

MADISON YOUTH CHOIRS, INC.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Madison Youth Choirs, Inc.
Madison, Wisconsin

We have reviewed the accompanying financial statements of Madison Youth Choirs, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Madison, Wisconsin
March 11, 2022

MADISON YOUTH CHOIRS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 422,412	\$ 248,269
Accounts receivable	77,873	-
Total current assets	500,285	248,269
EQUIPMENT AND WARDROBE		
Equipment	99,548	99,548
Wardrobe	6,061	6,061
Less accumulated depreciation	(103,760)	(102,252)
Equipment and wardrobe, net	1,849	3,357
OTHER ASSETS		
Investments	5,675	-
Beneficial interest in assets held by Madison Community Foundation	292,167	241,748
Total assets	<u>\$ 799,976</u>	<u>\$ 493,374</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,214	\$ 6,023
Deferred revenue	3,425	-
Current portion of note payable	47,067	31,182
Total current liabilities	55,706	37,205
LONG-TERM LIABILITIES		
Note payable less current portion	23,860	39,718
Total liabilities	79,566	76,923
NET ASSETS		
Without donor restrictions	720,410	416,451
Total liabilities and net assets	<u>\$ 799,976</u>	<u>\$ 493,374</u>

See independent accountant's review report and accompanying notes.

MADISON YOUTH CHOIRS, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Program fees	\$ 108,075	\$ 205,523
Less program discounts	(8,490)	(19,947)
Program fees, net	99,585	185,576
Contributions	336,471	243,758
Employee Retention Credit	76,585	-
Fundraising sales	-	16,943
Concerts and appearances	1,350	16,032
Advertising	-	3,300
Change in beneficial interest in assets held by Madison Community Foundation	50,419	(14,932)
Paycheck Protection Program forgiveness	70,900	-
Other income	233	1,950
Total revenues without donor restrictions	635,543	452,627
EXPENSES		
Program Services		
Tuition based educational programming	206,977	284,159
Concerts and appearances	24,663	45,243
Community education outreach	26,470	30,671
Supporting Activities		
Management and general	20,455	45,803
Fundraising	53,019	67,771
Total expenses	331,584	473,647
Change in net assets	303,959	(21,020)
Net assets at beginning of year	416,451	437,471
Net assets at end of year	\$ 720,410	\$ 416,451

See independent accountant's review report and accompanying notes.

MADISON YOUTH CHOIRS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	<u>Program Services</u>			<u>Supporting Activities</u>		<u>Total</u>
	<u>Tuition Based Educational Programming</u>	<u>Concerts and Appearances</u>	<u>Community Education Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	
Personnel	\$ 179,215	\$ 19,341	\$ 23,764	\$ 9,089	\$ 47,722	\$ 279,131
Occupancy	14,976	1,319	1,621	620	3,255	21,791
Professional fees	-	-	-	7,368	-	7,368
Miscellaneous	1,000	-	-	1,148	-	2,148
Production	-	668	-	-	-	668
Office expenses	5,399	583	715	274	1,437	8,408
Insurance	2,070	2,070	-	1,036	-	5,176
Artistic	1,526	381	-	-	-	1,907
Information technology	1,823	197	242	870	347	3,479
Depreciation	968	104	128	50	258	1,508
Total expenses	<u>\$ 206,977</u>	<u>\$ 24,663</u>	<u>\$ 26,470</u>	<u>\$ 20,455</u>	<u>\$ 53,019</u>	<u>\$ 331,584</u>

See independent accountant's review report and accompanying notes.

MADISON YOUTH CHOIRS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services			Supporting Activities		Total
	Tuition Based Educational Programming	Concerts and Appearances	Community Education Outreach	Management and General	Fundraising	
Personnel	\$ 244,453	\$ 24,074	\$ 27,199	\$ 16,320	\$ 52,006	\$ 364,052
Occupancy	20,515	1,656	1,870	1,123	3,577	28,741
Professional fees	-	5,500	-	15,456	-	20,956
Miscellaneous	2,502	-	-	9,231	-	11,733
Cost of merchandise sold	-	-	-	-	10,064	10,064
Production	-	9,163	-	-	-	9,163
Office expenses	4,972	490	553	331	1,058	7,404
Insurance	2,776	2,776	-	1,389	-	6,941
Artistic	4,868	1,217	-	-	-	6,085
Information technology	2,565	252	285	1,192	477	4,771
Depreciation	1,167	115	129	79	248	1,738
Meetings	341	-	-	682	341	1,364
Camps	-	-	635	-	-	635
Total expenses	\$ 284,159	\$ 45,243	\$ 30,671	\$ 45,803	\$ 67,771	\$ 473,647

See independent accountant's review report and accompanying notes.

MADISON YOUTH CHOIRS, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 303,959	\$ (21,020)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,508	1,738
Loss on disposal of leasehold improvements	-	2,833
Paycheck Protection Program loan forgiven	(70,900)	-
Change in value of beneficial interest in assets held by Madison Community Foundation	(50,419)	14,932
(Increase) decrease in assets		
Accounts receivable	(77,873)	22,058
Prepaid expenses	-	2,149
Investments	(5,675)	-
Increase (decrease) in liabilities		
Accounts payable	(809)	2,967
Deferred revenue	3,425	(37,537)
Net cash flows from operating activities	103,216	(11,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	70,927	70,900
Net change in cash	174,143	59,020
Cash at beginning of year	248,269	189,249
Cash at end of year	\$ 422,412	\$ 248,269

See independent accountant's review report and accompanying notes.

MADISON YOUTH CHOIRS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Madison Youth Choirs (MYC) creates accessible, meaningful opportunities for youth to thrive in the arts and beyond. MYC offers students of all experience levels a comprehensive music education that inspires a spirit of inquiry leading students to become “expert noticers” through choral rehearsals and performances. Regularly collaborating with a diverse range of local organizations, MYC is committed to breaking down barriers to music education, whether financial, physical, or perceptual, and welcomes a vibrant community of singers who reflect the cultural tapestry of our community. MYC serves more than 1,000 young people, ages 7-18, and over 20,000 audience members annually.

Equipment and Wardrobe

Equipment and Wardrobe are recorded at cost and are depreciated using the straight-line method over the lesser of the useful lives. Items with a cost of greater than \$1,000 and a useful life of over one year are capitalized.

Accounts Receivable

Accounts receivable primarily represent amounts receivable for the Employee Retention Credit. MYC considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

Paycheck Protection Program Loans

MYC received loans under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. MYC expects to meet the PPP’s eligibility criteria and believes the loans are, in substance, a grant that is expected to be forgiven. MYC recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

Revenue from Contracts with Customers

MYC offers year-round classes designed for singers aged 7-18 and operates on a semester basis for fall, spring, and summer. Revenue is recognized straight-line over the semester or academic year. Scholarships are awarded on the basis of financial need and are netted against program fees. Contract liabilities for the portion of tuition payments collected in advance are recorded as deferred revenue in the accompanying statements of financial position. See Note 5 for contract balances.

MYC does not have any significant financing components. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year.

MYC holds several performances throughout the year and sells tickets to the general public to attend. Ticket sales are recognized at a point in time when the performance occurs. Other revenues, such as merchandise sales and tour fees, are also recognized at a point in time, when the sale is made and month of touring, has occurred.

MADISON YOUTH CHOIRS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Beneficial Interest in Assets Held by Madison Community Foundation

MYC's beneficial interest in assets held by Madison Community Foundation represents an agreement between MYC and the Foundation in which MYC transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to MYC by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support 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.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by MYC. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses except for production and miscellaneous are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Tuition-based educational programming – MYC is dedicated to creating meaningful educational experiences for its singers so that they gain a deeper personal connection to music that will enhance their entire lives. MYC achieves this through weekly rehearsals, retreats, special projects, and guest artists. MYC serves children ages 7-18 in eleven different choirs, each designed to address the social and musical development of each participant. In addition, MYC offers regional and international touring opportunities to broaden singers' cultural and musical experiences, when possible.

MADISON YOUTH CHOIRS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concerts and appearances – Performance is an integral part of MYC. In addition to producing two public concerts each year, MYC collaborates regularly with professional arts organizations including Madison Opera, Madison Symphony Orchestra, Wisconsin Chamber Orchestra, and Madison Choral Project, among others. In addition, MYC is often asked to perform at special events throughout the community.

Community education outreach – MYC's community education programs have included popular in-school choirs serving an economically diverse group of students in the Madison Metropolitan School District; an intergenerational choir, joining the voices of teenage MYC singers with senior residents of Capitol Lakes retirement community; choral enrichment programs, encouraging musical exploration for new singers at Lussier Community Education Center, the Hmong Language and Cultural Enrichment summer camp, and annual school and community tours to schools and retirement communities throughout Dane County.

Management and general – Management and general activities relate to the overall direction of MYC and include the activities necessary to ensure proper administrative functioning of the board of directors, manage the financial responsibilities of MYC, and perform other administrative functions.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Income Tax Status

MYC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to MYC's tax-exempt purpose is subject to taxation as unrelated business income. In addition, MYC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through March 11, 2022, the date which the financial statements were available to be issued.

MADISON YOUTH CHOIRS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 – AGENCY ENDOWMENTS

At June 30, 2021 and 2020, MYC’s board of directors has designated \$292,167 and \$241,748, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of MYC. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

MYC has established three agency endowments; Madison Youth Choirs Endowment Fund, Carrel Pray Madison Boy choir Alumni Endowment Fund, and Madison Children’s Choir Legacy Fund, at Madison Community Foundation (Foundation). The agreement between MYC and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to MYC.

However, the Foundation will make annual distributions of the income earned on the fund subject to the Foundation’s spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of MYC if MYC ceases to exist or if the Foundation’s board of governors votes that support of MYC either is no longer necessary or is inconsistent with the needs of the community.

The Foundation’s primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. The Foundation seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

Composition of and changes in endowment net assets for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Board-designated endowment funds at beginning of year	\$ 241,748	\$ 256,680
Change in value of beneficial interest	50,419	(14,932)
Board-designated endowment funds at end of year	\$ 292,167	\$ 241,748

NOTE 3 – CONCENTRATION OF CREDIT RISK

MYC maintains its cash balances in one financial institution located in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021 and 2020, MYC’s uninsured cash balances totaled approximately \$173,400 and \$2,500, respectively.

NOTE 4 – PAYCHECK PROTECTION PROGRAM

On January 21, 2021 and April 14, 2020, MYC received \$70,927 and \$70,900, respectively, of loans under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). MYC has received forgiveness of its first loan.

MADISON YOUTH CHOIRS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4 – PAYCHECK PROTECTION PROGRAM (continued)

MYC applied for forgiveness of its second PPP loan, which was subsequently forgiven on July 26, 2021. MYC must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review MYC's good-faith certification concerning the necessity of its loan request, whether MYC calculated the loan amount correctly, whether MYC used loan proceeds for the allowable uses specified in the CARES Act, and whether MYC is entitled to loan forgiveness in the amount claimed on its application. If SBA determines MYC was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 5 – CONTRACT BALANCES

There were no balances for receivables nor deferred revenue at June 30, 2020 due to disruptions to operations caused by COVID-19. The accounts receivables and deferred revenue at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Accounts Receivable		
Tuition revenue	\$ 1,288	\$ -
Employee Retention Credit	76,585	-
	\$ 77,873	\$ -
Deferred revenue		
Tuition advances	1,925	\$ -
Other	1,500	-
	\$ 3,425	\$ -

NOTE 6 – NET ASSETS

MYC's board of directors has designated net assets without donor restrictions for the following purpose:

	2021	2020
Designated for MYC agency endowments	\$ 292,167	\$ 241,748
Undesignated	428,243	174,703
	\$ 720,410	\$ 416,451

There were no net assets with donor restrictions at June 30, 2021 and 2020.

MADISON YOUTH CHOIRS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7 – DIANE BALLWEG PERFORMANCE FUND

The Diane Ballweg Performance Fund (Fund) is a component fund of the Madison Community Foundation (MCF). The Fund was established by a \$195,102 gift from Diane Ballweg in February 2014.

MCF, as a charitable trust, serves the mutual interests of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving. Donors for the benefit of the community establish component funds of MCF, and when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant MCF variance power that allows MCF to modify the donors' stipulations under certain circumstances as MCF monitors the changing needs of the community. Therefore, the Fund is not included in the financial statements.

The fair value of the Fund at June 30, 2021 and 2020 was \$252,630 and \$209,190. The Fund made contributions to MYC during the years ended June 30, 2021 and 2020 of \$9,024 and \$11,019.

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following table reflects the MYC's financial assets of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

	2021	2020
Cash	\$ 422,412	\$ 248,269
Accounts receivable	77,873	-
Beneficial interest in assets held by Madison Community Foundation	292,167	241,748
Financial assets, at year end	\$ 792,452	\$ 490,017
Less those unavailable for general expenditures within one year due to:		
Net assets designated for agency endowments	292,167	241,748
Financial assets available to meet cash needs for general expenditures within one year	\$ 500,285	\$ 248,269

As part of MYC's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 9 – COVID CONSIDERATIONS

MYC's operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on MYC is uncertain; however, it may result in a material adverse impact on MYC's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to MYC's revenues, absenteeism in the workforce, and unavailability of supplies used in programs.

MADISON YOUTH CHOIRS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 10 – DONATED SERVICES

The fair value of donated services for the years ended June 30, 2021 and 2020 included as contributions on the statements of activities and the corresponding functional classifications of expenses was as follows:

	Tuition-Based Educational Programming	Management and General	Fundraising	Total
Piano moving - office	\$ 800	\$ -	\$ -	\$ 800
June 30, 2021	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800</u>
Piano moving - office	\$ 2,500	\$ -	\$ -	\$ 2,500
Wardrobe mending	1,500	-	-	1,500
June 30, 2020	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>