

# **MASTERSVOICES, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



**SOBEL & CO. LLC**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**MASTERVOICES, INC.**

JUNE 30, 2020 AND 2019

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
MasterVoices, Inc.  
New York, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MasterVoices, Inc. ("Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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 MasterVoices, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

On July 1, 2019, the Organization adopted Financial Accounting Standards Board, *Revenue from Contracts with Customers*, and *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as described in Note 2 to the financial statements. Our opinion is not modified with respect to this matter.

*Sobel & Co., LLC*

Certified Public Accountants

Livingston, New Jersey  
February 8, 2021

**MASTEROICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 215,563	\$ 117,401
Promises to give, current	191,539	187,334
Prepaid expenses	8,981	14,365
Total Current Assets	<u>416,083</u>	<u>319,100</u>
PROPERTY AND EQUIPMENT, net	<u>12,214</u>	<u>16,550</u>
NONCURRENT ASSETS:		
Promises to give, net	59,900	24,529
Security deposits	7,445	7,445
Total Noncurrent Assets	<u>67,345</u>	<u>31,974</u>
Total Assets	<u>\$ 495,642</u>	<u>\$ 367,624</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 18,640	\$ 30,150
Accrued payroll and related liabilities	12,963	19,974
Refundable advance	82,600	-
Deferred revenue	-	650
Total Current Liabilities	<u>114,203</u>	<u>50,774</u>
NET ASSETS:		
Without donor restrictions	177,539	123,321
With donor restrictions	203,900	193,529
Total Net Assets	<u>381,439</u>	<u>316,850</u>
Total Liabilities and Net Assets	<u>\$ 495,642</u>	<u>\$ 367,624</u>

**MASTERSVOICES, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions, net of discount	\$ 573,592	\$ 160,000	\$ 733,592	\$ 691,933	\$ 60,000	\$ 751,933
Government grant revenue	34,750	-	34,750	52,475	-	52,475
Concert ticket sales	132,439	-	132,439	481,925	-	481,925
Contributed services	-	-	-	25,000	-	25,000
Concert fees	10,500	-	10,500	57,950	-	57,950
Membership dues and other income	29,816	-	29,816	29,803	-	29,803
Subtotal	781,097	160,000	941,097	1,339,086	60,000	1,399,086
Special events	403,674	-	403,674	466,382	-	466,382
Less: cost of direct benefit to donors	(97,251)	-	(97,251)	(113,483)	-	(113,483)
Total Special Events, Net	306,423	-	306,423	352,899	-	352,899
Subtotal	1,087,520	160,000	1,247,520	1,691,985	60,000	1,751,985
Net assets released from restriction	149,629	(149,629)	-	75,172	(75,172)	-
Total Support and Revenue	1,237,149	10,371	1,247,520	1,767,157	(15,172)	1,751,985
<b>EXPENSES:</b>						
Program services	747,129	-	747,129	1,282,021	-	1,282,021
Supporting services:						
Management and general	182,464	-	182,464	198,906	-	198,906
Fundraising	253,338	-	253,338	250,065	-	250,065
Total supporting services	435,802	-	435,802	448,971	-	448,971
Total Expenses	1,182,931	-	1,182,931	1,730,992	-	1,730,992
CHANGES IN NET ASSETS	54,218	10,371	64,589	36,165	(15,172)	20,993
<b>NET ASSETS:</b>						
Beginning of year	123,321	193,529	316,850	87,156	208,701	295,857
End of year	\$ 177,539	\$ 203,900	\$ 381,439	\$ 123,321	\$ 193,529	\$ 316,850

See independent auditors' report and notes to the financial statements.

**MASTERSVOICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services	Support Services		Total Support Services	Total Program and Support
		Management and General	Fundraising		
Salaries	\$ 225,495	\$ 116,423	\$ 109,457	\$ 225,880	\$ 451,375
Employee benefits	33,060	17,191	15,869	33,060	66,120
Payroll taxes	17,713	9,211	8,502	17,713	35,426
Total salaries and related expenses	276,268	142,825	133,828	276,653	552,921
Advertising	55,387	-	-	-	55,387
Bad debts	300	-	-	-	300
Concert hall	66,050	-	-	-	66,050
Consultant expense	35,000	-	37,997	37,997	72,997
Commissions	2,500	-	-	-	2,500
Credit card fees	12,078	-	-	-	12,078
Depreciation	2,857	1,485	1,371	2,856	5,713
Dancer fees	3,000	-	-	-	3,000
Donor cultivation	-	-	23,866	23,866	23,866
Dues and subscriptions	2,423	-	-	-	2,423
Education	17,123	-	-	-	17,123
Event expenses	22,021	-	-	-	22,021
Indirect costs of special events	-	-	34,996	34,996	34,996
Insurance	8,850	-	-	-	8,850
Lighting and costumes	11,752	-	-	-	11,752
Marketing and promotion	26,088	-	-	-	26,088
Music	12,596	-	-	-	12,596
Occupancy	31,266	16,259	15,008	31,267	62,533
Office expense	13,066	6,795	6,272	13,067	26,133
Orchestra	68,061	-	-	-	68,061
Professional fees	-	15,100	-	15,100	15,100
Recruitment	358	-	-	-	358
Rehearsal expense	24,030	-	-	-	24,030
Soloist expense	56,055	-	-	-	56,055
Total Functional Expenses	\$ 747,129	\$ 182,464	\$ 253,338	\$ 435,802	\$ 1,182,931

**MASTERVOICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	Program Services	Support Services		Total Support Services	Total Program and Support
		Management and General	Fundraising		
Salaries	\$ 235,150	\$ 113,839	\$ 108,596	\$ 222,435	\$ 457,585
Employee benefits	27,294	13,380	12,844	26,224	53,518
Payroll taxes	17,804	8,728	8,379	17,107	34,911
Total salaries and related expenses	280,248	135,947	129,819	265,766	546,014
Advertising	83,692	-	-	-	83,692
Bad debts	4,800	-	-	-	4,800
Concert hall	286,624	-	-	-	286,624
Consultant expense	37,500	-	44,122	44,122	81,622
Commissions	1,500	-	-	-	1,500
Credit card fees	22,356	-	-	-	22,356
Depreciation	2,725	1,336	1,282	2,618	5,343
Dancer fees	25,000	-	-	-	25,000
Donor cultivation	-	-	12,129	12,129	12,129
Dues and subscriptions	3,378	-	-	-	3,378
Education	20,845	-	-	-	20,845
Event expense	102,276	-	-	-	102,276
Indirect costs of special events	-	-	37,366	37,366	37,366
Insurance	12,784	-	-	-	12,784
Lighting and costumes	32,639	-	-	-	32,639
Marketing and promotion	25,625	-	-	-	25,625
Music	13,895	-	-	-	13,895
Occupancy	29,845	14,630	14,045	28,675	58,520
Office expense	27,295	8,493	11,302	19,795	47,090
Orchestra	124,295	-	-	-	124,295
Professional fees	-	38,500	-	38,500	38,500
Recording	1,500	-	-	-	1,500
Recruitment	979	-	-	-	979
Rehearsal expense	30,069	-	-	-	30,069
Scenery	23,665	-	-	-	23,665
Soloist expense	88,486	-	-	-	88,486
Total Functional Expenses	\$ 1,282,021	\$ 198,906	\$ 250,065	\$ 448,971	\$ 1,730,992



**MASTERSVOICES, INC.**  
**STATEMENTS OF CASH FLOWS**

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	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 64,589	\$ 20,993
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt expense	300	4,800
Depreciation	5,713	5,343
Discount on promise to give	(371)	(5,828)
Changes in certain assets and liabilities:		
Promises to give	(39,505)	122,818
Prepaid expenses	5,384	(7,465)
Security deposits	-	3,400
Accounts payable and accrued expenses	(11,510)	(40,329)
Accrued payroll and related liabilities	(7,011)	15,136
Refundable advances	82,600	-
Deferred revenue	(650)	(14,350)
Net Cash Provided by Operating Activities	<u>99,539</u>	<u>104,518</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	<u>(1,377)</u>	<u>(3,981)</u>
<b>NET INCREASE IN CASH</b>	<b>98,162</b>	<b>100,537</b>
<b>CASH:</b>		
Beginning of year	<u>117,401</u>	<u>16,864</u>
End of year	<u>\$ 215,563</u>	<u>\$ 117,401</u>

**MASTERSVOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 1 - NATURE OF ORGANIZATION:**

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MasterVoices, Inc. (“Organization”) is a performing arts organization whose mission is to use musical storytelling and the choral experience to bring the many diverse voices in our society together and, in striving for both relevance and excellence, spark deeper connections to one another. The Organization’s annual programs include:

A season of professionally presented work that features the MasterVoices chorus alongside world-class orchestras, soloists, and collaborative artists from other disciplines (especially dance, design, theater). Performances are presented at a wide variety of venues ranging from Lincoln Center and Carnegie Hall to community bandshells and site-specific locales.

A year-round series of outreach programs, including free-ticket giveaways for seniors and students and two core programs: *Side-by-Side*, which offers gifted high school students from underserved communities the opportunity to mentor with chorus members and rehearse and perform with the chorus in New York and abroad; and *Bridges*, which commissions composers to work with specific communities in the New York metropolitan area in order to expand their opportunity to make music together, regardless of their abilities or backgrounds. The Organization also invites young soloists to perform at top venues as part of the *Father Geier Artist Initiative*.

Founded by legendary choral conductor Robert Shaw in 1941, the Organization has performed in prominent New York concert halls, including Carnegie Hall, City Center, and Geffen Hall, under the batons of many esteemed conductors, among them Serge Koussevitzky, Arturo Toscanini, Leonard Bernstein, James Levine, Lorin Maazel, Zubin Mehta, Riccardo Muti, and Alan Gilbert. The Organization has also attracted many world-class soloists, including, Bryn Terfel, Rene Pape, Stephanie Blythe, Deborah Voigt, Eric Owens, Thomas Hampson, Kelli O’Hara, Paulo Szot, and Victoria Clark. Because of its reputation of excellence, MasterVoices, Inc. has been hired to perform with many top orchestras over the years, including the NBC Symphony, the New York Philharmonic, and the Israel Philharmonic, and has been invited to appear abroad in Israel and at the Verbier and Salzburg festivals.

The Organization has been under the leadership of Tony Award-winning Artistic Director Ted Sperling since 2013. On August 3, 2015, the Organization formally changed its name from The Collegiate Chorale, Inc. to MasterVoices, Inc. The name change was done in conjunction with the Organization’s 75th Anniversary, and better represents the Organization: a performing arts organization that celebrates storytelling through the masterful voices of its chorus and world-class soloists, and the creative voices of composers, librettists, designers, and directors.

**MASTEROICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***Basis of Accounting:***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Financial Statement Presentation:***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time, and other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of the assets to be maintained permanently permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with restrictions that are met in the same reporting period as they are received are reported as support without donor restrictions.

***Property and Equipment:***

Property and equipment acquired are considered to be owned by the Organization and are recorded at cost. Depreciation is computed using the straight-line method over a 5-year life. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the period. Expenditures for repairs and maintenance that do not extend the useful lives of the related assets are expensed as incurred.

***Contributions and Promises to Give:***

On July 1, 2019, the Organization adopted Financial Accounting Standards Board (“FASB”), *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope of accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improving guidance to better distinguish between conditional and unconditional contributions.

**MASTEROICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Contributions and Promises to Give: (Continued)***

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions and grants are not recognized until conditions are substantially met or explicitly waived by the donor or grantor. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the monies from the promises are to be received. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experiences and management's analysis of the specific promise made. For the years ended June 30, 2020 and 2019, an allowance for uncollectible promises was not deemed necessary. At June 30, 2020 and 2019, the Organization had no conditional promises to give.

All contributions are available for use unless specifically restricted by the donor.

***Government Grants:***

The Organization's policy is to record the proceeds from government grants as conditional grants through refundable advances. Once the conditions of release have been substantially met or explicitly waived, the conditions will have been satisfied and the Organization will recognize the grant revenue.

***Concert Revenue:***

In May 2014, the FASB issued an accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2019, the first day of the Organization's fiscal year, using the modified retrospective approach.

As part of the adoption of the pronouncement, the Organization elected the following transition practical expedients: to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of the pronouncement did not result in a change to beginning net assets as of July 1, 2019.

**MASTERSVOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Concert Revenue: (Continued)***

The Organization derives revenue from concert tickets sales and contracted performances. Revenues are recognized when the Organization's performance obligations are satisfied in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services.

Performance obligations are satisfied and revenues are recognized at a point in time on the date of the concert or performance. Payments from ticket sales or contracted performances are recorded as deferred revenue until the Organization's performance obligations are satisfied. There was no deferred revenue at June 30, 2020. At June 30, 2019, deferred revenue related to future performances totaled \$650.

There are no significant financing components or variable consideration.

***Contributed Services and Materials:***

Amounts are recognized in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation. There were no contributed services for the year ended June 30, 2020. For the year ended June 30, 2019, contributed bookkeeping services totaled \$25,000.

Additionally, the Organization regularly receives services from volunteers who are not acting in a professional capacity. The volunteer services provided do not meet the criteria for financial statement recognition and, accordingly, are not included in the financial statements.

Donated property and goods are recorded as contributions at their estimated fair value on the date of donation. During the years ended June 30, 2020 and 2019, there were no donated property or goods.

***Advertising:***

Advertising costs are expensed in the year in which they are incurred. Advertising expense during the years ended June 30, 2020 and 2019, was approximately \$55,000 and \$84,000, respectively.

***Income Taxes:***

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

**MASTERSVOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Income Taxes: (Continued)***

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended June 30, 2020 and 2019. At June 30, 2020 and 2019, there were no significant income tax uncertainties.

***Use of Estimates:***

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Recent Accounting Pronouncements:***

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. The pronouncement is effective for annual periods beginning after December 15, 2021. It will be effective for the Organization for the year ended June 30, 2023. The Organization is currently evaluating the effect the new pronouncement will have on its financial statements.

***Reclassifications:***

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

***Subsequent Events:***

The Organization has evaluated events subsequent to the statement of financial position date as of June 30, 2020 through February 8, 2021, the date that the financial statements were available to be issued.

**MASTERSVOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 3 - PROMISES TO GIVE:**

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Unconditional promises to give are as follows:

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
Gross promises to give	\$ 251,539	\$ 212,334
Less: Unamortized discount	(100)	(471)
Promises to Give, net	<u>\$ 251,439</u>	<u>\$ 211,863</u>
Amount due in:		
Less than one year	\$ 191,539	\$ 187,334
One to five years	60,000	25,000
Total Promises to Give	<u>\$ 251,539</u>	<u>\$ 212,334</u>

Promises to give have been discounted using the five-year treasury rate in the year the pledge was made. The applicable rates range from 0.16%-1.63%.

**NOTE 4 - PROPERTY AND EQUIPMENT:**

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Property and equipment consists of the following:

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
Office equipment	\$ 29,331	\$ 56,701
Website	23,101	23,101
Property and equipment	52,432	79,802
Less: Accumulated depreciation	(40,218)	(63,252)
Property and Equipment, Net	<u>\$ 12,214</u>	<u>\$ 16,550</u>

**MASTERSVOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 5 - REFUNDABLE ADVANCE:**

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The Organization obtained a Paycheck Protection Program (“PPP”) loan under the CARES Act in April 2020 for \$82,600. The loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New York. Paycheck Protection Program loans may be forgiven in part or in whole if the borrower maintains its employee count, as well as salary levels, during a specified period. The Organization expects to receive forgiveness for substantially all of the loan based on the criteria for forgiveness.

Any portion of the loan that is not forgiven must be repaid. Loan payments, if any, are deferred under the PPP Flexibility Act, which extends the deferral period until the date the lender receives the applicable forgiven amount from the Small Business Administration, which is not to exceed 10 months after the covered period, and are payable with interest at 1%, through 2022. The loan is uncollateralized and guaranteed by the Small Business Administration.

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**NOTE 6 - FUNCTIONAL EXPENSES:**

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The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, depreciation, occupancy, and office expenses, which are allocated based on studies of employee time and effort.

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**NOTE 7 - COMMITMENTS AND CONTINGENCIES:**

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The Organization leases office space under an operating lease which expires in October 2021. The Organization also leases storage space on a month-to-month basis. For the years ended June 30, 2020 and 2019, rent expense was \$62,533 and \$58,520, respectively, and is reported as occupancy expenses in the statements of functional expenses.

Future minimum rental lease payments for the years ending June 30, 2021 and 2022, are \$57,000 and \$19,000, respectively.



**MASTERSVOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:**

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Net assets with donor restrictions are available as follows:

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
Time restrictions	\$ 203,900	\$ 173,529
Reserve fund	-	20,000
Total Net Assets with Donor Restrictions	<u>\$ 203,900</u>	<u>\$ 193,529</u>

Net assets were released from donor restrictions as follows:

	<b>Year Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Time restrictions	\$ 129,629	\$ 75,172
Reserve fund	20,000	-
Total Net Assets Released From Restrictions	<u>\$ 149,629</u>	<u>\$ 75,172</u>

**NOTE 9 - CONCENTRATIONS OF RISK:**

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***Cash:***

The Organization maintains its cash in an account with a federally insured institution. At times, the balance of this account may be in excess of federally insured limits.

***Promises to Give:***

The Organization had three donors that represent 84% of total promises to give as of June 30, 2020. The Organization had two donors that represent 51% of total promises to give as of June 30, 2019.

**MASTERSVOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**NOTE 10 - LIQUIDITY AND AVAILABILITY:**

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The following represents the Organization’s financial assets reduced by amounts not available for general use within one year of the most recent statement of financial position date because of contractual or donor-imposed restrictions or internal designations that will not be met within one year.

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
Financial assets:		
Cash	\$ 215,563	\$ 117,401
Promises to give	251,439	211,863
Total Financial Assets	<u>467,002</u>	<u>329,264</u>
Less Amounts Not Available to be Used Within One Year:		
Net assets with donor restrictions	(203,900)	(193,529)
Add: Net assets with time restrictions to be met within one year	143,900	129,529
	<u>(60,000)</u>	<u>(64,000)</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 407,002</u>	<u>\$ 265,264</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 11 - RISKS AND UNCERTAINTIES:**

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The Organization is actively monitoring the COVID-19 outbreak and its potential impact on its employees, volunteers, donors, and operations. All live performances have been postponed until the 2021-2022 season. The Organization will be presenting its performances in a virtual format until live performances resume. It is not known at this time how the financial results will be affected. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental entities.