



Financial Statements
and
Independent Auditors' Report
June 30, 2017 with Comparative Totals for 2016

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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 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" with a stylized flourish at the end.

November 28, 2017

BOSTON CHILDREN'S CHORUS, INC.
Statement of Financial Position
June 30, 2017 with Comparative Totals for 2016

	2017	2016
ASSETS		
<i>CURRENT ASSETS:</i>		
Cash and cash equivalents	\$ 857,148	\$ 668,496
Accounts receivable, net	13,121	11,907
Promises to give, net	136,750	568,290
Prepaid expenses	26,137	15,625
Total current assets	1,033,156	1,264,318
<i>NONCURRENT ASSETS:</i>		
Promises to give, net	70,000	87,500
Security deposit	18,770	2,883
Total noncurrent assets	88,770	90,383
<i>FIXED ASSETS:</i>		
Leasehold improvements	363,433	310,148
Office and program equipment	102,988	163,377
Less: accumulated depreciation	(114,026)	(420,953)
Net fixed assets	352,395	52,572
<i>INTANGIBLE ASSETS</i>		
Website	84,347	84,346
Computer software	23,543	8,245
Less: accumulated amortization	(81,719)	(76,402)
Net intangible assets	26,171	16,189
Total assets	\$ 1,500,492	\$ 1,423,462
LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES</i>		
Accounts payable	\$ 19,963	\$ 41,539
Accrued expenses	110,048	80,568
Line of credit	-	200,000
Deferred revenue	-	2,050
Capital lease obligation - current portion	4,572	3,268
Total current liabilities	134,583	327,425
<i>LONG-TERM LIABILITIES</i>		
Loan, related party	200,000	-
Capital lease obligation	-	5,164
Total liabilities	334,583	332,589
<i>NET ASSETS</i>		
Unrestricted		
Undesignated	613,187	294,212
Board designated reserve	38,522	38,522
Total unrestricted net assets	651,709	332,734
Temporarily restricted	514,200	758,139
Total net assets	1,165,909	1,090,873
Total liabilities and net assets	\$ 1,500,492	\$ 1,423,462

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.

Statement of Activities

For the Year Ended June 30, 2017 with Summarized Comparative Totals for 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2017 TOTAL</u>	<u>2016 TOTAL</u>
OPERATING SUPPORT AND REVENUE:				
<i>SUPPORT:</i>				
Corporate grants	\$ 71,203	\$ -	\$ 71,203	\$ 227,537
Foundation grants	352,500	300,000	652,500	697,000
Government grants	54,700	-	54,700	69,000
Individual giving	630,445	126,700	757,145	436,724
In-kind donations	171,549	-	171,549	69,622
Total Support	<u>1,280,397</u>	<u>426,700</u>	<u>1,707,097</u>	<u>1,499,883</u>
<i>REVENUE:</i>				
Tuition	483,200	-	483,200	389,500
Less financial aid	<u>(243,200)</u>	<u>-</u>	<u>(243,200)</u>	<u>(176,454)</u>
Net tuition	<u>240,000</u>	<u>-</u>	<u>240,000</u>	<u>213,046</u>
Tour fees	140,600	-	140,600	54,600
Less financial aid	<u>(37,566)</u>	<u>-</u>	<u>(37,566)</u>	<u>(24,370)</u>
Net tour fees	<u>103,034</u>	<u>-</u>	<u>103,034</u>	<u>30,230</u>
Ticket sales	84,078	-	84,078	88,617
Performance fees	21,720	-	21,720	47,526
Interest Income	913	-	913	8,831
Other revenue	<u>4,645</u>	<u>-</u>	<u>4,645</u>	<u>16,469</u>
Total Revenue	<u>454,390</u>	<u>-</u>	<u>454,390</u>	<u>404,719</u>
Net assets released from restrictions	<u>670,639</u>	<u>(670,639)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	<u>2,405,426</u>	<u>(243,939)</u>	<u>2,161,487</u>	<u>1,904,602</u>
<i>EXPENSES:</i>				
Programs	1,178,589	-	1,178,589	1,149,958
Management and general	519,161	-	519,161	419,844
Fundraising	<u>500,505</u>	<u>-</u>	<u>500,505</u>	<u>421,022</u>
Total Expenses	<u>2,198,255</u>	<u>-</u>	<u>2,198,255</u>	<u>1,990,824</u>
Change in net assets from operations	<u>207,171</u>	<u>(243,939)</u>	<u>(36,768)</u>	<u>(86,222)</u>
NON-OPERATING ACTIVITY:				
Contributions	129,201	-	129,201	140,150
Expenses	<u>(17,397)</u>	<u>-</u>	<u>(17,397)</u>	<u>(145,783)</u>
Change in non-operating activity	<u>111,804</u>	<u>-</u>	<u>111,804</u>	<u>(5,633)</u>
Change in net assets	318,975	(243,939)	75,036	(91,855)
Net assets, beginning of year	<u>332,734</u>	<u>758,139</u>	<u>1,090,873</u>	<u>1,182,728</u>
Net assets, end of year	<u>\$ 651,709</u>	<u>\$ 514,200</u>	<u>\$ 1,165,909</u>	<u>\$ 1,090,873</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2017 with Summarized Comparative Totals for 2016

<u>DESCRIPTION</u>	<u>PROGRAMS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2017 TOTAL</u>	<u>2016 TOTAL</u>
Personnel	\$ 625,652	\$ 321,099	\$ 404,779	\$ 1,351,530	\$ 1,223,253
Training, conferences and meetings	2,118	318	664	3,100	17,470
Consultants	32,791	7,670	6,788	47,249	92,099
Commissions	3,800	-	-	3,800	3,500
Membership dues	1,587	2,540	-	4,127	6,202
Production expenses	24,463	-	-	24,463	23,236
Printing and reproduction	12,064	13,234	9,738	35,036	33,985
Materials and supplies	13,849	2,412	2,393	18,654	17,531
Equipment	13,328	4,509	5,958	23,795	18,392
Communication expenses	11,544	8,320	10,306	30,170	22,706
Administrative expense	19,755	11,812	8,195	39,762	31,327
Scholarships	15,000	-	-	15,000	13,145
Professional fees	2,500	15,871	6,520	24,891	44,159
Insurance	12,483	6,235	5,369	24,087	15,747
Occupancy	119,323	20,227	23,630	163,180	100,879
Tours	109,720	-	-	109,720	60,638
Travel and transportation	10,085	2,490	432	13,007	17,067
In-kind expenses	40,520	76,558	-	117,078	103,228
Depreciation and amortization	55,512	9,619	13,196	78,327	57,496
Advertising	50	6,918	692	7,660	10,701
Fees and royalties	174	-	-	174	902
Meals	33,022	3,473	1,426	37,921	42,091
Uniforms	9,601	190	-	9,791	14,487
Interest	681	933	419	2,033	2,327
Other expenses	208	3,733	-	3,941	2,114
Bad Debt	8,759	1,000	-	9,759	16,142
Total expenses	<u>\$ 1,178,589</u>	<u>\$ 519,161</u>	<u>\$ 500,505</u>	<u>\$ 2,198,255</u>	<u>\$ 1,990,824</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.
Statement of Cash Flows
For the Year Ended June 30, 2017 with Comparative Totals for 2016

	2017	2016
CASH FLOWS FROM OPERATIONS		
Change in net assets	\$ 75,036	\$ (91,855)
Adjustments to reconciled change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	78,327	57,496
Bad debt	9,759	16,142
Contributions received for long-term purposes	(111,804)	-
Fixed assets - income received in kind	(54,471)	-
Increase/decrease operating assets:		
Accounts receivable	(8,973)	13
Promises to give	447,040	(176,552)
Prepaid expenses	(10,512)	(1,203)
Increase/decrease in operating liabilities:		
Accounts payable	(13,331)	17,624
Accrued expenses	29,480	59,524
Deferred revenue	(2,050)	(5,090)
Net cash provided by (used in) operating activities	<u>438,501</u>	<u>(123,901)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(318,363)	(7,490)
Purchases of intangible assets	(23,543)	(2,997)
Security deposits paid	(18,770)	-
Security deposits collected	2,883	-
Collection of (advances to) due to employees	-	2,850
Net cash provided by (used in) investing activities	<u>(357,793)</u>	<u>(7,637)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	200,000	200,000
Repayments on line of credit	(400,000)	-
Principal payments on capital lease obligation	(3,860)	(4,572)
Proceeds of loan payable	200,000	-
Proceeds from contributions received for long-term purposes	111,804	-
Net cash provided by (used in) financing activities	<u>107,944</u>	<u>195,428</u>
Net increase in cash and cash equivalents	188,652	63,890
Cash and cash equivalents at beginning of year	<u>668,496</u>	<u>604,606</u>
Cash and cash equivalents at end of year	<u>\$ 857,148</u>	<u>\$ 668,496</u>
Supplemental Cash Flow Information		
Cash paid during the year for interest	<u>\$ 2,033</u>	<u>\$ 2,327</u>
Non-cash Investing and Financing Activity		
Costs incurred for purchases of fixed assets	\$ (372,834)	\$ -
In-kind donations of fixed assets	54,471	-
Amounts included in accounts payable and accrued expenses		
End of the year	-	-
Payments for fixed assets	<u>\$ (318,363)</u>	<u>\$ -</u>
Costs incurred for purchases of intangible assets	\$ (15,298)	\$ (8,245)
Amounts included in accounts payable and accrued expenses		
Beginning of the year	(8,245)	-
End of the year	-	8,245
Payments for intangible assets	<u>\$ (23,543)</u>	<u>\$ -</u>

See accompanying notes to financial statements.

BOSTON CHILDREN'S CHORUS, INC.

Notes to Financial Statements

June 30, 2017 with Comparative Totals for 2016

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.
- **Jr. 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 in 2010 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** – Intermediate level neighborhood-based choir 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, 2017 with Comparative Totals for 2016

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.

CASH EQUIVALENTS

The Chorus considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

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, 2017 and 2016, 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.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2017 with Comparative Totals for 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS AND CONTRIBUTIONS (CONTINUED)

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 to give. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2017 and 2016, 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 \$46,027 and \$38,268, respectively, at June 30, 2017 and 2016.

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 \$73,010 and \$48,596, respectively, for the years ended June 30, 2017 and 2016.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements *(Continued)*
June 30, 2017 with Comparative Totals for 2016

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.

Fully amortized costs of \$75,000 and \$23,000 were written off in 2017 and 2016, respectively. Amortization expense was \$5,317 and \$8,900 in 2017 and 2016, respectively. Amortization expense is estimated to be as follows for each of the next five years:

Fiscal Year	Amount
2018	\$ 6,578
2019	\$ 6,578
2020	\$ 6,578
2021	\$ 5,178
2022	\$ 1,261

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, 2017 and 2016, 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, 2016, from which the summarized information was derived.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2017 with Comparative Totals for 2016

3. PROMISES TO GIVE

UNCONDITIONAL

At June 30, 2017 and 2016 all unconditional promises to give were due as follows:

	2017	2016
Promises to give due within one year	\$ 136,750	\$ 568,290
Promises to give due in one to five years	<u>70,000</u>	<u>87,500</u>
Promises to give, net	<u>\$ 206,750</u>	<u>\$ 655,790</u>

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 and 2016 were restricted for the following:

	2017	2016
Time restricted	\$ 462,500	\$ 538,334
Purpose and time restricted	<u>51,700</u>	<u>219,805</u>
Total	<u>\$ 514,200</u>	<u>\$ 758,139</u>

5. LINE OF CREDIT

At June 30, 2017 and 2016, 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%. The line of credit is renewed annually and currently expires on February 28, 2018. The line is secured by all business assets of the Chorus. The line was unused at June 30, 2017 and was fully outstanding at June 30, 2016.

6. LOAN, RELATED PARTY

During 2017, the Chorus received a \$200,000 loan from a board member to help cover moving and build-out costs associated with its new office and program space. The loan accrues interest at 1.15%, compounded annually, and matures on April 30, 2020. All principal and accrued interest is due and payable on April 30, 2020. However, the note may be prepaid, in whole or in part, at any time.

7. LEASE OBLIGATIONS

OPERATING LEASE

The Chorus leases office and program space under a non-cancelable operating lease.

The Chorus was subject to a lease through December 31, 2016. The Chorus' lease payments were determined to be below the fair market rental rate. Therefore, an in-kind donation representing the difference between the fair market rental rate and the lease payments was recognized.

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements (*Continued*)
June 30, 2017 with Comparative Totals for 2016

7. LEASE OBLIGATIONS (CONTINUED)

OPERATING LEASE (CONTINUED)

During fiscal year 2017, the Chorus executed a non-cancelable lease through December 31, 2020 that was effective January 1, 2017. Monthly rent payments are 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 provide that the Chorus provide a security deposit of \$18,770, which it did.

Rent expense, including the in-kind donation, totaled \$163,180 and \$100,879, respectively, for the years ended June 30, 2017 and 2016. Estimated future minimum lease payments are as follows:

Fiscal Year	Amount
2018	\$ 112,613
2019	112,613
2020	118,266
2021	<u>61,959</u>
Total	<u>\$ 405,451</u>

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 present value of the minimum lease payments over the remaining term of the capital lease is \$4,572, payable in fiscal year 2018.

Interest expense was \$562 and \$1,821, respectively, for the fiscal years ended June 30, 2017 and 2016.

8. IN-KIND DONATIONS

The Chorus receives in-kind donations in support of its programmatic and administrative functions. In-kind donations recorded for 2017 and 2016 were as follows:

	2017	2016
Moving services	\$ 4,820	\$ 1,020
Rehearsal space	4,500	11,652
Consulting and professional services	64,471	-
Piano	25,000	-
Office space	-	35,145
Legal services	<u>72,758</u>	<u>55,411</u>
Total	<u>\$ 171,549</u>	<u>\$ 103,228</u>

BOSTON CHILDREN'S CHORUS, INC.
Notes to Financial Statements *(Continued)*
June 30, 2017 with Comparative Totals for 2016

8. IN-KIND DONATIONS (CONTINUED)

During 2017 and 2016, donated services totaling approximately \$54,471 and \$55,753, respectively, were donated by businesses that are related to certain board members.

9. 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, 2017 and 2016, contributions to the plan totaled \$27,720 and \$18,025, respectively.

10. CONCENTRATIONS

CREDIT RISK

The Chorus maintains cash balances at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. As of June 30, 2017, and 2016, the uninsured balance totaled \$533,241 and \$131,259, 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.

PROMISES TO GIVE

Outstanding promises to give from two donors represented 46% and 30%, respectively, of the total outstanding promises to give at June 30, 2017 and 2016.

11. SUBSEQUENT EVENTS

The Chorus has evaluated subsequent events through November 28, 2017, which is the date the financial statements were available to be issued.