

THE COLLEGIATE CHORALE, INC.
FINANCIAL STATEMENTS
JUNE 30, 2014
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

THE COLLEGIATE CHORALE, INC.
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JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Collegiate Chorale, Inc.

I have audited the accompanying financial statements of The Collegiate Chorale, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 audit. I conducted my audit 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 The Collegiate Chorale, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Pisani CPA, LLC
Brentwood, NY

Pisani CPA, LLC

October 16, 2014

**THE COLLEGIATE CHORALE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014**

ASSETS

Current assets

Cash and cash equivalents	\$	134,584
Accounts receivable		640
Promises to give		72,139
Grants receivable		3,460
Prepaid expenses		127,475
Total current assets		338,298

Property and equipment

		50,940
Less - accumulated depreciation		44,287
Net property and equipment		6,653

Long-term assets

Security deposits		4,890
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Total assets

\$ 349,841

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$	50,123
Accrued payroll and related liabilities		14,064
Deferred revenue		175,577
Total current liabilities		239,764

Net assets

Unrestricted		75,077
Temporarily restricted		35,000
Total net assets		110,077

Total liabilities and net assets

\$ 349,841

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

THE COLLEGIATE CHORALE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Contributions	\$ 453,261	\$ 79,500	\$ 532,761
Grant revenue	15,760	-	15,760
Concert fees	302,689	-	302,689
Concert ticket sales	143,116	-	143,116
Membership dues	34,075	-	34,075
Other revenue	8,034	-	8,034
Contributed services	22,920	-	22,920
Special events, gross proceeds	594,669	-	594,669
Less: Direct benefits to donors	(83,624)	-	(83,624)
Net proceeds from special events	<u>511,045</u>	<u>-</u>	<u>511,045</u>
 Net assets released from restrictions	 <u>89,500</u>	 <u>(89,500)</u>	 <u>-</u>
 Total support and revenues	 <u>1,580,400</u>	 <u>(10,000)</u>	 <u>1,570,400</u>
 Expenses			
Program services	1,197,179	-	1,197,179
Supporting services			
Management and general	173,853	-	173,853
Fundraising	<u>177,968</u>	<u>-</u>	<u>177,968</u>
 Total supporting services	 <u>351,821</u>	 <u>-</u>	 <u>351,821</u>
 Total expenses	 <u>1,549,000</u>	 <u>-</u>	 <u>1,549,000</u>
 Change in net assets	 31,400	 (10,000)	 21,400
 Net assets , beginning of year, as previously reported	 61,194	 45,000	 106,194
 Prior period adjustment	 <u>(17,517)</u>	 <u>-</u>	 <u>(17,517)</u>
 Net assets , beginning of year, as restated	 <u>43,677</u>	 <u>45,000</u>	 <u>88,677</u>
 Net assets , end of year	 <u>\$ 75,077</u>	 <u>\$ 35,000</u>	 <u>\$ 110,077</u>

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

THE COLLEGIATE CHORALE, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Supporting Services			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Employee Compensation				
Salaries	\$ 457,289	\$ 69,915	\$ 93,658	\$ 620,862
Employee benefits	31,427	4,745	6,332	42,504
Payroll taxes	46,008	6,946	9,269	62,223
	<u>534,724</u>	<u>81,606</u>	<u>109,259</u>	<u>725,589</u>
Other expenses				
Advertising	\$ 22,903	\$ -	\$ -	\$ 22,903
Concert hall	86,720	-	-	86,720
Consultant expense	15,000	-	-	15,000
Credit card fees	-	15,786	-	15,786
Depreciation	946	410	548	1,904
Donor cultivation	-	-	29,846	29,846
Dues and subscriptions	2,562	-	-	2,562
Education	3,796	-	-	3,796
Event expense	-	-	16,508	16,508
Insurance	-	13,190	-	13,190
Lighting and costumes	12,210	-	-	12,210
Marketing and promotion	16,023	-	-	16,023
Miscellaneous	8,938	-	-	8,938
Music	10,069	-	-	10,069
Occupancy	23,379	10,139	13,530	47,048
Office expense	14,302	6,202	8,277	28,781
Orchestra	100,343	-	-	100,343
Other singer expense	32,334	-	-	32,334
Patron tour concerts	20,834	-	-	20,834
Patron tour travel	73,768	-	-	73,768
Public relations	27,600	-	-	27,600
Professional fees	-	46,520	-	46,520
Recruitment	2,612	-	-	2,612
Rehearsal expense	24,958	-	-	24,958
Soloist expense	33,275	-	-	33,275
Verbier tour	129,883	-	-	129,883
	<u>662,455</u>	<u>92,247</u>	<u>68,709</u>	<u>823,411</u>
Total other expenses				
Expenses reported by function	<u>\$ 1,197,179</u>	<u>\$ 173,853</u>	<u>\$ 177,968</u>	<u>\$ 1,549,000</u>

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

THE COLLEGIATE CHORALE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

Cash flows from operating activities

Change in net assets	\$ 21,400
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,904
Change in operating assets and liabilities	
Increase in accounts receivable	(640)
Decrease in promises to give	105,128
Increase in grants receivable	(3,460)
Increase in prepaid expenses	(8,029)
Decrease in accounts payable and accrued expenses	(39,615)
Decrease in accrued payroll and related liabilities	(3,453)
Increase in deferred revenue	12,921
Net cash provided by operating activities	86,156

Cash flows from investing activities

Purchases of computer equipment	(5,927)
Net cash used by investing activities	(5,927)

Net increase in cash and cash equivalents

80,229

Cash and cash equivalents, beginning of year

54,355

Cash and cash equivalents, end of year

\$ 134,584

Supplemental Information

Non-cash transactions

Contributed services	\$ 22,920
	\$ 22,920
	\$ 22,920

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

Professional fees	\$ 22,920
	\$ 22,920
	\$ 22,920

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

THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Nature of Activities

The mission of The Collegiate Chorale, Inc. (The Chorale) is to enrich its audiences through innovative programming and exceptional performances of a broad range of vocal music featuring a premier choral ensemble. Inherent in its mission is The Chorale's belief that choral music is a compelling collaboration that creates a powerful, shared experience unifying listeners and musicians of all backgrounds, beliefs and ages. The Chorale is supported primarily by contributions, event revenue and ticket sales. It operates in New York, NY.

The Chorale's performance model is somewhat unique. Each season we offer a concert from four different program categories, to explore the many ways in which the choral art is expressed: 1) Major choral works that are timeless, and that showcase the exhilarating, moving, and uplifting sound of a chorus; 2) Operas containing significant choral writing, from any era, presented in concert form to bring the music to the forefront; 3) Music from genres including Broadway/musical theater; music of the Americas; American operetta; classical concert pieces by American composers; and 4) A wild-card, opportunity-driven category for music that deserves to be heard but does not fit neatly into any of the other categories; or, we may choose to present an additional and unique offering in the Choral Masterworks, Opera-in Concert, or American Masters category. As a part of our performance model, we invite many of the world's most celebrated soloists, instrumentalists, and conductors to join with us in our concerts, thus offering our audiences the highest level of musical artistry.

The singers who make up the 150-175 voice Chorale come from all parts of the New York/New Jersey/Connecticut region, as well as beyond. We have one member who travels to New York City each week from Rhode Island to sing with us! Our members include 15 year old singers (students in our "Side-by-Side" high school program), recent college graduates, established lawyers, doctors, musicians, marketing professionals, arts administrators, teachers, computer programmers, psychologists, authors, editors, translators, and so on... and retirees, still singing with the precision, enthusiasm and musicality acquired from years of performing with The Chorale.

THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Nonprofit Status

The Chorale 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 The Chorale within the requirements of the Internal Revenue Code. Under *Accounting Standards Codification (ASC) Section 740*, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize the tax-exempt status. Management of The Chorale is not aware of any events that could jeopardize the tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. The Chorale's federal exempt organization tax returns for the years ended June 30, 2011, 2012 and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

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. The Chorale 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.

THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Significant Accounting Policies (continued)

Revenue Recognition

The Chorale's 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.

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 standards 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.

THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Contributed Services

The Chorale records various types of contributed support, including services. The Chorale 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.

Subsequent Events

The Chorale has evaluated subsequent events through October 16, 2014 which is the date these financial statements were available to be issued.

(2) **Promises to Give**

Promises to give consist of \$72,139 at June 30, 2014. Management expects all promises to give to be fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

(3) **Grants Receivable**

At June 30, 2014, grants receivable consisted of the following:

NYC Department of Cultural Affairs	\$ <u>3,460</u>
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THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(4) Property and Equipment

Property and equipment, accumulated depreciation and the estimated useful lives as of June 30, 2014 are as follows:

	Estimated Useful Lives			
Office equipment	5 years	\$	50,940	
Property and equipment			50,940	
Less accumulated depreciation			44,287	
Property and equipment, net		\$	6,653	

Depreciation expense was \$1,904 for the year ended June 30, 2014.

(5) Deferred Revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2014. This is primarily composed of revenue related to the 2014 Verbier Tour and Festival which took place in July 2014.

(6) Leasing Arrangement

On August 31, 2007, The Chorale entered into a lease for its office facilities in New York, NY, which expires on November 1, 2015. Rent expense was \$47,048 for the year ended June 30, 2014 and is recorded as Occupancy in the Statement of Functional Expenses. Rent expense under the agreement is expected to be \$47,280 in the year ended June 30, 2015 and \$15,760 in the year ended June 30, 2016.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following periods or purposes at June 30, 2014:

Time restrictions			35,000	
Total temporarily restricted net assets		\$	35,000	

THE COLLEGIATE CHORALE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(8) Concentration of Revenue

During the year ended June 30, 2014, board members contributed \$240,383 to the Chorale.

(9) Prior Period Adjustment

The financial statements for the year ended June 30, 2013 understated accrued payroll and related liabilities by \$17,517 and overstated unrestricted net assets at June 30, 2013 by the same amount. Accordingly, net assets at June 30, 2013 have been restated to reflect these changes.

(10) Subsequent Event

A \$25,000 promise to give was recorded at June 30, 2014. The promise to give resulted from a bequest processed through probate court subsequent to the statement of financial position date.