

**MADISON YOUTH CHOIRS, INC.**

**FINANCIAL STATEMENTS**

June 30, 2023 and 2022

## CONTENTS

Independent Accountant's Review Report.....	1
Statements of Financial Position.....	2
Statements of Activities .....	3
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8

## 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, 2023 and 2022, 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.

We are required to be independent of Madison Youth Choirs, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### **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 21, 2024

**MADISON YOUTH CHOIRS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 211,379	\$ 470,135
Certificates of deposit	401,787	-
Accounts receivable	23,937	41,822
Prepaid expenses	9,443	1,622
	<u>646,546</u>	<u>513,579</u>
<b>EQUIPMENT AND WARDROBE</b>		
Equipment	118,383	101,401
Wardrobe	-	6,061
Less accumulated depreciation	<u>(78,306)</u>	<u>(102,545)</u>
Equipment and wardrobe, net	40,077	4,917
<b>OTHER ASSETS</b>		
Investments	3,569	-
Beneficial interest in assets held by Madison Community Foundation	<u>273,534</u>	<u>271,140</u>
<b>Total assets</b>	<u><u>\$ 963,726</u></u>	<u><u>\$ 789,636</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,016	\$ 3,783
Deferred revenue	<u>26,551</u>	<u>47,110</u>
Total liabilities	41,567	50,893
<b>NET ASSETS</b>		
Without donor restrictions	887,459	738,743
With donor restrictions	<u>34,700</u>	<u>-</u>
Total net assets	<u>922,159</u>	<u>738,743</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 963,726</u></u>	<u><u>\$ 789,636</u></u>

See independent accountant's review report and accompanying notes.

**MADISON YOUTH CHOIRS, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Program fees	\$ 248,280	\$ -	\$ 248,280
Less program discounts	(18,355)	-	(18,355)
Program fees, net	229,925	-	229,925
Tour fees	39,117	-	39,117
Less scholarships given	(33,150)	-	(33,150)
Tour fees, net	5,967	-	5,967
Contributions	467,155	35,000	502,155
Fundraising sales	1,305	-	1,305
Concerts and appearances	26,190	-	26,190
Investment return, net	6,479	-	6,479
Change in beneficial interest in assets held by Madison Community Foundation	2,394	-	2,394
In-kind contributions	50	-	50
Other income	4,830	-	4,830
Total revenues	744,295	35,000	779,295
<b>EXPENSES</b>			
Program Services			
Tuition based educational programming	359,366	-	359,366
Concerts and appearances	79,630	-	79,630
Community education outreach	45,242	-	45,242
Supporting Activities			
Management and general	40,867	-	40,867
Fundraising	70,774	-	70,774
Total expenses	595,879	-	595,879
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	300	(300)	-
<b>Change in net assets</b>	148,716	34,700	183,416
Net assets at beginning of year	738,743	-	738,743
<b>Net assets at end of year</b>	<u>\$ 887,459</u>	<u>\$ 34,700</u>	<u>\$ 922,159</u>

See independent accountant's review report and accompanying notes.

**MADISON YOUTH CHOIRS, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Program fees	\$ 178,837	\$ -	\$ 178,837
Less program discounts	(13,325)	-	(13,325)
Program fees, net	165,512	-	165,512
Contributions	240,264	-	240,264
Employee Retention Credit	40,520	-	40,520
Concerts and appearances	7,900	-	7,900
Change in beneficial interest in assets held by Madison Community Foundation	(21,027)	-	(21,027)
Paycheck Protection Program forgiveness	70,927	-	70,927
In-kind contributions	258	-	258
Other income	2,083	-	2,083
Total revenues	506,437	-	506,437
<b>EXPENSES</b>			
Program Services			
Tuition based educational programming	321,129	-	321,129
Concerts and appearances	67,355	-	67,355
Community education outreach	942	-	942
Supporting Activities			
Management and general	37,860	-	37,860
Fundraising	60,818	-	60,818
Total expenses	488,104	-	488,104
<b>Change in net assets</b>	18,333	-	18,333
Net assets at beginning of year	720,410	-	720,410
<b>Net assets at end of year</b>	<b>\$ 738,743</b>	<b>\$ -</b>	<b>\$ 738,743</b>

See independent accountant's review report and accompanying notes.

**MADISON YOUTH CHOIRS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2023

	Program Services			Supporting Activities		Total
	Tuition Based Educational Programming	Concerts and Appearances	Community Education	Management and General	Fundraising	
Personnel	\$ 299,105	\$ 32,778	\$ 38,433	\$ 17,565	\$ 62,355	\$ 450,236
Occupancy	29,965	3,284	3,850	1,760	6,247	45,106
Production	-	28,628	-	-	-	28,628
Tours	11,984	11,985	-	-	-	23,969
Professional fees	-	-	488	12,992	-	13,480
Miscellaneous	1,325	-	618	7,115	-	9,058
Office expenses	5,577	611	717	328	1,163	8,396
Artistic	5,198	1,300	-	-	-	6,498
Insurance	4,209	461	541	247	877	6,335
Advertising	1,024	513	513	-	-	2,050
Depreciation	635	70	82	37	132	956
Meetings	-	-	-	823	-	823
Camps	344	-	-	-	-	344
<b>Total expenses</b>	<b>\$ 359,366</b>	<b>\$ 79,630</b>	<b>\$ 45,242</b>	<b>\$ 40,867</b>	<b>\$ 70,774</b>	<b>\$ 595,879</b>

See independent accountant's review report and accompanying notes.

**MADISON YOUTH CHOIRS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2022

	Program Services			Supporting Activities		Total
	Tuition Based Educational Programming	Concerts and Appearances	Community Education	Management and General	Fundraising	
Personnel	\$ 283,898	\$ 38,607	\$ -	\$ 17,098	\$ 54,570	\$ 394,173
Occupancy	17,121	2,328	-	1,031	3,291	23,771
Production	-	23,224	-	-	-	23,224
Professional fees	-	-	-	11,751	-	11,751
Office expenses	7,071	962	-	426	1,359	9,818
Miscellaneous	1,000	-	703	7,100	-	8,803
Artistic	5,263	1,316	-	-	-	6,579
Insurance	4,463	607	-	269	858	6,197
Advertising	223	27	27	60	338	675
Depreciation	1,564	213	-	93	301	2,171
Camps	-	-	212	-	-	212
Information technology	526	71	-	32	101	730
<b>Total expenses</b>	<b>\$ 321,129</b>	<b>\$ 67,355</b>	<b>\$ 942</b>	<b>\$ 37,860</b>	<b>\$ 60,818</b>	<b>\$ 488,104</b>

See independent accountant's review report and accompanying notes.

**MADISON YOUTH CHOIRS, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 183,416	\$ 18,333
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	956	2,171
Net realized and unrealized gains	(2,383)	-
Loss on disposal of equipment	634	-
Donated stock	(198,877)	-
Paycheck Protection Program loan forgiveness	-	(70,927)
Change in value of beneficial interest in assets held by Madison Community Foundation	(2,394)	21,027
(Increase) decrease in assets		
Accounts receivable	17,885	36,051
Prepaid expenses	(7,821)	(1,622)
Increase (decrease) in liabilities		
Accounts payable	11,233	(1,431)
Deferred revenue	(20,559)	43,685
<b>Net cash flows from operating activities</b>	<u>(17,910)</u>	<u>47,287</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(36,750)	(5,239)
Interest and dividends reinvested	(4,096)	-
Purchases of certificates of deposit	(400,000)	-
Purchases of investments	(1,606)	-
Sale of investments	201,606	5,675
<b>Net cash flows from investing activities</b>	<u>(240,846)</u>	<u>436</u>
<b>Net change in cash</b>	(258,756)	47,723
Cash at beginning of year	<u>470,135</u>	<u>422,412</u>
<b>Cash at end of year</b>	<u>\$ 211,379</u>	<u>\$ 470,135</u>

See independent accountant's review report and accompanying notes.

**MADISON YOUTH CHOIRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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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 useful lives. Items with a cost of greater than \$1,000 and a useful life of over one year are capitalized.

**Accounts Receivable**

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.

**Certificates of Deposit**

Certificates of deposit are carried at fair value. The Certificates of deposit bear interest ranging from 5.20% to 5.25%.

**Investments**

Investments at June 30, 2023 consist of mutual funds, which are carried at fair value. Fair values of mutual funds are determined by reference to quoted market prices and other relevant information gathered by market transactions, which is considered a Level 1 fair value measurement.

**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.

**MADISON YOUTH CHOIRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 6 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 concerts and appearances 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.

**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.

**Donated Services**

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**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).

**MADISON YOUTH CHOIRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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.

*Concerts and appearances* – Performance is an integral part of MYC. In addition to producing two public concert series 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* – MYC is committed to investing in and supporting the music education ecosystem of Madison and the wider region while inspiring the broader community to participate in and enjoy choral music. Community education programs include professional development opportunities for music educators, facilitation of professional collaborations around expanding teacher toolkits, and Big Sing events for the public highlighting diverse culture-bearers and featuring their songs and stories.

*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.

**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.

**MADISON YOUTH CHOIRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Date of Management’s Review**

Management has evaluated subsequent events through March 21, 2024, the date which the financial statements were available to be issued.

**Leases**

MYC does not recognize short-term leases in the statements of financial position. For these leases, MYC recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. MYC also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, MYC uses a risk-free rate as the discount rate for the lease for all classes of underlying assets. MYC leases theater and office space through an agreement with a related party as described in Note 10.

NOTE 2 – AGENCY ENDOWMENTS

At June 30, 2023 and 2022, MYC’s board of directors has designated \$273,534 and \$271,140, 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.

**MADISON YOUTH CHOIRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE 2 – AGENCY ENDOWMENTS (continued)

Composition of and changes in endowment net assets for the years ended June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Board-designated endowment funds at beginning of year	\$ 271,140	\$ 292,167
Change in value of beneficial interest	13,652	(10,114)
Distributions from agency endowments	<u>(11,258)</u>	<u>(10,913)</u>
Board-designated endowment funds at end of year	<u><u>\$ 273,534</u></u>	<u><u>\$ 271,140</u></u>

NOTE 3 – 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). On April 30 2021, the SBA preliminarily approved forgiveness of MYC's first draw loan. On July 26, 2021, the SBA preliminarily approved forgiveness of MYC's second draw loan. 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 4 – 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, 2022, MYC's uninsured cash balances totaled approximately \$193,200.

NOTE 5 – NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Designated for MYC agency endowments	\$ 273,534	\$ 271,140
Undesignated	<u>613,925</u>	<u>467,603</u>
Net assets without donor restrictions	<u><u>\$ 887,459</u></u>	<u><u>\$ 738,743</u></u>

Net assets with donor restrictions as of June 30, 2023 are restricted for the Amplifying Every Voice project.

**MADISON YOUTH CHOIRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 6 – CONTRACT BALANCES

Accounts receivables and deferred revenue at June 30, 2023 and 2022 consisted of the following:

	2023	2022
<b>Accounts Receivable</b>		
Tour fees	\$ 18,867	\$ -
Tuition revenue	5,070	1,302
Employee Retention Credit	-	40,520
	\$ 23,937	\$ 41,822
<b>Deferred revenue</b>		
Tuition advances	\$ 26,431	\$ 39,795
Wardrobe	120	330
Other	-	6,985
	\$ 26,551	\$ 47,110

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, 2023 and 2022 was \$236,383 and \$234,348. The Fund made contributions to MYC during the years ended June 30, 2023 and 2022 of \$9,765 and \$9,544.

**MADISON YOUTH CHOIRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 8 – LIQUIDITY AND AVAILABILITY

The following table reflects the MYC’s financial assets of June 30, 2023 and 2022, 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.

	2023	2022
Cash	\$ 211,379	\$ 470,135
Certificates of deposit	401,787	-
Accounts receivable	23,937	41,822
Investments	3,569	-
Beneficial interest in assets held by Madison Community Foundation	273,534	271,140
Financial assets, at year end	\$ 914,206	\$ 783,097
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restrictions	(34,700)	-
Net assets designated for agency endowments	(273,534)	(271,140)
Financial assets available to meet cash needs for general expenditures within one year	\$ 605,972	\$ 511,957

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 – EMPLOYEE RETENTION CREDIT

During the years ended June 30, 2022 and 2021, MYC claimed Employee Retention Credits (ERC) totaling \$40,520 and \$76,585 under the provisions of the Coronavirus Aid, Relief, and Economic Security Act, as amended. Employers are eligible for the ERC if they experience either a significant decline in gross receipts or the full or partial suspension of operations because of governmental orders limiting commerce, travel, or group meetings due to COVID-19. MYC determined it had a significant decline in gross receipts and claimed the ERC for the second, third, and fourth calendar quarters of 2020 and the first, second, and third calendar quarters of 2021. The Internal Revenue Service (IRS) generally has five years from the date an ERC claim is filed to audit the claim. Therefore, the IRS may audit MYC’s eligibility for the ERC and its substantiation of the amounts claimed. If the IRS determines MYC was ineligible for the ERC, MYC could be required to repay the amount claimed along with penalties and interest.

**MADISON YOUTH CHOIRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 10 – RELATED PARTY TRANSACTIONS

MYC has signed an operating agreement with Madison Youth Arts Center, Inc. (MYAC) as one of the two anchor partners. MYAC’s mission is to support the anchor partners by providing facility space as outlined in the operating agreement. Being one of the two anchor partners on the operating agreement, MYC is represented by two of the six members on MYAC’s board of directors. The operating agreement can be terminated by MYAC or either of the anchor partners with a two-year notice.

As part of the operating agreement, MYC makes quarterly payments to MYAC for the use of MYAC’s facilities. The payments are variable and determined at the start of each calendar year based on MYC’s budget. In addition to the regular space usage, MYC also pays MYAC for additional performance space each year. The cost of the additional performance space is based on rates provided by MYAC, the number of performances, and the dates and durations of the performances. Occasionally there are shared expenses between the related parties where one organization will reimburse the other. Details of the related party transactions for the years ended June 30, 2023 and 2022 are outlined below:

	2023	2022
Regular use of facility space	\$ 45,106	\$ 23,771
Additional performance space	-	400
Miscellaneous reimbursements	1,684	-
Accounts payable to MYAC	9,688	-