



Financial Statements
and
Independent Auditors' Report
June 30, 2016 with Comparative Totals for 2015

BOSTON CHILDREN'S CHORUS, INC.

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Boston Children's Chorus, Inc. (the Chorus) (a Massachusetts nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Children's Chorus, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Boston Children's Chorus, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Jarvis Kelly" followed by a stylized flourish.

January 31, 2017

BOSTON CHILDREN'S CHORUS, INC.
Statement of Financial Position
June 30, 2016 with Comparative Totals for 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 668,496	\$ 604,606
Accounts receivable, net	11,907	28,062
Promises to give, net	568,290	412,920
Due from employees	-	2,850
Prepaid expenses	15,625	14,422
Total current assets	1,264,318	1,062,860
NONCURRENT ASSETS		
Promises to give, net	87,500	66,318
Security deposit	2,883	2,883
Total noncurrent assets	90,383	69,201
FIXED ASSETS		
Leasehold improvements	310,148	310,148
Office and program equipment	163,377	155,887
Less: accumulated depreciation	(420,953)	(376,526)
Net fixed assets	52,572	89,509
INTANGIBLE ASSETS		
Website	84,346	81,347
Computer software	8,245	23,000
Less: accumulated amortization	(76,402)	(86,333)
Net intangible assets	16,189	18,014
Total assets	\$ 1,423,462	\$ 1,239,584
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 41,539	\$ 15,668
Accrued expenses	80,568	21,044
Line of credit	200,000	-
Deferred revenue	2,050	7,140
Capital lease obligation - current portion	3,268	4,572
Total current liabilities	327,425	48,424
LONG-TERM LIABILITIES		
Capital lease obligation	5,164	8,432
Total liabilities	332,589	56,856
NET ASSETS		
Unrestricted		
Undesignated	294,212	390,335
Board designated reserve	38,522	138,522
Total unrestricted net assets	332,734	528,857
Temporarily restricted	758,139	653,871
Total net assets	1,090,873	1,182,728
Total liabilities and net assets	\$ 1,423,462	\$ 1,239,584

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.

Statement of Activities

For the Year Ended June 30, 2016 with Summarized Comparative Totals for 2015

OPERATING SUPPORT AND REVENUE:	UNRESTRICTED	TEMPORARILY RESTRICTED	2016 TOTAL	2015 TOTAL
<i>SUPPORT</i>				
Corporate grants	\$ 107,537	\$ 120,000	\$ 227,537	\$ 182,488
Foundation grants	199,500	497,500	697,000	704,000
Government grants	69,000	-	69,000	36,300
Individual giving	376,919	59,805	436,724	500,975
In-kind donations	69,622	-	69,622	90,226
Total support	<u>822,578</u>	<u>677,305</u>	<u>1,499,883</u>	<u>1,513,989</u>
<i>REVENUE</i>				
Tuition	389,500	-	389,500	384,400
Less financial aid	(176,454)	-	(176,454)	(186,394)
Net tuition	<u>213,046</u>	<u>-</u>	<u>213,046</u>	<u>198,006</u>
Tour fees	54,600	-	54,600	185,954
Less financial aid	(24,370)	-	(24,370)	(20,151)
Net tour fees	<u>30,230</u>	<u>-</u>	<u>30,230</u>	<u>165,803</u>
Ticket sales	88,617	-	88,617	62,089
Performance fees	47,526	-	47,526	57,009
Interest income	8,831	-	8,831	2,318
Other revenue	16,470	-	16,470	7,612
Total revenue	<u>404,719</u>	<u>-</u>	<u>404,719</u>	<u>492,837</u>
Net assets released from restrictions	<u>573,037</u>	<u>(573,037)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	<u>1,800,334</u>	<u>104,268</u>	<u>1,904,602</u>	<u>2,006,826</u>
<i>EXPENSES</i>				
Programs	1,149,959	-	1,149,959	1,183,127
Management and general	419,844	-	419,844	367,488
Fundraising	421,022	-	421,022	472,744
Total expenses	<u>1,990,824</u>	<u>-</u>	<u>1,990,824</u>	<u>2,023,359</u>
Change in net assets from operations	<u>(190,490)</u>	<u>104,268</u>	<u>(86,222)</u>	<u>(16,533)</u>
NON-OPERATING ACTIVITY				
Contributions	140,150	-	140,150	-
Expenses	(145,783)	-	(145,783)	-
Change in non-operating activity	<u>(5,633)</u>	<u>-</u>	<u>(5,633)</u>	<u>-</u>
Change in net assets	<u>(196,123)</u>	<u>104,268</u>	<u>(91,855)</u>	<u>(16,533)</u>
Net assets, beginning of year	<u>528,857</u>	<u>653,871</u>	<u>1,182,728</u>	<u>1,199,261</u>
Net assets, end of year	<u>\$ 332,734</u>	<u>\$ 758,139</u>	<u>\$ 1,090,873</u>	<u>\$ 1,182,728</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2016 with Summarized Comparative Totals for 2015

DESCRIPTION	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	2016 TOTAL	2015 TOTAL
Personnel	\$ 657,115	\$ 249,467	\$ 316,672	\$ 1,223,253	\$ 1,028,411
Training, conferences and meetings	8,967	6,022	2,481	17,470	23,104
Consultants	72,636	8,938	10,525	92,099	66,120
Commissions	3,500	-	-	3,500	2,773
Membership dues	1,045	3,532	1,625	6,202	5,531
Production expenses	23,236	-	-	23,236	23,646
Printing and reproduction	19,569	6,437	7,979	33,985	34,486
Materials and supplies	14,990	1,212	1,328	17,531	19,783
Equipment	3,337	5,304	9,751	18,392	16,993
Communication expenses	11,708	3,570	7,428	22,706	17,498
Administrative expense	20,912	10,151	264	31,327	31,325
Scholarships	11,645	1,500	-	13,145	5,000
Professional fees	-	18,719	25,440	44,159	109,130
Insurance	7,353	5,028	3,366	15,747	16,114
Occupancy	72,054	14,810	14,015	100,879	92,486
Tours	60,633	-	5	60,638	273,026
Travel and transportation	14,662	1,819	587	17,067	18,121
In-kind expenses	36,675	61,232	5,320	103,228	85,859
Depreciation and amortization	38,804	6,923	11,769	57,496	67,668
Advertising	1,852	8,688	161	10,700	7,349
Fees and royalties	902	-	-	902	570
Meals	36,507	4,230	1,353	42,091	35,093
Uniforms	14,487	-	-	14,487	13,086
Interest	1,079	754	494	2,327	2,358
Other expenses	150	1,505	459	2,114	5,203
Bad debt	16,142	-	-	16,142	22,626
Total expenses	<u>\$ 1,149,959</u>	<u>\$ 419,844</u>	<u>\$ 421,022</u>	<u>\$ 1,990,824</u>	<u>\$ 2,023,359</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Cash Flows
For the Year Ended June 30, 2016 with Comparative Totals for 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (91,855)	\$ (16,533)
Adjustments to reconciled change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	57,496	67,668
Bad debt	16,142	22,626
(Increase)/decrease operating assets:		
Accounts receivable	13	(33,966)
Promises to give	(176,552)	32,308
Prepaid expenses	(1,203)	(5,847)
Increase/(decrease) in operating liabilities:		
Accounts payable	17,624	3,303
Accrued expenses	59,524	(1,698)
Deferred revenue	(5,090)	4,770
Net cash (used in) provided by operating activities	<u>(123,901)</u>	<u>72,631</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(7,490)	(26,575)
Purchases of intangible assets	(2,997)	(11,347)
Collection of (advances to) due to employees	2,850	(2,850)
Net cash used in investing activities	<u>(7,637)</u>	<u>(40,772)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	200,000	-
Principal payments on capital lease obligation	(4,572)	(1,038)
Net cash provided by (used in) financing activities	<u>195,428</u>	<u>(1,038)</u>
Net increase in cash	63,890	30,821
Cash at beginning of year	604,606	573,785
Cash at end of year	<u>\$ 668,496</u>	<u>\$ 604,606</u>
Supplemental Cash Flow Information		
Cash paid during the year for interest	<u>\$ 2,327</u>	<u>\$ 2,256</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2016 with Comparative Totals for 2015

1. ORGANIZATION

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 change. 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 the following programs:

- **Premier Choir** – Advanced singers ages 12-18. Our premier performing group offers a stimulating, comprehensive and demanding choral repertoire requiring advanced level of musical skill. The Premier Choir participates in local, national and international tours.
- **Young Men's Ensemble** – Advanced singers ages 12-18 with changed voices. Our premier performing group offers a stimulating, comprehensive and demanding choral repertoire requiring advanced level of musical skill. The Young Men's Ensemble participates in local, national and international tours.
- **Concert Choir** – Singers ages 10-16 with advanced musical skills receive intensive training in music theory, music history and foreign languages; performances include regional tours.
- **Junior Young Men's Ensemble** - A special program to meet the unique needs of boys ages 10-18 with changing and changed voices.
- **Choral Union** – A choir created to provide intense vocal and theory training for older singers ages 12 to 18 who have a great interest and enthusiasm for singing, but not the formal musical training.
- **Central Intermediate Advanced** - Intermediate singers ages 10-14. This level requires individual attentiveness, vocal skills and advanced theory comprehension while offering expanded, rigorous repertoire and performance experiences.
- **Central Intermediate Choir** – Intermediate singers ages 10-14 with treble voices. This level requires individual attentiveness, vocal skills and theory comprehension while offering expanded repertoire and performance experiences.
- **Dorchester Intermediate Choir** – Intermediates singers ages 10-14. This neighborhood-based choir was established in collaboration with Dorchester House, in Fields Corner.
- **United South End Settlements Choir** – A neighborhood-based choir for beginning level singers ages 7-12, in collaboration with the USES Community Center in the South End.
- **West End House Training Choir** – A neighborhood-based choir for beginning-level singers ages 7-12, established in collaboration with the West End House in Allston-Brighton.
- **Central Training Choir** – Beginning singers ages 7-12. This program develops music basics such as theory, interval training, rhythm and sight singing techniques. Attention span and concentration are points of focus.
- **South Boston Training Choir** – A neighborhood-based choir for beginning-level singers ages 7-12, established in collaboration with South Boston Boys and Girls Club.
- **Dorchester Advanced Training Choir** – A neighborhood-based choir for beginning-level singers ages 7-12, established in collaboration with Dorchester House, in Fields Corner.

The Chorus' operations are funded primarily by foundation grants and contributions from the general public.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2016 with Comparative Totals for 2015

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.

MEASURE OF CHORUS OPERATIONS

The Chorus' operating activities include all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from Board-designated funds to support operating activities. All other revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

NET ASSETS CLASSIFICATION

Net assets of the Chorus are classified into three categories based on the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted Net Assets* - Net assets that are not subject to donor imposed stipulations. Net assets accumulated that are not subject to donor imposed restrictions, but which the Board of Directors has earmarked for specific uses, are segregated as "board-designated" funds within the unrestricted category of net assets.
- *Temporarily Restricted Net Assets* - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the Chorus and/or the passage of time.
- *Permanently Restricted Net Assets* - Net assets subject to donor imposed stipulations that the Chorus permanently maintain certain contributed assets. Permanent restrictions do not pass with the expiration of time, nor can they be removed through the Chorus' actions. However, donors of such assets may permit the Chorus to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes. At June 30, 2016 and 2015, the Chorus had no permanently restricted net assets.

GRANTS AND CONTRIBUTIONS

Grants and contributions are recognized when a donor makes a promise to give to the Chorus that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give that are collectible over time periods in excess of one year are recorded at their discounted net present value.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2016 with Comparative Totals for 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS AND CONTRIBUTIONS (CONTINUED)

The Chorus uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2016 and 2015, there were no uncollectible unconditional promises to give.

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.

ACCOUNTS RECEIVABLE

Accounts receivable are presented net of the allowance for doubtful accounts. The Chorus' periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are charged off when deemed uncollectible. The allowance for doubtful accounts was \$38,268 and \$34,671, respectively, at June 30, 2016 and 2015.

DEFERRED REVENUE

Advance receipts of tuition and fees are recorded as liabilities until services are performed and revenue earned.

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 temporarily restricted net assets to unrestricted net assets at that time. Purchased fixed assets are recorded at cost. Repairs and maintenance are charged to operations. Betterments, renewals and purchases of more than \$500 are capitalized. Fixed assets are depreciated using the straight-line method.

Depreciation expense was \$48,596 and \$52,668, respectively, for the years ended June 30, 2016 and 2015.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2016 with Comparative Totals for 2015

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.

Computer software of \$23,000 was disposed in 2016. Amortization expense was \$8,900 and \$15,000 in 2016 and 2015.

Amortization expense for each year of the estimated remaining lives is estimated to be as follows for the next five years:

Fiscal Year	Amount
2017	\$ 1,869
2018	\$ 1,869
2019	\$ 1,869
2020	\$ 1,869
2021	\$ 469

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.

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, 2016 and 2015, would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

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 certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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, 2015, from which the summarized information was derived.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2016 with Comparative Totals for 2015

3. PROMISES TO GIVE

UNCONDITIONAL

At June 30, 2016 and 2015 all unconditional promises to give were due as follows:

	2016	2015
Promises to give due within one year	\$ 568,290	\$ 412,920
Promises to give due in one to five years	87,500	83,333
Less: discount to net present value	<u>-</u>	<u>(17,015)</u>
Promises to give, net	<u>\$ 655,790</u>	<u>\$ 479,238</u>

Unconditional promises to give include net in-kind promises to give totaling \$33,606 at June 30, 2015

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015 were restricted for the following:

	2016	2015
Time Restricted	\$ 538,334	\$ 392,015
Office Lease	-	33,606
Purpose and time restricted	<u>219,805</u>	<u>228,250</u>
Total	<u>\$ 758,139</u>	<u>\$ 653,871</u>

5. LINE OF CREDIT

At June 30, 2016 and 2015, The Chorus had a \$200,000 revolving line of credit. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 3%. During 2016, the line of credit was renewed until February 28, 2017. The line was fully outstanding at June 30, 2016 and was unused at June 30, 2015. The line is secured by all business assets of the Chorus. On August 10, 2016, the Chorus repaid the outstanding balance of the line of credit.

6. LEASE OBLIGATIONS

OPERATING LEASE

The Chorus leases office and program space under a non-cancelable operating lease. During fiscal year 2016, the Chorus extended its lease, which ended on May 31, 2016, to December 31, 2016. The Chorus' lease payments under the extension were set at rates below the fair market rental rate. Therefore, an in-kind donation representing the difference between the fair market rental value and total lease payments over the extended term was recognized and discounted to its present value in the financial statements.

Rent expense, including the in-kind donation, totaled \$100,098 and \$98,301, respectively, for the years ended June 30, 2016 and 2015.

The total of the minimum payments required under the non-cancelable lease for fiscal year 2017 is \$43,128.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2016 with Comparative Totals for 2015

6. LEASE OBLIGATIONS (CONTINUED)

CAPITAL LEASE

The Chorus leases office equipment under capital leases. The asset and liability is recorded at the present value of the minimum lease payments. The equipment is being amortized over its estimated useful life on a straight-line basis.

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

Year Ending June 30,	Amount
2017	\$ 4,572
2018	4,572
2019	<u>1,905</u>
Total minimum lease payments	11,049
Less amount representing interest	<u>(2,617)</u>
Present value of minimum lease payments	<u><u>\$ 8,432</u></u>

Interest expense was \$1,910 and \$2,256, respectively, for the years ended June 30, 2016 and 2015.

7. IN-KIND DONATIONS

The Chorus receives in-kind donations in support of its programmatic and administrative functions. In-kind donations recorded for 2016 and 2015 were as follows:

	2016	2015
Moving services	\$ 1,020	\$ 1,020
Rehearsal space	11,652	28,481
Payroll services	-	1,989
Office space	35,145	36,661
Legal services	<u>55,411</u>	<u>17,708</u>
Total	<u><u>\$ 103,228</u></u>	<u><u>\$ 85,859</u></u>

During 2016 and 2015, donated services totaling approximately \$55,753 and \$31,368, respectively, were donated by businesses that are related to certain board members.

8. 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, 2016 and 2015, contributions to the plan totaled \$18,025 and \$18,156, respectively.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2016 with Comparative Totals for 2015

9. CONCENTRATION

Outstanding promises to give from two donors represented 30% and 42%, respectively, of the total outstanding promises to give at June 30, 2016 and 2015.

10. SUBSEQUENT EVENTS

The Chorus entered into a new lease on December 9, 2016. The terms of the lease provide for a four-year term commencing on the Possession Date, as defined in the lease. Rent is scheduled to commence on the later of January 1, 2017. Monthly rent payments under the lease will be payable as follows: \$9,384 for the first 36 months and \$10,327 for the remaining 12 months. In addition, the Chorus will pay additional rent for its proportionate share of certain operating costs and real estate taxes. In addition, the lease provides that the Chorus will provide a security deposit of \$18,770 to the landlord.

Estimated future minimum lease payments, based on a rent commencement date of January 1, 2017, are as follows:

Year Ending June 30,	Amount
2017	\$ 56,307
2018	112,613
2019	112,613
2020	118,266
2021	<u>61,958</u>
Total	<u>\$ 461,757</u>

On December 9, 2016, the Chorus entered into a fixed fee construction contract to complete improvements at the premises to be leased pursuant to the new lease discussed above in the amount of \$235,000. As of January 31, 2017, \$133,680 has been paid against the contract. No change orders have been agreed to as of January 31, 2017. In addition, the Chorus currently estimates that an additional \$70,000 will be incurred related to the improvement of the leased space.

The Chorus has evaluated subsequent events through January 31, 2017, which is the date the financial statements were available to be issued.