

**MASTERSVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.**

**FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**MASTERVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
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JUNE 30, 2016 AND 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MasterVoices Inc.

I have audited the accompanying financial statements of MasterVoices Inc., formerly The Collegiate Chorale, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MasterVoices Inc., formerly The Collegiate Chorale, Inc. as of June 30, 2016 and 2015, 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.

Pisani CPA, LLC
Brentwood, NY

Pisani CPA, LLC

November 8, 2016

**MASTEROICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 76,065	\$ 57,688
Accounts receivable	-	846
Promises to give, current	81,214	60,129
Grants receivable	-	11,591
Prepaid expenses	127,232	15,501
Total current assets	284,511	145,755
Less - accumulated depreciation	48,104	46,191
Net property and equipment	3,424	4,749
Long-term assets		
Promises to give, long-term, net	57,496	85,038
Security deposits	5,070	4,970
Total long-term assets	62,566	90,008
Total assets	\$ 350,501	\$ 240,512
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 42,989	\$ 24,107
Accrued payroll and related liabilities	6,504	3,352
Deferred revenue	78,757	-
Total current liabilities	128,250	27,459
Net assets		
Unrestricted	32,255	42,764
Temporarily restricted	189,996	170,289
Total net assets	222,251	213,053
Total liabilities and net assets	\$ 350,501	\$ 240,512

The accompanying notes are an integral part of these financial statements.

**MASTERSVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Contributions (individuals and foundations)	\$ 743,287	\$ 81,906	\$ 825,193
Government grant revenue	15,000	-	15,000
Concert fees	66,401	-	66,401
Concert ticket sales	366,758	-	366,758
Membership dues	23,145	-	23,145
Other revenue	3,310	-	3,310
Contributed services	12,250	-	12,250
Contributed materials	12,890	-	12,890
Special events, gross proceeds	351,702	-	351,702
Less: Direct benefits to donors	(82,432)	-	(82,432)
Net proceeds from special events	<u>269,270</u>	<u>-</u>	<u>269,270</u>
Net assets released from restrictions	<u>62,199</u>	<u>(62,199)</u>	<u>-</u>
Total support and revenues	<u>1,574,510</u>	<u>19,707</u>	<u>1,594,217</u>
Expenses			
Program services	1,145,875	-	1,145,875
Supporting services			
Management and general	260,149	-	260,149
Fundraising	178,995	-	178,995
	<u>439,144</u>	<u>-</u>	<u>439,144</u>
Total supporting services	<u>439,144</u>	<u>-</u>	<u>439,144</u>
Total expenses	<u>1,585,019</u>	<u>-</u>	<u>1,585,019</u>
Change in net assets	(10,509)	19,707	9,198
Net assets, beginning of year	<u>42,764</u>	<u>170,289</u>	<u>213,053</u>
Net assets, end of year	<u>\$ 32,255</u>	<u>\$ 189,996</u>	<u>\$ 222,251</u>

The accompanying notes are an integral part of these financial statements.

**MASTERS VOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Contributions (individuals and foundations)	\$ 544,976	\$ 503,271	\$ 1,048,247
Government grant revenue	15,800	30,000	45,800
Concert fees	168,897	-	168,897
Concert ticket sales	369,335	-	369,335
Membership dues	29,810	-	29,810
Other revenue	2,197	-	2,197
Contributed services	50,000	-	50,000
Special events, gross proceeds	605,967	48,900	654,867
Less: Direct benefits to donors	(86,281)	-	(86,281)
Net proceeds from special events	<u>519,686</u>	<u>48,900</u>	<u>568,586</u>
Net assets released from restrictions	<u>446,882</u>	<u>(446,882)</u>	<u>-</u>
Total support and revenues	<u>2,147,583</u>	<u>135,289</u>	<u>2,282,872</u>
Expenses			
Program services	1,829,064	-	1,829,064
Supporting services			
Management and general	151,509	-	151,509
Fundraising	<u>199,323</u>	<u>-</u>	<u>199,323</u>
Total supporting services	<u>350,832</u>	<u>-</u>	<u>350,832</u>
Total expenses	<u>2,179,896</u>	<u>-</u>	<u>2,179,896</u>
Change in net assets	(32,313)	135,289	102,976
Net assets, beginning of year	<u>75,077</u>	<u>35,000</u>	<u>110,077</u>
Net assets, end of year	<u><u>\$ 42,764</u></u>	<u><u>\$ 170,289</u></u>	<u><u>\$ 213,053</u></u>

The accompanying notes are an integral part of these financial statements.

MASTERSVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Supporting Services			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Employee Compensation				
Salaries	\$ 214,539	\$ 131,347	\$ 98,991	\$ 444,877
Employee benefits	32,063	19,630	14,794	66,487
Payroll taxes	18,086	11,073	8,345	37,504
	<u>264,688</u>	<u>162,050</u>	<u>122,130</u>	<u>548,868</u>
Other expenses				
Advertising	\$ 70,503	\$ -	\$ -	\$ 70,503
Concert hall	248,050	-	-	248,050
Consultant expense	33,801	-	9,050	42,851
Commissions	26,733	-	-	26,733
Credit card fees	-	18,973	-	18,973
Depreciation	800	635	479	1,914
Dancer fees	17,500	-	-	17,500
Donor cultivation	-	-	16,467	16,467
Dues and subscriptions	1,175	-	-	1,175
Education	1,195	-	-	1,195
Event expense	-	-	8,576	8,576
Insurance	-	16,582	-	16,582
Lighting and costumes	17,188	-	-	17,188
Marketing and promotion	45,258	-	-	45,258
Miscellaneous	4,896	1,000	181	6,077
Music	12,153	-	-	12,153
Occupancy	23,445	18,606	14,023	56,074
Office expense	13,525	10,733	8,089	32,347
Orchestra	154,072	-	-	154,072
Public relations	27,600	-	-	27,600
Professional fees	-	31,570	-	31,570
Recording	16,710	-	-	16,710
Recruitment	2,627	-	-	2,627
Rehearsal expense	23,524	-	-	23,524
Scenery	19,913	-	-	19,913
Soloist expense	120,519	-	-	120,519
	<u>881,187</u>	<u>98,099</u>	<u>56,865</u>	<u>1,036,151</u>
Total other expenses	<u>881,187</u>	<u>98,099</u>	<u>56,865</u>	<u>1,036,151</u>
Expenses reported by function	<u>\$ 1,145,875</u>	<u>\$ 260,149</u>	<u>\$ 178,995</u>	<u>\$ 1,585,019</u>

The accompanying notes are an integral part of these financial statements.

MASTEROICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Supporting Services			
	Program Services	Management and General	Fundraising	Total
Employee Compensation				
Salaries	\$ 409,896	\$ 54,347	\$ 123,237	\$ 587,480
Employee benefits	53,754	7,127	16,161	77,042
Payroll taxes	35,686	4,732	10,729	51,147
	499,336	66,206	150,127	715,669
Other expenses				
Advertising	\$ 78,683	\$ -	\$ -	\$ 78,683
Concert hall	227,838	-	-	227,838
Consultant expense	11,067	-	-	11,067
Credit card fees	-	21,863	-	21,863
Depreciation	858	320	726	1,904
Donor cultivation	-	-	16,549	16,549
Dues and subscriptions	1,375	-	-	1,375
Education	3,320	-	-	3,320
Event expense	28,250	-	-	28,250
Insurance	-	14,305	-	14,305
Lighting and costumes	19,330	-	-	19,330
Marketing and promotion	22,029	-	-	22,029
Miscellaneous	35,963	-	2,000	37,963
Music	12,004	-	-	12,004
Occupancy	21,363	7,962	18,055	47,380
Office expense	14,040	5,233	11,866	31,139
Orchestra	292,167	-	-	292,167
Other singer expense	9,150	-	-	9,150
Patron tour concerts	17,963	-	-	17,963
Patron tour travel	106,193	-	-	106,193
Public relations	27,600	-	-	27,600
Professional fees	50,000	32,470	-	82,470
Recording	55,105	-	-	55,105
Recruitment	2,452	3,150	-	5,602
Rehearsal expense	18,699	-	-	18,699
Soloist expense	151,395	-	-	151,395
Verbier tour	122,884	-	-	122,884
	1,329,728	85,303	49,196	1,464,227
Total other expenses	1,329,728	85,303	49,196	1,464,227
Expenses reported by function	\$ 1,829,064	\$ 151,509	\$ 199,323	\$ 2,179,896

The accompanying notes are an integral part of these financial statements.

MASTERS VOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 9,198	\$ 102,976
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,914	1,904
Change in operating assets and liabilities		
(Increase) decrease in accounts receivable	846	(206)
(Increase) decrease in promises to give, net	6,457	(73,028)
(Increase) decrease in grants receivable	11,591	(8,131)
Decrease (increase) in prepaid expenses	(111,731)	111,974
Increase in security deposits	(100)	(80)
Increase (decrease) in accounts payable and accrued expenses	18,882	(26,016)
Increase (decrease) in accrued payroll and related liabilities	3,152	(10,712)
Increase (decrease) in deferred revenue	78,757	(175,577)
Net cash provided (used) by operating activities	18,966	(76,896)
Cash flows from investing activities		
Purchase of computer equipment	(589)	-
Net cash used by investing activities	(589)	-
Net increase (decrease) in cash and cash equivalents	18,377	(76,896)
Cash and cash equivalents, beginning of year	57,688	134,584
Cash and cash equivalents, end of year	\$ 76,065	\$ 57,688

Supplemental Information

Non-cash transactions

Contributed services	\$ 12,250	\$ 50,000
Contributed materials	12,890	-
	\$ 25,140	\$ 50,000

The non-cash contributions have been recorded in the following accounts.

Professional fees	\$ 12,250	\$ 50,000
Special event revenue	12,890	-
	\$ 25,140	\$ 50,000

The accompanying notes are an integral part of these financial statements.

**MASTERVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

(1) Nature of Activities, Nonprofit Status and Significant Accounting Policies

Name Change

On August 3, 2015, The Collegiate Chorale, Inc. formally changed its name to MasterVoices Inc. On the eve of the Organization's 75th Anniversary, the new name, MasterVoices, better represents the Organization: the combined voices of singing artists, both professional and avocational, with those of composers, librettists, designers and directors, to provide masterful performances of music in many genres.

Nature of Activities

MasterVoices is a performing arts organization that produces and performs large-scale musical works that:

Feature world class soloists and orchestras and our 150 voice chorus of men and women from all walks of life, ages 15 to 85, who dedicate their time and energy to bring these works to life;

Involve collaborations with world-class orchestras, soloists, directors, choreographers and visual artists, so that even familiar works can be viewed and heard in new ways;

Have not been heard or seen in recent memory, be they neglected masterpieces, new works that deserve to be heard, or commissioned works;

Celebrate the power and beauty of human voices raised in song, brought together in a group effort to tell a story.

**MASTERVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

(1) Nature of Activities, Nonprofit Status and Significant Accounting Policies (continued)

Nature of Activities (continued)

MasterVoices considers education and outreach to be important aspects of its work. Its Side-by-Side program offers gifted high school students the opportunity to rehearse and perform with guidance from singing members and professional artists in New York and abroad. Additionally, MasterVoices gives complimentary tickets to hundreds of high school students and seniors from New York each season, and invites young soloists to perform at top venues as a part of the Faith Geier Artist Initiative. In June 2016, MasterVoices launched “Bridges: Connecting Communities Through Music”, a new outreach program that provides people in a New York community with the opportunity to come together to make music with MasterVoices, regardless of their abilities or backgrounds.

MasterVoices 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, Lauren Maazel, Zubin Mehta, Riccardo Muti, and Alan Gilbert. The company has also attracted many world-class soloists, including Bryn Terfel, René Pape, Stephanie Blythe, Deborah Voigt, Eric Owens, Thomas Hampson, Kelli O’Hara, Paulo Szot and Victoria Clark. Because of its reputation of excellence, MasterVoices 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.

Nonprofit Status

MasterVoices is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to MasterVoices within the requirements of the Internal Revenue Code.

**MASTERVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

(1) **Nature of Activities, Nonprofit Status and Significant Accounting Policies** (continued)

Significant Accounting Policies

The following are the more significant accounting policies used in the preparation of the accompanying financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board. MasterVoices reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition

MasterVoices' revenue consists of contributions, event revenue and ticket sales. Unrestricted contributions, event revenue and ticket sales intended for the current period are recognized when received. Restricted contributions are recorded as temporarily restricted support and net assets if they are received with donor stipulations that limit the use of the contributed assets. When a donor or sponsor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

MASTERVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(1) **Nature of Activities, Nonprofit Status and Significant Accounting Policies** (continued)

Significant Accounting Policies (continued)

Property and Equipment

Acquisitions of property and equipment with useful lives greater than one year are recorded at cost. Property and equipment acquisitions are depreciated using the straight-line method over the estimated useful lives of the assets.

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, MasterVoices considers all highly liquid investments available for current use with an initial maturity date of three months or less to be cash equivalents.

Contributed Materials, Services

MasterVoices records various types of contributed support, including materials and services. Contributions of tangible and intangible assets are recognized at fair value when received. MasterVoices recognizes certain services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. The amounts reflected in the accompanying financial statements as contributed services are offset by like amounts included in expenses.

**MASTERVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

(1) **Nature of Activities, Nonprofit Status and Significant Accounting Policies** (continued)

Significant Accounting Policies (continued)

Subsequent Events

MasterVoices has evaluated subsequent events through November 8, 2016 which is the date these financial statements were available to be issued.

(2) **Promises to Give**

Management expects all promises to give to be fully collectible; therefore, no allowance for uncollectible accounts is considered necessary. Unconditional promises to give consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Amounts expected to be collected in:		
Less than one year	\$ 81,214	\$ 60,129
One to five years	60,000	90,000
Total promises to give	<u>141,214</u>	<u>150,129</u>
Less unamortized discount (2.89%)	<u>(2,504)</u>	<u>(4,962)</u>
	138,710	145,167
Current promises to give	<u>81,214</u>	<u>60,129</u>
Long-term promises to give	<u>\$ 57,496</u>	<u>\$ 85,038</u>

(3) **Grants Receivable**

At June 30, 2016 and 2015, grants receivable consisted of the following:

	<u>2016</u>	<u>2015</u>
National Endowment of the Arts	\$ <u>-</u>	\$ <u>11,591</u>

**MASTERVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

(4) Property and Equipment

Property and equipment, accumulated depreciation and the estimated useful lives as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>	Estimated Useful Lives
Office equipment	\$ 51,528	\$ 50,940	5 years
Property and equipment	<u>51,528</u>	<u>50,940</u>	
Less accumulated depreciation	48,104	46,191	
Property and equipment, net	<u>\$ 3,424</u>	<u>\$ 4,749</u>	

Depreciation expense was \$1,914 and \$1,904 for the years ended June 30, 2016 and 2015, respectively.

(5) Deferred Revenue

Deferred revenue represents revenues collected but not earned. Deferred revenue was \$78,757 and \$0 at June 30, 2016 and 2015, respectively. The 2016 amount is primarily composed of revenue related to the 2016 Verbier Tour and Festival which took place in July 2016.

(6) Leasing Arrangement

On November 1, 2015, MasterVoices renewed a lease agreement for its office facilities in New York, New York, which expires on October 31, 2016. Rent expense was \$48,424 and \$47,280 for the years ended June 30, 2016 and 2015, respectively, and is recorded as Occupancy in the Statement of Functional Expenses. Rent expense under the agreement is expected to be \$20,415 in the year ended June 30, 2017.

**MASTERVOICES INC.
FORMERLY THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following periods or purposes at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Time restrictions	\$ 107,496	\$ 120,038
Future periods	32,500	-
Reserve fund	20,000	20,000
75th Anniversary	5,000	-
Verbier 2017 education	25,000	-
Branding initiative	<u>-</u>	<u>30,251</u>
	<u>\$ 189,996</u>	<u>\$ 170,289</u>

(8) Concentration of Revenue

During the years ended June 30, 2016 and 2015, board members contributed \$289,874 and \$406,034 to MasterVoices, respectively.