

MASTEROICES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



SobelCo

Certified Public Accountants & Advisors

MASTERVOICES, INC.

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in blue ink that reads "Sobel & Co, LLC".

Certified Public Accountants

Livingston, New Jersey
November 14, 2022

MASTERSVOICES, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash	\$ 477,018	\$ 365,086
Promises to give and grants receivable, net of allowance	151,340	161,370
Prepaid expenses	118,837	7,399
Total Current Assets	<u>747,195</u>	<u>533,855</u>
PROPERTY AND EQUIPMENT, net	<u>5,775</u>	<u>9,779</u>
NONCURRENT ASSETS:		
Promises to give, net of discount	19,455	39,936
Security deposits	6,917	7,445
Total Noncurrent Assets	<u>26,372</u>	<u>47,381</u>
Total Assets	<u>\$ 779,342</u>	<u>\$ 591,015</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 103,970	\$ 37,554
Accrued payroll and related liabilities	10,710	40,230
Deferred revenue	168,961	-
Refundable advance	-	94,100
Total Current Liabilities	<u>283,641</u>	<u>171,884</u>
NET ASSETS:		
Without donor restrictions	375,096	324,195
With donor restrictions	120,605	94,936
Total Net Assets	<u>495,701</u>	<u>419,131</u>
Total Liabilities and Net Assets	<u>\$ 779,342</u>	<u>\$ 591,015</u>

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

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions, net of discount	\$ 666,161	\$ 75,669	\$ 741,830	\$ 830,591	\$ 35,000	\$ 865,591
Government grants	428,672	-	428,672	212,358	-	212,358
Concert ticket sales	300,794	-	300,794	-	-	-
Concert fees	15,000	-	15,000	-	-	-
Membership dues and other income	13,699	-	13,699	15,644	-	15,644
Subtotal	1,424,326	75,669	1,499,995	1,058,593	35,000	1,093,593
Special events	351,294	-	351,294	97,624	-	97,624
Less: cost of direct benefit to donors	(88,430)	-	(88,430)	-	-	-
Total Special Events, Net	262,864	-	262,864	97,624	-	97,624
Subtotal	1,687,190	75,669	1,762,859	1,156,217	35,000	1,191,217
Net assets released from restriction	50,000	(50,000)	-	143,964	(143,964)	-
Total Support and Revenue	1,737,190	25,669	1,762,859	1,300,181	(108,964)	1,191,217
EXPENSES:						
Program services	1,144,750	-	1,144,750	702,375	-	702,375
Supporting services:						
Management and general	285,567	-	285,567	269,256	-	269,256
Fundraising	255,972	-	255,972	181,894	-	181,894
Total supporting services	541,539	-	541,539	451,150	-	451,150
Total Expenses	1,686,289	-	1,686,289	1,153,525	-	1,153,525
CHANGES IN NET ASSETS	50,901	25,669	76,570	146,656	(108,964)	37,692
NET ASSETS:						
Beginning of year	324,195	94,936	419,131	177,539	203,900	381,439
End of year	\$ 375,096	\$ 120,605	\$ 495,701	\$ 324,195	\$ 94,936	\$ 419,131

MASTERSVOICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Support Services		Total Support Services	Total Program and Support Services
		Management and General	Fundraising		
Salaries	\$ 235,196	\$ 157,616	\$ 111,704	\$ 269,320	\$ 504,516
Employee benefits	43,639	28,784	20,427	49,211	92,850
Payroll taxes	17,641	11,636	8,257	19,893	37,534
Total salaries and related	296,476	198,036	140,388	338,424	634,900
Advertising	73,750	-	-	-	73,750
Concert hall	40,240	-	-	-	40,240
Consultant expense	55,000	10,000	38,797	48,797	103,797
Commissions	13,000	-	-	-	13,000
Concert expenses	148,520	-	-	-	148,520
Credit card fees	8,485	-	7,567	7,567	16,052
Depreciation	2,456	1,620	1,150	2,770	5,226
Dancer fees	17,000	-	-	-	17,000
Donor cultivation	-	-	38,052	38,052	38,052
Dues and subscriptions	1,225	-	-	-	1,225
Education	46,157	-	-	-	46,157
Indirect costs of special events	-	-	7,139	7,139	7,139
Insurance	10,936	-	-	-	10,936
Lighting and costumes	20,313	-	-	-	20,313
Marketing and promotion	34,564	-	-	-	34,564
Music	61,653	-	-	-	61,653
Occupancy	24,191	15,956	11,324	27,280	51,471
Office expense	24,684	16,282	11,555	27,837	52,521
Orchestra	117,360	-	-	-	117,360
Professional fees	-	42,673	-	42,673	42,673
Recording	2,500	-	-	-	2,500
Recruitment	-	1,000	-	1,000	1,000
Rehearsal expense	30,740	-	-	-	30,740
Soloist expense	107,500	-	-	-	107,500
Video production	8,000	-	-	-	8,000
Total Functional Expenses	\$ 1,144,750	\$ 285,567	\$ 255,972	\$ 541,539	\$ 1,686,289

MASTERVOICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Support Services		Total Support Services	Total Program and Support Services
		Management and General	Fundraising		
Salaries	\$ 239,728	\$ 161,350	\$ 69,972	\$ 231,322	\$ 471,050
Employee benefits	36,385	24,257	10,701	34,958	71,343
Payroll taxes	18,001	12,000	5,294	17,294	35,295
Total salaries and related	294,114	197,607	85,967	283,574	577,688
Advertising	34,879	-	-	-	34,879
Bad debts	7,500	-	-	-	7,500
Consultant expense	40,000	-	40,159	40,159	80,159
Commissions	3,000	-	-	-	3,000
Concert expenses	30,000	-	-	-	30,000
Credit card fees	-	-	5,131	5,131	5,131
Depreciation	2,954	1,969	869	2,838	5,792
Donor cultivation	-	-	18,389	18,389	18,389
Dues and subscriptions	1,225	-	-	-	1,225
Education	124	-	-	-	124
Indirect costs of special events	-	-	18,522	18,522	18,522
Insurance	11,020	-	-	-	11,020
Lighting and costumes	21,153	-	-	-	21,153
Marketing and promotion	36,997	-	-	-	36,997
Music	31,797	-	-	-	31,797
Occupancy	30,435	20,290	8,951	29,241	59,676
Office expense	13,280	8,854	3,906	12,760	26,040
Orchestra	36,458	-	-	-	36,458
Professional fees	-	40,536	-	40,536	40,536
Recruitment	35	-	-	-	35
Rehearsal expense	1,054	-	-	-	1,054
Soloist expense	55,200	-	-	-	55,200
Video production	51,150	-	-	-	51,150
Total Functional Expenses	\$ 702,375	\$ 269,256	\$ 181,894	\$ 451,150	\$ 1,153,525

MASTERSVOICES, INC.
STATEMENTS OF CASH FLOWS

	June 30,	
	2022	2021
CASH FLOWS PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 76,570	\$ 37,692
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt expense	-	7,500
Depreciation	5,226	5,792
Discount on promise to give	481	(36)
Changes in certain assets and liabilities:		
Promises to give and grants receivable	30,030	42,669
Prepaid expenses	(111,438)	1,582
Security deposits	528	-
Accounts payable and accrued expenses	66,416	18,914
Accrued payroll and related liabilities	(29,520)	27,267
Deferred revenue	168,961	-
Refundable advances	(94,100)	11,500
Net Cash Provided by Operating Activities	<u>113,154</u>	<u>152,880</u>
 <u>INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	<u>(1,222)</u>	<u>(3,357)</u>
 NET INCREASE IN CASH	 111,932	 149,523
 CASH:		
Beginning of year	<u>365,086</u>	<u>215,563</u>
 End of year	 <u>\$ 477,018</u>	 <u>\$ 365,086</u>

MASTEROICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - NATURE OF ORGANIZATION:

The mission of MasterVoices, Inc. (“Organization”) is to spark greater human connection through singing, with performances that reflect the world around us and reimagine what the choral experience can be. Founded by Robert Shaw in 1941 as The Collegiate Chorale, the Organization has a proud history of making music that makes a difference. As one of the nation’s first integrated choirs, its early decades included performances at the opening of the United Nations and recordings under the batons of Leonard Bernstein and Arturo Toscanini. In recent decades, the MasterVoices Chorus has been invited to perform at the Verbier and Salzburg festivals as well as premiere venues including Madison Square Garden, Symphony Space, and Radio City Music Hall. The MasterVoices Chorus has also been hired to perform with the New York Philharmonic, American Lyric Theater, and the Israel Philharmonic, among many others.

Today, the Organization’s concerts bring together professional artists – soloists, directors, and designers from the worlds of theater, opera, fine art, and fashion – with its historic volunteer chorus of 130+ members from all walks of life. Under the artistic direction of Tony Award-winning conductor Ted Sperling since 2013, a typical season features new takes on traditional repertoire, forgotten gems from the opera and musical theater canons, and new commissions from composers including Randall Eng, Marisa Michelson, and Ricky Ian Gordon. In 2015, the Organization changed its name to MasterVoices, Inc., which better reflects its more contemporary and inclusive vision.

Since 2005, the Organization’s outreach and mentorship program, Side By Side, has enriched the Chorus with the energies of dozens of diverse high school students who come from neighborhoods across New York City to rehearse and perform onstage. Since 2018, over 50% of the Organization’s soloists and collaborators have been artists of color, and the Organization has presented inclusively themed concerts at venues ranging from the Great Hall at Cooper Union to complimentary outdoor concerts at River to River and Waterline Square Park. The centerpiece of the Organization’s 2021 virtual season, Adam Guettel’s *Myths and Hymns*, was also presented without charge and has now been seen by over 85,000 individuals, garnering the Organization its first Drama League and NY Emmy nominations. The four-part digital concert, now available on All Arts, features over 200 artists including performances by Renée Fleming, Julia Bullock, Kelli O’Hara, Norm Lewis, Nicole Cabell, and Jennifer Holiday.

During the fiscal year ended June 30, 2022, the Organization returned to the concert hall with three live concerts: *A Joyful Noise*, honoring New York City’s essential workers; *Anyone Can Whistle*, a sold-out concert honoring the late Stephen Sondheim, and the complimentary outdoor concert, *Songs for a Summer Night*, including a new commission by Tariq Al-Sabir. The season featured over 400 artists and served over 4,500 live audience members.

The Organization’s professional six-member staff is led by a full-time Executive Director and Artistic Director. Chorus members range in age from 16 to 92, with 39% identifying as 1st-generation immigrants and 88% of Side by Side singers identifying as Black or Hispanic. The diversity of the Organization’s audience is also increasing thanks to collaborations with veterans’ groups, refugee organizations, and others. A series of equity, diversity, inclusion, and access workshops, led by an outside consultant, is now helping the Organization to further that work.

MASTERSVOICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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:

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 management's analysis of the specific promise made. As of June 30, 2022, there was no allowance for uncollectible promises. As of June 30, 2021, the allowance for uncollectible promises was \$7,500. As of June 30, 2022 and 2021, the Organization had no conditional promises to give.

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

MASTERSVOICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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 Organization will recognize the grant revenue.

Concert Revenue:

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 related to concerts as of June 30, 2022 and 2021. At June 30, 2022, deferred revenue totaling \$168,961 consisted of payments received from patrons for a patron tour to take place during the fiscal year ending June 30, 2023.

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 years ended June 30, 2022 and 2021.

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, 2022 and 2021, there was 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, 2022 and 2021, was approximately \$74,000 and \$35,000, 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.

MASTEROICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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, 2022 and 2021. At June 30, 2022 and 2021, there were no significant income tax uncertainties.

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.

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, 2022 and 2021. At June 30, 2022 and 2021, 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.

Reclassifications:

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation.

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date as of June 30, 2022, through November 14, 2022, the date that the financial statements were available to be issued. No material events during this period requiring adjustment to or disclosure in the financial statements were identified.

MASTEROICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 - PROMISES TO GIVE AND GRANTS RECEIVABLE:

Promises to give and grants receivable are as follows:

	June 30,	
	2022	2021
Gross promises to give and grants receivable	\$ 171,340	\$ 208,870
Less: allowance for uncollectible promises	-	(7,500)
Less: Unamortized discount	(545)	(64)
Promises to Give and Grants Receivable, Net	<u>\$ 170,795</u>	<u>\$ 201,306</u>
Amount due in:		
Less than one year	\$ 151,340	\$ 168,870
One to five years	20,000	40,000
Total Promises to Give and Grants Receivable	<u>\$ 171,340</u>	<u>\$ 208,870</u>

Promises to give have been discounted using treasury yield curve rates in the year the pledge was made. The applicable rate is 2.80%.

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	June 30,	
	2022	2021
Office equipment	\$ 27,983	\$ 28,081
Website	23,101	23,101
Property and equipment	51,084	51,182
Less: Accumulated depreciation	(45,309)	(41,403)
Property and Equipment, Net	<u>\$ 5,775</u>	<u>\$ 9,779</u>

MASTERSVOICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN/REFUNDABLE ADVANCE:

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the CARES Act in April 2020 for \$82,600. The Organization recorded the PPP funds received as a conditional government grant through refundable advance. As of June 30, 2021, all amounts received under the PPP were expended and recognized as revenue from government grants on the statements of activities and changes in net assets. The Organization received formal forgiveness of the PPP loan for its full amount from the U.S. Small Business Administration (“SBA”) in June 2021.

In March 2021, the Organization obtained a second-draw PPP loan for \$94,100. As of June 30, 2022, all amounts received under the second-draw PPP were expended and recognized as revenue from government grants on the statements of activities and changes in net assets. The Organization received formal forgiveness of the PPP loan for its full amount from the SBA in January 2022.

The SBA reserves the right to audit loan forgiveness for six years from the date that forgiveness was awarded.

NOTE 6 - SHUTTERED VENUE OPERATORS GRANT:

On July 9, 2021, the Organization was awarded a Shuttered Venue Operators Grant by the SBA in the amount of \$133,782. On September 24, 2021, the Organization was awarded an additional \$113,940 under the same grant by the SBA. The total grant of \$247,722 was accounted for as a government grant in accordance with the Organization’s policy described in Note 2.

NOTE 7 - EMPLOYEE RETENTION CREDIT:

During the year ended June 30, 2021, the Organization applied for Employee Retention Credits totaling \$59,608 under the CARES Act. Employee Retention Credits are refundable, federal payroll tax credits available to eligible employers whose business has been financially impacted by COVID-19. The Organization accounts for Employee Retention Credits as government grants, and they are included in promises to give and grants receivable and government grant revenue in the accompanying statements of financial position and statements of activities and changes in net assets, respectively, as of June 30, 2021, and for the year then ended. The credits were fully received during the year ended June 30, 2022.

NOTE 8 - FUNCTIONAL EXPENSES:

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.

MASTEROICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 - COMMITMENTS AND CONTINGENCIES:

The Organization leased office space for \$4,940 per month under an operating lease that expired October 31, 2021. The Organization entered into a new operating lease for office space beginning October 1, 2021, through September 30, 2023. Monthly rent under the new lease agreement will be \$2,848 through September 30, 2022, at which time monthly rent will become \$3,459 for the remainder of the lease term. The Organization also rents storage space on a month-to-month basis. For the years ended June 30, 2022 and 2021, rent expense was \$51,471 and \$59,676, respectively, and is reported as occupancy expenses in the statements of functional expenses.

Minimum lease payments required under noncancelable operating leases over the next three fiscal years are follows:

Year Ending June 30,		
2023	\$	39,675
2024		<u>10,377</u>
	\$	<u><u>50,052</u></u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available as follows:

	June 30,	
	2022	2021
Time restrictions	<u>\$ 120,605</u>	<u>\$ 94,936</u>

Net assets were released from donor restrictions as follows:

	Year Ended June 30,	
	2022	2021
Time restrictions	<u>\$ 50,000</u>	<u>\$ 143,964</u>

MASTERSVOICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 - CONCENTRATIONS OF RISK:

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 and Grants Receivable:

The Organization had four donors that represent 84% of total promises to give and grants receivable as of June 30, 2022. The Organization had three donors and one government agency that represent 89% of total promises to give and grants receivable as of June 30, 2021.

Revenue:

The Organization had one donor that represents 15% of total support and revenue for the year ended June 30, 2022. There were no revenue concentrations for the year ended June 30, 2021.

NOTE 12 - LIQUIDITY AND AVAILABILITY:

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.

	June 30,	
	2022	2021
Financial assets:		
Cash	\$ 477,018	\$ 365,086
Promises to give and grants receivable	170,795	201,306
Total Financial Assets	<u>647,813</u>	<u>566,392</u>
Less Amounts Not Available to be Used Within One Year:		
Net assets with donor restrictions	(120,605)	(94,936)
Add: Net assets with time restrictions to be met within one year	101,150	45,000
	<u>(19,455)</u>	<u>(49,936)</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 628,358</u>	<u>\$ 516,456</u>

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

MASTERSVOICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 - RISKS AND UNCERTAINTIES:

The Organization is actively monitoring the COVID-19 outbreak and its potential impact on its employees, volunteers, donors, and operations. 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.