporate grants	\$ 32,960	\$ 114,170.00	\$ 147,130	\$ 168,434
Foundation grants	151,000	389,500	540,500	1,426,500
Government grants	57,800	160,000	217,800	143,300
Individual giving	501,067	1,094,900	1,595,967	1,580,345
In-kind donations	-	-	-	400
Total support	<u>742,827</u>	<u>1,758,570</u>	<u>2,501,397</u>	<u>3,318,979</u>
<i>REVENUE:</i>				
Tuition	504,530	-	504,530	425,300
Less financial aid	<u>(197,056)</u>	<u>-</u>	<u>(197,056)</u>	<u>(204,857)</u>
Net tuition	<u>307,474</u>	<u>-</u>	<u>307,474</u>	<u>220,443</u>
Tour fees	116,462	-	116,462	6,298
Ticket sales	80,260	-	80,260	85,468
Performance fees	68,379	-	68,379	108,973
Rental income	2,653	-	2,653	44,138
Interest income	12,076	-	12,076	4,355
Other revenue	<u>10,141</u>	<u>-</u>	<u>10,141</u>	<u>2,793</u>
Total revenue	<u>597,445</u>	<u>-</u>	<u>597,445</u>	<u>472,468</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,340,272</u>	<u>1,758,570</u>	<u>3,098,842</u>	<u>3,791,447</u>
EXPENSES:				
Programs	1,592,285	-	1,592,285	1,371,615
Management and general	759,971	-	759,971	539,154
Fundraising	<u>506,596</u>	<u>-</u>	<u>506,596</u>	<u>452,330</u>
Total expenses	<u>2,858,852</u>	<u>-</u>	<u>2,858,852</u>	<u>2,363,099</u>
Change in net assets	(1,518,580)	1,758,570	239,990	1,428,348
Net assets, beginning of year	<u>527,372</u>	<u>1,928,995</u>	<u>2,456,367</u>	<u>1,028,019</u>
Net assets, end of year	<u>\$ (991,208)</u>	<u>\$ 3,687,565</u>	<u>\$ 2,696,357</u>	<u>\$ 2,456,367</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Summarized Comparative Totals for 2023)

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	2024 TOTAL	2023 TOTAL
Personnel	\$ 1,030,072	\$ 244,639	\$ 424,909	\$ 1,699,620	\$ 1,366,846
Staff development and recruitment	4,527	8,814	-	13,341	7,180
Consultants	-	-	-	-	257,507
Memberships and subscriptions	101	5,088	-	5,189	46,596
Materials and supplies	31,677	8,982	1,423	42,082	20,339
Donated materials and supplies	-	-	-	-	400
Equipment	24,304	14,050	-	38,354	39,289
Communication expenses	-	14,112	80	14,192	14,655
Administrative expense	46,313	24,232	19,866	90,411	29,854
Scholarships	25,000	-	-	25,000	20,000
Professional fees	115,994	218,919	50,500	385,413	83,700
Insurance	23	10,526	-	10,549	8,405
Occupancy	109,283	135,757	910	245,951	341,637
Travel and transportation	134,212	11,566	3,300	149,078	28,449
Depreciation and amortization	-	6,206	-	6,206	15,113
Advertising	32,539	5,746	160	38,445	34,566
Fees and royalties	21,954	22,696	2,354	47,004	1,658
Meals	-	-	-	-	25,417
Uniforms, swag, and gifts	15,286	799	780	16,865	16,474
Interest	-	8,088	-	8,088	5,013
Loss on disposal of fixed assets	-	19,750	-	19,750	-
Bad debt	1,000	-	2,315	3,315	-
Total expenses	<u>\$ 1,592,285</u>	<u>\$ 759,971</u>	<u>\$ 506,596</u>	<u>\$ 2,858,852</u>	<u>\$ 2,363,099</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Personnel	\$ 796,036	\$ 314,216	\$ 256,594	\$ 1,366,846
Staff development and recruitment	1,411	4,221	1,549	7,180
Consultants	127,291	20,886	109,330	257,507
Memberships and subscriptions	966	19,379	26,251	46,596
Materials and supplies	16,294	4,000	45	20,339
Donated materials and supplies	-	-	400	400
Equipment	17,527	20,035	1,728	39,289
Communication expenses	11,724	1,466	1,466	14,655
Administrative expense	20,069	2,252	7,532	29,854
Scholarships	20,000	-	-	20,000
Professional fees	-	83,700	-	83,700
Insurance	6,724	841	841	8,405
Occupancy	278,235	31,234	32,169	341,637
Travel and transportation	20,078	7,376	996	28,449
Depreciation and amortization	-	15,113	-	15,113
Advertising	31,242	-	3,324	34,566
Fees and royalties	120	1,538	-	1,658
Meals	10,062	5,882	9,473	25,417
Uniforms, swag, and gifts	13,837	2,004	633	16,474
Interest	-	5,013	-	5,013
Loss on disposal of fixed assets	-	-	-	-
Bad debt	-	-	-	-
Total expenses	<u>\$ 1,371,615</u>	<u>\$ 539,154</u>	<u>\$ 452,330</u>	<u>\$ 2,363,099</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATIONS		
Change in net assets	\$ 239,990	\$ 1,428,348
Adjustments to reconciled change in net assets to net cash (used in) provided by operating activities:		
Loss on disposal of fixed assets	19,750	-
Depreciation and amortization	1,754	10,661
Amortization of right-of-use finance lease	4,452	4,452
Bad debt	3,315	-
(Increase) decrease operating assets:		
Accounts receivable	(744)	470
Promises to give	(701,510)	(1,203,322)
Due from employees	-	2,467
Prepaid expenses	24,964	(50,734)
Security deposit	18,770	-
Increase (decrease) in operating liabilities:		
Accounts payable	(14,407)	39,100
Accrued expenses (including accrued payroll)	(30,524)	81,367
Deferred revenue	(37,458)	87,333
Net cash (used in) provided by operating activities	<u>(471,648)</u>	<u>400,142</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on right-of-use finance lease	<u>(4,404)</u>	<u>(4,274)</u>
Net cash used in financing activities	<u>(4,404)</u>	<u>(4,274)</u>
Net (decrease) increase in cash	(476,052)	395,869
Cash at beginning of year	<u>1,185,625</u>	<u>789,757</u>
Cash at end of year	<u>\$ 709,573</u>	<u>\$ 1,185,625</u>
Supplemental Cash Flow Information		
Cash paid during the year for interest	<u>\$ 8,088</u>	<u>\$ 5,013</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

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

Net assets of the Chorus are classified into two categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net Assets With Donor Restrictions - Net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions or net assets that must be maintained in perpetuity.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable are presented net of the allowance for doubtful accounts. The Chorus' periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are charged off when deemed uncollectible. At June 30, 2024 and \$650 at June 30, 2023, all accounts were deemed fully collectible.

GRANTS AND CONTRIBUTIONS

Grants and contributions are recognized when a donor makes a promise to give to the Chorus that is, in substance, unconditional. Grants and contributions that are restricted by the donor 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. The Chorus uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. It is the Chorus' policy to charge off uncollectible promises to give when management determines the promises will not be collected. At June 30, 2024 and 2023, uncollectible unconditional promises to give totaled \$53,015 and \$51,200, respectively.

LEASES

The Chorus determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use assets and lease liabilities in the statement of financial position. Right-of-use assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and right-of-use asset also include prepaid or accrued rent. The Chorus uses the implicit rate when it is readily determinable. If the Chorus's leases do not provide an implicit rate, to determine the present value of lease payments, management uses a risk-free rate based on the information available at lease commencement. Operating lease expense is recognized on a straight-line basis over the lease term. The Chorus does not report right-of-use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RENTAL INCOME

Rental income is recognized as the rents are earned, in accordance with the sub-lease agreement.

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 \$1,754 and \$10,284, respectively, for the years ended June 30, 2024 and 2023.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

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 \$0 and \$377 in 2024 and 2023, respectively. The website was fully amortized at June 30, 2023.

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, 2024 and 2023, 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, 2023, from which the summarized information was derived.

3. DEFERRED REVENUE

The following table provides information about significant changes in the deferred revenue for the year ended June 30, 2024:

Deferred revenue, beginning of year	\$	94,066
Tuition and fees recognized that was included in deferred revenue at the beginning of the year		(94,066)
Increase in deferred revenue due to cash received during the period		<u>56,608</u>
Deferred revenue, end of the year	\$	<u>56,608</u>

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

4. LIQUIDITY AND AVAILABILITY

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

Financial assets at year end:	
Cash	\$ 709,573
Accounts receivable	1,492
Promises to give, net	<u>2,287,756</u>
Total financial assets	2,998,821
Less amounts not available for use within one year	
Net asset with donor restrictions	<u>2,407,098</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 591,723</u></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.

5. PROMISES TO GIVE

Unconditional promises to give at June 30, 2024 and 2023 were due as follows:

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 1,280,467	\$ 588,246
Due in one to five years	1,060,304	1,050,200
Less: allowance for uncollectible promises	<u>(53,015)</u>	<u>(51,200)</u>
Net promises to give	<u><u>\$ 2,287,756</u></u>	<u><u>\$ 1,587,246</u></u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 and 2023 were restricted as follows:

	<u>2024</u>	<u>2023</u>
Time restricted	\$ 2,221,646	\$ 1,468,000
Purpose restricted	<u>1,465,919</u>	<u>460,995</u>
Total	<u><u>\$ 3,687,565</u></u>	<u><u>\$ 1,928,995</u></u>

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

7. LINE OF CREDIT

At June 30, 2024 and 2023, 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, 2025. The line is secured by all business assets of the Chorus.

8. LEASE OBLIGATIONS

LESSEE

OPERATING LEASE

The Chorus leased office and program space under a non-cancelable operating lease which expired on July 31, 2023 and was extended to September 30, 2023. At June 30, 2023, the right-of-use asset was fully amortized, and the right-of-use lease liability was fully paid.

In addition to the monthly rent payment, the Chorus paid a proportionate share of certain operating costs and real estate taxes. Rent expense under the lease totaled \$62,277 and \$264,189, respectively, for the years ending June 30, 2024 and 2023.

Anticipating the end of the lease, in June 2023, the Chorus leased four new rehearsal locations. For the 2023-2024 season, the Chorus rehearsals now run out of six sites, across the City of Boston, under month-to-month annually renewable leases. The Chorus' leadership is working to finalize plans for a new administrative space. Staff is working from co-working spaces and continuing to function in the hybrid environment that was adopted during the COVID-19 pandemic.

Rent expense on short-term lease totaled \$172,417 and \$29,300, respectively for the years ended June 30, 2024 and 2023.

FINANCE LEASE

The Chorus is leasing office equipment under a finance lease agreement, which expires in October 2026. The lease requires fixed payments of \$400 over the term of the lease. The right-of-use finance lease asset, previously a capital lease, of \$21,917, recorded in fixed assets, and lease liability was calculated based on the present value of future lease payments over the lease term utilizing the Chorus's incremental borrowing rate of three percent at the date of the lease. The weighted average remaining lease term as of June 30, 2024 is three years and five months.

The following summarizes the line items in the statement of financial position which include amounts for finance leases as of June 30, 2024:

Right-of-use asset, net - finance lease, net, in fixed assets	\$	15,212
Current lease liability - finance lease	\$	4,538
Long-term lease liability - finance lease	\$	6,266

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

8. LEASE OBLIGATIONS (CONTINUED)

FINANCE LEASE (CONTINUED)

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended June 30, 2024:

Finance lease costs	
Amortization of lease assets included in depreciation and amortization	\$ 4,452
Interest expense	<u>8,088</u>
Total finance lease costs	<u>\$ 12,540</u>

The following summarizes cash flow information related to leases for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	\$ 396
Financing cash flows from finance leases	\$ 4,404

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

2025	\$ 4,800
2026	4,800
2027	<u>1,600</u>
Total minimum lease payments	11,200
Less amount representing interest	<u>(396)</u>
Present value of minimum lease payments	<u>\$ 10,804</u>

LESSOR

During 2023, the Chorus started leasing its program space under short-term rental arrangements. Rental income for the years ended June 30, 2024 and 2023 was \$2,653 and \$44,138, respectively.

9. LOAN PAYABLE

In June 2021, the Chorus received a loan in the amount of \$150,000 under the CARES Act's, Economic Injury Disaster Loan ("EIDL") program. The terms of the EIDL Loan provide for simple interest at a rate of 2.75% per annum. Monthly payments are estimated to be \$641 through maturity in 2050. The loan may be prepaid at any time without penalty. At June 30, 2024 and 2023, the outstanding loan and accrued interest payable, respectively, were \$150,000 and \$150,000, respectively, and \$3,740 and \$7,891, respectively.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2024

(With Comparative Totals for 2023)

9. LOAN PAYABLE

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

2025	\$ 3,307
2026	3,704
2027	3,808
2028	3,914
1905	4,023
Thereafter	<u>131,244</u>
Total	<u>\$ 150,000</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, 2024 and 2023, contributions to the plan totaled \$18,192 and \$19,007, 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 up to \$250,000. As of June 30, 2024, and 2023, the uninsured balance totaled \$331,492 and \$784,980, 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 four donors represented 37% and 48%, respectively, of total revenue and support for the years ended June 30, 2024 and 2023. Outstanding promises to give from three donors, respectively, represented 65% and 90%, respectively, of the total outstanding promises to give at June 30, 2024 and 2023.

12. SUBSEQUENT EVENTS

The Chorus has evaluated subsequent events through September 16, 2024, which is the date the financial statements were available to be issued.