

**Chorus America**  
Washington, District of Columbia

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Financial Statements  
Auditor's Report  
For the Years Ended  
August 31, 2021 and 2020



**CERTIFIED PUBLIC ACCOUNTANTS**

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Carpenter, Evert & Associates

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### Independent Auditor's Report

Board of Directors  
Chorus America  
Washington, District of Columbia

We have audited the accompanying financial statements of Chorus America, which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chorus America as of August 31, 2021 and 2020, 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.

*Carpenter Evert and Associates, LTD.*  
Certified Public Accountants

Minneapolis, Minnesota  
January 7, 2022

CHORUS AMERICA  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions		With Donor Restrictions	Without Donor Restrictions		With Donor Restrictions
	Operating	Board Designated		Operating	Board Designated	
Support and Revenue:						
Grants and Contributions	\$ 706,554	\$ 10,430	\$ 2,251,295	\$ 2,968,279	\$ -	\$ 189,500
Membership Dues	198,588	-	-	198,588	-	-
Annual Conference	184,669	-	-	184,669	-	-
Publication Income	83,695	-	-	83,695	-	-
Investment Income	7,273	215,621	-	222,894	127,575	-
Other Income	19,863	-	-	19,863	-	-
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions	239,058	-	(239,058)	-	-	(67,000)
Total Support and Revenue	1,439,700	226,051	2,012,237	3,677,988	127,575	122,500
Expense:						
Program Services:						
Membership Services and Publications Projects	430,237	-	-	430,237	-	-
Total Program Services	431,699	-	-	431,699	-	-
Support Services:						
Management and General Fundraising	861,936	-	-	861,936	-	-
Total Support Services	267,643	-	-	267,643	-	-
Total Expense	1,95,887	-	-	1,95,887	-	-
	463,530	-	-	463,530	-	-
	1,325,466	-	-	1,325,466	-	-
Change in Net Assets from Operations	114,234	226,051	2,012,237	2,352,522	127,575	122,500
Other Changes in Net Assets:						
Designated Expense Fund Transfers	-	-	-	-	(5,000)	-
Change in Net Assets	114,234	226,051	2,012,237	2,352,522	122,575	122,500
Net Assets - Beginning of Year	229,235	375,534	588,563	1,193,332	252,959	466,063
Net Assets - End of Year	\$ 343,469	\$ 601,585	\$ 2,600,800	\$ 3,545,854	\$ 375,534	\$ 588,563
						\$ 1,193,332

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, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021				2020		
	Program Services		Support Services		Total Support Services	Total All Services	Total All Services
	Memberships & Publications	Projects	Program Services	Management & General	Fund-raising	Support Services	Total All Services
Salaries	\$ 207,257	\$ 231,577	\$ 438,834	\$ 115,383	\$ 121,328	\$ 236,711	\$ 620,209
Payroll Taxes	17,257	19,283	36,540	9,608	10,103	19,711	50,690
Employee Benefits	24,388	27,251	51,639	13,578	14,277	27,855	63,109
Total Personnel Costs	248,902	278,111	527,013	138,569	145,708	284,277	734,008
Professional Fees	77,743	76,778	154,521	36,067	13,191	49,258	123,266
Rent	32,781	36,682	69,463	20,780	19,285	40,065	108,876
Dues and Subscriptions	8,640	3,607	12,247	9,596	4,600	14,196	22,001
Miscellaneous	2,350	2,054	4,404	20,108	785	20,893	4,044
Bank and Credit Card Fees	8,123	7,185	15,308	5,738	3,534	9,272	28,874
Printing and Postage	20,001	99	20,100	2,219	385	2,604	35,416
Marketing and Advertising	14,689	2,724	17,413	-	1,538	1,538	29,615
Telephone	400	-	400	13,839	-	13,839	18,689
Equipment Rental and Maintenance	1,890	1,332	3,222	9,134	386	9,520	12,806
Audio Visual	-	7,399	7,399	-	-	-	7,390
Office Supplies	1,688	946	2,634	1,328	497	1,825	6,654
Travel	172	2,831	3,003	1,129	51	1,180	32,834
Insurance	1,020	1,141	2,161	647	600	1,247	3,331
Conference and Seminar Expense	-	215	215	125	176	301	2,102
Interest Expense	-	-	-	-	-	-	259
Depreciation	11,838	10,595	22,433	8,364	5,151	13,515	33,046
Total Expense	\$ 430,237	\$ 431,699	\$ 861,936	\$ 267,643	\$ 195,887	\$ 463,530	\$ 1,203,211

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, 2020

	Program Services			Support Services			Total All Services
	Membership Services & Publications	Projects	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries	\$ 220,298	\$ 171,798	\$ 392,096	\$ 125,530	\$ 102,583	\$ 228,113	\$ 620,209
Payroll Taxes	18,005	14,041	32,046	10,260	8,384	18,644	50,690
Employee Benefits	22,417	17,481	39,898	12,773	10,438	23,211	63,109
Total Personnel Costs	260,720	203,320	464,040	148,563	121,405	269,968	734,008
Professional Fees	37,047	30,388	67,435	53,881	1,950	55,831	123,266
Rent	35,975	31,826	67,801	25,420	15,655	41,075	108,876
Dues and Subscriptions	5,061	3,497	8,558	8,918	4,525	13,443	22,001
Miscellaneous	188	1,058	1,246	2,458	340	2,798	4,044
Bank and Credit Card Fees	9,541	8,440	17,981	6,741	4,152	10,893	28,874
Printing and Postage	29,292	2,786	32,078	329	3,009	3,338	35,416
Marketing and Advertising	25,868	2,328	28,196	50	1,369	1,419	29,615
Telephone	319	172	491	18,153	45	18,198	18,689
Equipment Rental and Maintenance	208	916	1,124	11,591	91	11,682	12,806
Audio Visual	-	5,888	5,888	1,502	-	1,502	7,390
Office Supplies	2,007	840	2,847	1,101	2,706	3,807	6,654
Travel	8,170	7,762	15,932	15,675	1,227	16,902	32,834
Insurance	1,100	974	2,074	778	479	1,257	3,331
Conference and Seminar Expense	1,205	448	1,653	220	229	449	2,102
Interest Expense	-	-	-	259	-	259	259
Depreciation	10,882	9,740	20,622	7,689	4,735	12,424	33,046
Total Expense	\$ 427,583	\$ 310,383	\$ 737,966	\$ 303,328	\$ 161,917	\$ 465,245	\$ 1,203,211

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

**CHORUS AMERICA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,418,361	\$ 241,664
Accounts Receivable	16,192	9,045
Pledges Receivable	936,320	87,740
Prepaid Expenses	10,523	19,982
Total Current Assets	<u>2,381,396</u>	<u>358,431</u>
Investments	1,205,494	894,004
Pledges Receivable	15,000	-
Property and Equipment - Net	51,631	84,856
Lease Security Deposit	8,484	8,484
TOTAL ASSETS	<u>\$ 3,662,005</u>	<u>\$ 1,345,775</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 37,727	\$ 36,498
Refundable Advances	-	34,170
Deferred Revenue	12,224	16,204
Accrued Rent	66,200	65,571
Total Current Liabilities	<u>116,151</u>	<u>152,443</u>
<b>Net Assets:</b>		
<b>Without Donor Restrictions:</b>		
Operating	343,469	229,235
Board Designated	601,585	375,534
Total Without Donor Restrictions	<u>945,054</u>	<u>604,769</u>
With Donor Restrictions	2,600,800	588,563
Total Net Assets	<u>3,545,854</u>	<u>1,193,332</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,662,005</u>	<u>\$ 1,345,775</u>

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,352,522	\$ 297,672
Total Adjustments	<u>(1,248,710)</u>	<u>(102,719)</u>
Net Cash Provided by Operating Activities	1,103,812	194,953
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(2,723)	(11,213)
Purchase of Investments	(609,449)	(807,615)
Proceeds from Sale of Investments	<u>633,762</u>	<u>739,360</u>
Net Cash Provided (Used) by Investing Activities	21,590	(79,468)
Cash Flows from Financing Activities:		
Contributions Restricted for Endowment	<u>51,295</u>	<u>4,500</u>
Net Increase in Cash and Cash Equivalents	1,176,697	119,985
Cash and Cash Equivalents - Beginning of Year	<u>241,664</u>	<u>121,678</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,418,361</u>	<u>\$ 241,664</u>

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



**CHORUS AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

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, 2021 AND 2020

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, 2021 AND 2020

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>2021</u>	<u>2020</u>
Deferred Revenue – Beginning of Year	\$ 16,204	\$ 4,764
Revenue recognized that was included in deferred revenue at the beginning of the year	(16,204)	(4,764)
Increases in deferred revenue due to cash received during the year	<u>3,324</u>	<u>16,204</u>
Deferred Revenue– End of Year	<u>\$ 3,324</u>	<u>\$ 16,204</u>

CHORUS AMERICA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Advertising

Direct and indirect advertising costs are expensed as incurred. Advertising costs were \$3,464 and \$4,837 for the years ending August 31, 2021 and 2020, respectively.

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, 2021 AND 2020

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 7, 2022, 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,			
	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Money Market Funds	\$ 131,282	\$ 131,282	\$ 82,065	\$ 82,065
Mutual Funds	848,582	1,074,212	694,218	811,939
	<u>\$ 979,864</u>	<u>\$ 1,205,494</u>	<u>\$ 776,283</u>	<u>\$ 894,004</u>

Investment income included the following as of:

	August 31,	
	2021	2020
Realized Gain	\$ 62,813	\$ 69,151
Unrealized Gain	154,585	58,986
Interest and Dividends	12,949	12,657
Investment Fees	(7,543)	(5,156)
	<u>\$ 222,894</u>	<u>\$ 135,638</u>

**CHORUS AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

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:

<u>August 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds and Money Market Funds	<u>\$ 1,205,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,493</u>
 <u>August 31, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds and Money Market Funds	<u>\$ 894,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 894,004</u>

6. Property and Equipment

Chorus America owned the following as of:

	<u>August 31,</u>		<u>Estimated</u>
	<u>2021</u>	<u>2020</u>	<u>Useful Lives</u>
Computer Equipment	\$ 123,812	\$ 121,089	5 years
Leasehold Improvements	55,643	55,643	10 years
Furniture and Fixtures	<u>18,059</u>	<u>18,059</u>	5-7 years
	197,514	194,791	
Less Accumulated Depreciation	<u>145,883</u>	<u>109,935</u>	
	<u>\$ 51,631</u>	<u>\$ 84,856</u>	

Depreciation expense of \$35,948 and \$33,046 was recorded for the years ended August 31, 2021 and 2020, respectively.

CHORUS AMERICA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020

7. Board Designated Net Assets Without Donor Restrictions

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

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
Reserves and Opportunities Fund	\$ 307,292	\$ 225,179
Margaret Hillis Award Fund	151,482	79,876
Brazeal Dennard Fund	8,430	-
Alice Parker Fund	2,285	-
John Alexander Conducting Faculty Chair	<u>132,096</u>	<u>70,479</u>
Total Board Designated Net Assets	<u>\$ 601,585</u>	<u>\$ 375,534</u>

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.

CHORUS AMERICA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020

8. Pledges Receivable

The outstanding balance of pledges receivable at August 31, 2021, is expected to be collected over the following fiscal years:

Due in the Year Ending August 31,

2022	\$ 936,320
2023	<u>15,000</u>
Total Pledge Receivables	<u>\$ 951,230</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>2021</u>	<u>2020</u>
Subject to Expenditures for Specified Purpose:		
Music Education Collaborations Grant	\$ 1,912,942	\$ -
Popplestone Foundation Projects	165,000	55,000
Chorus Leadership Guide	30,000	30,000
#RediscoveringHarmony	25,000	-
Chorus Management Institute	5,000	-
ADEI Learning Lab	5,000	-
Covid Response Relief	-	50,000
Choral Partnership	-	20,000
Digital Future	-	7,000
Conducting Academy	-	5,000
Subject to Time Restrictions		
Future Operations	<u>30,000</u>	<u>45,000</u>
	2,172,942	212,000
Endowment – To be Held in Perpetuity	<u>427,858</u>	<u>376,563</u>
Total Net Assets with Donor Restriction	<u>\$ 2,600,800</u>	<u>\$ 588,563</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, 2021 and 2020.



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

  

August 31, 2020	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Investment Funds	\$ 375,534	\$ 376,563	\$ 752,097

Changes in Endowment Net Assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
August 31, 2019	\$ 252,959	\$ 372,063	\$ 625,022
Contributions	-	4,500	4,500
Investment Return	127,575	-	127,575
Transfers to Remove Board Designated Amounts	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</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	<u>-</u>	<u>-</u>	<u>-</u>
August 31, 2021	<u>\$ 601,585</u>	<u>\$ 427,858</u>	<u>\$ 1,029,443</u>

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, 2021 and 2020, respectively.

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13. Leased Facilities

Rental commitments under noncancelable leases for office space and equipment in effect at August 31, 2021, total \$784,862. The future annual rental commitments are as follows:

<u>Due in the Year Ending August 31,</u>	
2022	\$ 112,634
2023	113,728
2024	116,571
2025	119,485
2026	122,472
2027	125,534
2028	<u>74,438</u>
	<u>\$ 784,862</u>

Rental expense was \$109,528 and \$108,876 for the years ended August 31, 2021 and 2020, respectively.

14. Cash Flow Operating Adjustments

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

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
Depreciation	\$ 35,948	\$ 33,046
Unrealized (Gain) on Investments	(154,585)	(58,986)
Realized (Gain) on Investment	(181,218)	(69,151)
Contributions Restricted for Endowment	(51,295)	(4,500)
Pledges Receivable	(15,000)	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	1,229	11,903
Refundable Advance	(34,170)	34,170
Deferred Revenue	(3,980)	11,440
Accrued Rent	629	3,269
Decreases (Increases) in Current Assets:		
Accounts Receivable	(7,147)	778
Pledges Receivable	(848,580)	(65,040)
Prepaid Expense	9,459	352
Total Adjustments	<u>\$ (1,248,710)</u>	<u>\$ (102,719)</u>

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15. Liquidity and Availability

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

	August 31,	
	2021	2020
Financial Assets:		
Cash	\$ 1,418,362	\$ 241,664
Accounts Receivable	16,192	9,045
Pledges Receivable	951,320	87,740
Investments	<u>1,205,494</u>	<u>894,004</u>
Total Financial Assets	3,591,368	1,232,453
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	2,603,085	588,563
Board Designated Funds	599,300	375,534
Net Assets With Restrictions to be met within a year	<u>(2,172,942)</u>	<u>(212,000)</u>
Total Assets not available to be used within one year	<u>969,420</u>	<u>752,097</u>
Financial assets available for general expenditures within one year	<u>\$ 489,443</u>	<u>\$ 480,356</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.