

BROOKLYN YOUTH CHORUS ACADEMY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Brooklyn Youth Chorus Academy, Inc.

Opinion

We have audited the accompanying financial statements of Brooklyn Youth Chorus Academy, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses 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 Brooklyn Youth Chorus Academy, Inc. 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 Brooklyn Youth Chorus Academy, Inc. 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 Brooklyn Youth Chorus Academy, Inc.'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 standards will always detect a material misstatement when it exists. 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 Brooklyn Youth Chorus Academy, Inc.'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 Brooklyn Youth Chorus Academy, Inc.'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.

Lotz + Carr, LLP

New York, New York
July 12, 2023

BROOKLYN YOUTH CHORUS ACADEMY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents (Notes 1b and 10)	\$ 801,944	\$ 642,309
Investments and cash and cash equivalents held for investment (Notes 1b, 1c, 1d, 4 and 11)	1,519,508	1,662,596
Contributions receivable (Notes 1e and 5a)	556,227	420,939
Accounts receivable	31,656	21,182
Prepaid expenses and other current assets	8,624	16,193
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 6)	<u>1,427,725</u>	<u>1,488,144</u>
Total Assets	<u><u>\$4,345,684</u></u>	<u><u>\$4,251,363</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 146,246	\$ 150,679
Loans payable - Paycheck Protection Program (Note 7)	12,014	558,895
Deferred revenue (Note 1g)	125	125
Total Liabilities	<u>158,385</u>	<u>709,699</u>
Commitment and Contingency (Note 9)		
Net Assets (Note 3)		
Without Donor Restrictions		
Property and equipment (Note 6)	1,427,725	1,488,144
Board designated	597,013	648,572
Other (deficit)	796,610	(145,276)
Total Without Donor Restrictions	<u>2,821,348</u>	<u>1,991,440</u>
With Donor Restrictions		
Subject to time and purpose restrictions	47,749	230,622
Perpetual in nature (Note 11)	1,318,202	1,319,602
Total With Donor Restrictions	<u>1,365,951</u>	<u>1,550,224</u>
Total Net Assets	<u>4,187,299</u>	<u>3,541,664</u>
Total Liabilities and Net Assets	<u><u>\$4,345,684</u></u>	<u><u>\$4,251,363</u></u>

See notes to financial statements.

BROOKLYN YOUTH CHORUS ACADEMY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets Without Donor Restrictions		
Changes in Operations		
Revenue, Gains and Other Support		
Contributions	\$ 607,463	\$ 699,736
Fundraising benefit	126,275	121,925
Less: Direct benefit expenses	(30,686)	-
Federal Relief Programs		
Employee Retention Tax Credits (Note 12)	304,008	-
Shuttered Venue Operators Grant (Note 12)	625,068	-
Loan forgiveness - Paycheck Protection Program (Note 7)	546,881	-
Donated legal services (Note 8)	29,890	-
Tuition and fees, net of scholarships (Note 1h)	438,417	448,298
Box office revenue	30,613	-
Contracted performance fees	73,976	29,500
Net investment income (loss) (Note 4)	5,608	(1,913)
Miscellaneous	4,545	4,692
	<u>2,762,058</u>	<u>1,302,238</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	54,277	149,033
Appropriation from endowment (Note 11)	84,195	81,034
	<u>138,472</u>	<u>230,067</u>
Total Revenue, Gains and Other Support	<u>2,900,530</u>	<u>1,532,305</u>
Expenses		
Program Services	<u>1,395,636</u>	<u>1,139,156</u>
Supporting Services		
Management and general	347,354	281,508
Fundraising	271,226	265,631
Total Supporting Services	<u>618,580</u>	<u>547,139</u>
Total Expenses	<u>2,014,216</u>	<u>1,686,295</u>
Increase (Decrease) in Net Assets Without Donor Restrictions Before Other Revenues, Expenses and Appropriations	<u>886,314</u>	<u>(153,990)</u>
Other Revenues, Expenses and Appropriations		
Depreciation	(66,428)	(64,958)
Net investment income (loss) (Note 4)	(27,594)	50,813
Contributions - Mary Anne Yancey Memorial Fund (Note 3a)	-	25,000
Reduction for uncollectible 25th Anniversary Campaign		
Board Designated pledges	(23,965)	-
Transfers from endowment	61,581	-
Total Other Revenues, Expenses and Appropriations	<u>(56,406)</u>	<u>10,855</u>
Increase (Decrease) in Net Assets Without Donor Restrictions (carried forward)	<u>829,908</u>	<u>(143,135)</u>

See notes to financial statements.

BROOKLYN YOUTH CHORUS ACADEMY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Increase (Decrease) in Net Assets Without Donor Restrictions (brought forward)	\$ 829,908	\$ (143,135)
Changes in Net Assets With Donor Restrictions		
Contributions	130,100	79,165
Net investment income (loss) (Note 4)	(112,820)	231,279
Reduction for uncollectible endowment pledges	(1,500)	-
Net assets released from restrictions		
Time and program restrictions	(54,277)	(149,033)
Appropriation and transfers from endowment (Note 11)	<u>(145,776)</u>	<u>(81,034)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(184,273)</u>	<u>80,377</u>
Increase (decrease) in net assets	645,635	(62,758)
Net assets, beginning of year	<u>3,541,664</u>	<u>3,604,422</u>
Net Assets, End of Year	<u><u>\$4,187,299</u></u>	<u><u>\$3,541,664</u></u>

See notes to financial statements.

BROOKLYN YOUTH CHORUS ACADEMY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program Services	Supporting Services Management and General	Fundraising	Total Expenses	Program Services	Supporting Services Management and General	Fundraising	Total Expenses
Salaries	\$ 815,650	\$ 179,234	\$ 163,395	\$1,158,279	\$ 729,430	\$ 177,020	\$ 160,206	\$1,066,656
Payroll taxes and benefits	150,290	40,076	36,535	226,901	150,880	41,169	37,270	229,319
Outside professional services	89,210	101,367	28,570	219,147	96,005	47,113	44,680	187,798
Supplies	28,460	-	-	28,460	5,340	-	-	5,340
Production expense	69,302	-	-	69,302	6,206	-	-	6,206
Audio and video production	3,841	-	-	3,841	5,793	-	-	5,793
Uniform expense	1,119	-	-	1,119	-	-	-	-
Building maintenance	81,442	9,308	2,327	93,077	25,426	2,906	726	29,058
Insurance	26,154	2,989	747	29,890	23,912	2,733	683	27,328
Telephone	13,226	1,511	378	15,115	12,496	1,428	357	14,281
Office supplies and printing	29,232	2,226	557	32,015	16,585	1,093	273	17,951
Stationery and postage	6,178	186	46	6,410	4,044	167	42	4,253
Promotion	11,500	-	8,126	19,626	1,911	-	235	2,146
Bank and processing fees	23,717	-	3,160	26,877	18,587	2,091	2,556	23,234
Information technology	28,591	2,862	887	32,340	29,228	3,407	1,499	34,134
Transportation	6,694	5,347	1,224	13,265	113	136	9	258
Miscellaneous	11,030	2,248	1,643	14,921	13,200	2,245	5,707	21,152
Indirect benefit expenses	-	-	23,631	23,631	-	-	11,388	11,388
Total expenses before depreciation	1,395,636	347,354	271,226	2,014,216	1,139,156	281,508	265,631	1,686,295
Depreciation	58,125	6,642	1,661	66,428	56,838	6,496	1,624	64,958
Reduction for uncollectible pledges	-	25,465	-	25,465	-	-	-	-
Total Expenses	<u>\$1,453,761</u>	<u>\$ 379,461</u>	<u>\$ 272,887</u>	<u>\$2,106,109</u>	<u>\$1,195,994</u>	<u>\$ 288,004</u>	<u>\$ 267,255</u>	<u>\$1,751,253</u>

See notes to financial statements.

BROOKLYN YOUTH CHORUS ACADEMY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 645,635	\$ (62,758)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	66,428	64,958
Bad debt expense	25,465	-
Net realized and unrealized (gain) loss on investments	202,385	(254,884)
Loan forgiveness - Paycheck Protection Program	(546,881)	-
(Increase) decrease in:		
Contributions receivable	(160,753)	(26,804)
Accounts receivable	(10,474)	(18,589)
Prepaid expenses and other current assets	7,569	13,831
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,433)	51,938
Deferred revenue	-	(300)
Net Cash Provided (Used) By Operating Activities	<u>224,941</u>	<u>(232,608)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(6,009)	(22,470)
Purchases of investments	(1,798,573)	(495,822)
Proceeds from sales of investments	1,739,276	544,590
Net Cash Provided (Used) By Investing Activities	<u>(65,306)</u>	<u>26,298</u>
Cash Flows From Financing Activities		
Proceeds from loans payable - Paycheck Protection Program	<u>-</u>	<u>272,395</u>
Net increase in cash and cash equivalents	159,635	66,085
Cash and cash equivalents, beginning of year	<u>642,309</u>	<u>576,224</u>
Cash and Cash Equivalents, End of Year	<u>\$ 801,944</u>	<u>\$642,309</u>

See notes to financial statements.

BROOKLYN YOUTH CHORUS ACADEMY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Founded in 1992, the GRAMMY® Award-winning Brooklyn Youth Chorus Academy ("BYCA") is dedicated to offering music training and choral performances to enrich the lives of its students and community. Through music study and professional-level performances, BYCA unites children of diverse backgrounds and helps them develop into confident and expressive musicians and individuals. BYCA strives to advance the artistic role of youth choruses through innovative concerts, commissions and artistic collaborations.

In 2021-2022, BYCA provided comprehensive music education with professional performance opportunities through our trademarked Cross-Choral Training(R) program to a diverse population of over 300 NYC students ages 5-18. In August 2021, BYCA was thrilled to be able to return to in-person teaching after going completely virtual in March 2020. BYCA also continued to provide virtual programming for all ages during this season to meet the needs of as many families as possible, particularly as COVID-19 vaccinations were not yet available for younger singers at the beginning of the season.

In the fall, BYCA returned to a robust in-person program of weekly choral music instruction to seven levels grouped by age, skill, and experience: four training divisions and three performing ensembles. In addition to choral instruction for all seven divisions, weekly after-school classes included individual private lessons in voice and piano and a range of special workshops including college panels and vocal masterclasses. In January 2022, BYCA added an eighth level of instruction, expanding its programming to welcome 5-6 year olds into a new Pre-Preparatory Division aimed at activating each child's musical potential in a creative, play-based setting while building foundational music skills.

BYCA focused on supporting our student body of racially and socio-economically diverse choristers through financial aid and fellowship programs. Our student body hailed from 63 NYC zip codes and attended 127 public and independent schools. More than 35% came from extremely low, very low, or low- income households according to HUD. According to a recent survey, choristers are 15% Black, 8% Hispanic, 12% Asian and 65% white. Tuition was subsidized at \$700-\$2,050, although the program's cost per student was \$3,500/year. BYC offered aid and subsidy to 34% of the student body. Aid included core program financial aid and tuition subsidy, elective financial aid, and merit scholarships to support student advancement. Our Van Lier Fellowship Program enabled us to provide expanded college readiness support including college counseling, musician mentors, masterclasses, and audition and admissions support, while our Mary Anne Yancey Advancement Scholars received scholarships for private voice lessons to support their musical development and growth through the performing divisions.

BROOKLYN YOUTH CHORUS ACADEMY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****a - Organization (continued)**

The 2021-2022 season also marked the return to in-person performances for BYCA and what started off slow, soon became a packed season of performances, recordings, and filmings as well as continued virtual offering. The entire school participated in the annual self-produced winter and spring concerts Holiday Harmonies (December 2022) and Spring Sings (May 2022) with subsequent virtual presentations showcasing our virtual classes.

The Chorus began the season with a performance marking the FDNY 20th Anniversary of 9/11 Memorial at St. Patrick's Cathedral. The Chorus also performed at the Pulitzer Fountain Lighting on Fifth Avenue to mark the beginning of the holiday season and closed the season with a performance at the Brooklyn Public Library. The season also encompassed a large number of film and audio recording projects including a piece with pianist Lara Downs, a film celebrating the 85th birthday of Philip Glass, music for a new Godfrey Reggio film, and a featured role in a Telekinesis, a new album by Tyondai Braxton. In the spring of 2022, over 150 Brooklyn Youth Chorus singers participated in Euphoria, a major film and recording project for a new film installation by director Julian Rosefeldt set to debut at Park Avenue Armory in December 2022.

The Chorus continued its groundbreaking creative artistry, giving four premieres of works by Olga Bell, Tania Leon, Nathalie Joachim, and Paola Prestini at the Bang on a Can *Longplay Festival* in May 2022. The Chorus was also finally able to make its San Diego Opera debut presenting Paola Prestini's *Aging Magician* postponed from the original tour scheduled for March of 2020. These unique achievements built on a long artistic history including the 2014 premiere of *Black Mountain Songs* on BAM's Next Wave Festival (winning the Festival's Richard B. Fisher Prize); over 120 commissions since 2001; national and international touring, including to London's Barbican Centre in 2016; and the release of two commercial recordings, *Black Mountain Songs* and *Silent Voices*.

b - Cash and Cash Equivalents

BYCA considers all highly liquid debt instruments purchased with a maturity of three months or less, including money market accounts, to be cash equivalents, except for cash and short-term investments classified as investments and cash held for investment.

BROOKLYN YOUTH CHORUS ACADEMY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****c - Fair Value Measurements**

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. BYCA uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of BYCA's investments is measured using Level 1 inputs, quoted prices in active markets.

d - Investments and Investment Income

BYCA reflects its investments at fair value in the statement of financial position. Investment income is reflected in the statement of activities as an increase or decrease in net assets without donor restrictions unless its use is restricted by explicit donor stipulations or by law. Investment income that is restricted by the donor is reported as increases or decreases in net assets without donor restrictions if the restrictions are met in the same fiscal year in which the investment income is recognized.

e - Contributions and Contributions Receivable

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

BYCA uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

f - Property and Equipment

Property and equipment acquired are recorded at cost and are depreciated using the straight-line method over the useful life of the related asset.

BROOKLYN YOUTH CHORUS ACADEMY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Revenue Recognition**

BYCA has multiple revenue streams that are accounted for as exchange transactions including tuition and fees, net of scholarships, box office revenue, and contracted performance fees.

Tuition and fees, net of scholarships, is collected prior to the start of the class or on a payment plan during the course of the class. Tuition and fees are recorded as revenue in the period the class takes place. Tuition and fees relating to future periods are recorded as deferred income.

Box office revenue and contracted performance fees are recognized on the date of the performance.

h - Scholarships

Scholarships are given on the basis of financial need and are deducted from gross tuition income. Scholarships awarded during the years ended June 30, 2022 and 2021 were \$145,934 and \$205,517, respectively.

i - Financial Statement Presentation

BYCA's financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which require BYCA to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of BYCA. These net assets may be used at the discretion of BYCA's management and Board of Trustees.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BYCA or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

j - Functional Allocation of 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.

BROOKLYN YOUTH CHORUS ACADEMY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

- j - Functional Allocation of Expenses (continued)
Depreciation, telephone and utilities, postage, security, building and equipment maintenance, and insurance are allocated on the basis of square footage.
- Salaries, payroll taxes, and employee benefits are allocated on the basis of time and effort for administration and management and time sheet records for remaining staff.
- k - Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- l - Tax Status
Brooklyn Youth Chorus Academy, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.
- m - Subsequent Events
BYCA has evaluated subsequent events through July 12, 2023, the date that the financial statements are considered available to be issued.
- n - New Accounting Standard
For 2022, BYCA adopted Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Note 2 - Information Regarding Liquidity and Availability

BYCA manages a balanced budget each fiscal year attributable to annual revenues necessary to meet the cash needs of BYCA’s future expenditures. The annual revenue consists mainly of contributions, tuition and performance revenues, and investment income, along with other sources during the current year. General expenditures are comprised of expenses related to ongoing program projects, general and administrative expenses, and fundraising activities created to support these projects.

BROOKLYN YOUTH CHORUS ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2 - Information Regarding Liquidity and Availability (continued)

BYCA manages its liquidity regularly with a policy structured to ensure it adheres to its operating needs and other commitments and obligations while simultaneously maximizing its investments of excess available funds. BYCA maintains liquid financial assets on an ongoing basis sufficient to cover 120 days of general expenditures. BYCA has a policy structured to have management quarterly prepare cash flow projections determining its liquidity needs.

BYCA's financial assets as of June 30, 2022 and 2021 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 801,944	\$ 642,309
Investments and cash and cash equivalents held for investment	1,519,508	1,662,596
Contributions receivable	556,227	420,939
Accounts receivable	<u>31,656</u>	<u>21,182</u>
Total Financial Assets	2,909,335	2,747,026
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(180,000)	(104,277)
Plus: Net assets with donor restrictions expected to be met in less than one year	115,000	104,277
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(1,185,951)	(1,445,947)
Plus: Amounts appropriated for use within one year	84,000	80,000
Net assets without donor restrictions - board designated reserves	(597,013)	(648,572)
Plus: Amounts appropriated for use within one year	<u>24,000</u>	<u>54,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$1,169,371</u>	<u>\$ 786,507</u>

In addition to these financial assets available within one year, BYCA's board designated reserves (Note 3a) could be made available at any time to meet cash needs for general expenditure at the discretion of the Board.

BROOKLYN YOUTH CHORUS ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 3 - Net Assets

a - Net Assets Without Donor Restrictions - Board Designated Reserves

Board designated net assets consist of the following:

	2022	2021
Cash reserve	\$338,433	\$366,027
25 th Anniversary Campaign Funds for Programs and Infrastructure	201,157	225,122
Mary Anne Yancey Memorial Fund	57,423	57,423
	\$597,013	\$648,572

There were no appropriations made from the 25th Anniversary Campaign Funds during the years ended June 30, 2022 and 2021.

There were no appropriations made from the Mary Anne Yancey Memorial Fund during the years ended June 30, 2022 and 2021.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specific purpose:		
Future programs and purposes	\$ 150,000	\$ 85,277
Subject to passage of time	30,000	19,000
	180,000	104,277
Endowments subject to spending policy and appropriation:		
Investment income above (below) original gift amount	(132,251)	126,345
Investment in perpetuity:		
The Charles J. and Irene F. Hamm Scholarship Fund	868,202	869,602
Operating Endowment	400,000	400,000
The Irving Caesar Scholarship Fund	50,000	50,000
Total Investment in Perpetuity	1,318,202	1,319,602
Total Endowments	1,185,951	1,445,947
Total Net Assets With Donor Restrictions	\$1,365,951	\$1,550,224

BROOKLYN YOUTH CHORUS ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4 - Investments and Cash and Cash Equivalents Held for Investment

Investments and cash and cash equivalents held for investment at June 30, 2022 and 2021 consist of the following:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 285,047	\$ 285,047	\$ 196,471	\$ 196,471
Mutual funds - bonds	521,535	471,763	217,537	224,689
Mutual funds - equities	494,235	413,170	426,311	509,929
Corporate preferred stock	-	-	10,489	10,738
Domestic equities	163,547	149,585	452,553	565,362
Bonds - corporate, government, and foreign	<u>221,239</u>	<u>199,943</u>	<u>151,488</u>	<u>155,407</u>
	<u>\$1,685,603</u>	<u>\$1,519,508</u>	<u>\$1,454,849</u>	<u>\$1,662,596</u>

Investment income (loss) consists of the following:

	2022	2021
Net realized and unrealized gain (loss) on investments	\$(202,385)	\$254,884
Interest and dividend income	74,140	35,229
Less: Investment fees	<u>(6,561)</u>	<u>(9,934)</u>
	<u>\$(134,806)</u>	<u>\$280,179</u>

Investment income (loss) is allocated as follows:

	2022	2021
Operations	\$ 5,608	\$ (1,913)
Board designated cash reserve	(27,594)	50,813
Donor restricted endowments	<u>(112,820)</u>	<u>231,279</u>
Total	<u>\$(134,806)</u>	<u>\$280,179</u>

BROOKLYN YOUTH CHORUS ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5 - Contributions Receivablea - Unconditional Contributions Receivable

Contributions receivable are restricted for the following purposes and are due as of June 30 as follows:

	2022				Total
	Without Donor Restrictions		With Donor Restrictions		
	Operating	Board Designated Campaign	Future Programs and Periods	Perpetual in Nature	
Due within one year	\$485,512	\$ 500	\$65,000	\$3,500	\$554,512
Due in one to five years	-	-	-	2,000	2,000
	<u>485,512</u>	<u>500</u>	<u>65,000</u>	<u>5,500</u>	<u>556,512</u>
Less: Discount to present value	-	-	-	(285)	(285)
Total	<u>\$485,512</u>	<u>\$ 500</u>	<u>\$65,000</u>	<u>\$5,215</u>	<u>\$556,227</u>
	2021				
	Without Donor Restrictions		With Donor Restrictions		
	Operating	Board Designated Campaign	Future Programs and Periods	Perpetual in Nature	Total
Due within one year	\$263,724	\$21,500	\$79,000	\$2,000	\$366,224
Due in one to five years	50,000	-	-	5,000	55,000
	<u>313,724</u>	<u>21,500</u>	<u>79,000</u>	<u>7,000</u>	<u>421,224</u>
Less: Discount to present value	-	-	-	(285)	(285)
Total	<u>\$313,724</u>	<u>\$21,500</u>	<u>\$79,000</u>	<u>\$6,715</u>	<u>\$420,939</u>

Uncollectible contributions receivable are expected to be insignificant. Contributions receivable due after one year are discounted to net present value using a discount rate of 3%.

BROOKLYN YOUTH CHORUS ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5 - Contributions Receivable (continued)

b - Conditional Contributions Receivable

A portion of BYCA's revenue is derived from cost-reimbursable government contracts and grants, which are contingent upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when BYCA has incurred expenditures in compliance with specific contract or grant provisions and the funds have been approved for appropriation by the government agency. Amounts received prior to incurring qualifying expenditures, if any, are reported as refundable advances in the statement of financial position. As of June 30, 2022, BYCA was awarded cost-reimbursable grants totaling \$99,000 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred or the funds have not been approved for appropriation by the government agency. There were no advance payments received as of June 30, 2022.

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2022</u>	<u>2021</u>
Land and building	50 years	\$1,100,000	\$1,100,000
Building improvements	7-50 years	1,471,868	1,471,868
Website infrastructure	5 years	55,133	55,133
Database	5 years	128,769	128,769
Equipment	3-10 years	<u>216,071</u>	<u>210,062</u>
		2,971,841	2,965,832
Less: Accumulated depreciation		<u>(1,544,116)</u>	<u>(1,477,688)</u>
		<u>\$1,427,725</u>	<u>\$1,488,144</u>

BYCA owns a two-unit condominium building. Under the terms of a government grant, one unit is restricted to be used as a center for music, performing arts and cultural programs.

BROOKLYN YOUTH CHORUS ACADEMY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****Note 7 - Loans Payable - Paycheck Protection Program**

In May 2020, BYCA received a \$286,500 Paycheck Protection Program (“PPP”) loan with an interest rate of 1% and a maturity of two years. The loan and any accrued interest was eligible to be forgiven in its entirety if the loan proceeds were applied towards applicable payroll and occupancy costs, as defined by the Coronavirus Aid, Relief and Economic Security Act. On August 24, 2021, BYCA received forgiveness for a portion of the loan amount. Accordingly, \$274,486 of the loan has been recognized as revenue in the accompanying statement of activities for the year ended June 30, 2022. The balance of \$12,014 remains outstanding at June 30, 2022.

In March 2021, BYCA received a second PPP loan of \$272,395. The loan bears interest at 1% annum, is due on March 2026, and may be forgiven if BYCA meets certain employee retention requirements and funds are used for eligible expenses. On March 3, 2022, BYCA received forgiveness of the full loan amount. Accordingly, this amount has been recognized as revenue in the accompanying statement of activities for the year ended June 30, 2022.

Note 8 - Donated Legal Services

During the year ended June 30, 2022, BYCA received donated legal services of \$29,890. Donated services are stated at fair value as provided by the service providers, estimated based on current market rates for similar services.

Note 9 - Commitment and Contingency

- a - BYCA has an employment agreement with its Artistic Director which provides for automatic extensions unless written notice of non-renewal is provided by either party.
- b - Government supported projects are subject to audit by the applicable government agency.

Note 10 - Concentration of Credit Risk

BYCA maintains its cash and cash equivalents in financial institutions located in New York City. The balances are insured by the Federal Deposit Insurance Corporation and other agencies, and at times, may exceed the insured limits.

BROOKLYN YOUTH CHORUS ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 11 - Endowment Funds

BYCA's endowment consists of funds established for the purposes described in Note 3. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), BYCA classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets that are perpetual in nature is classified as net assets subject to spending policy and appropriation until those amounts are appropriated for expenditure by BYCA.

In accordance with NYPMIFA, BYCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of BYCA and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of BYCA;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on BYCA; and
- (viii) the investment policy of BYCA

BYCA's endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	Investment Income Above (Below) Original Gift Amount	Investment in Perpetuity	Total
	<u> </u>	<u> </u>	<u> </u>
Donor-restricted funds, 2022	<u>\$(132,251)</u>	<u>\$1,312,987</u>	<u>\$1,180,736</u>
Donor-restricted funds, 2021	<u>\$ 126,345</u>	<u>\$1,312,887</u>	<u>\$1,439,232</u>

BROOKLYN YOUTH CHORUS ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 11 - Endowment Funds (continued)

Changes in BYCA's endowment funds as of June 30, 2022 and 2021 are summarized as follows:

	2022		
	Investment Income Below Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	<u>\$ 126,345</u>	<u>\$1,312,887</u>	<u>\$1,439,232</u>
Contributions	-	100	100
Investment loss	(112,820)	-	(112,820)
Appropriation and transfers for program support	<u>(145,776)</u>	<u>-</u>	<u>(145,776)</u>
	<u>(258,596)</u>	<u>100</u>	<u>(258,496)</u>
Endowment Funds, End of Year	<u><u>\$(132,251)</u></u>	<u><u>\$1,312,987</u></u>	<u><u>\$1,180,736</u></u>
	2021		
	Investment Income Below Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	<u>\$(23,900)</u>	<u>\$1,277,887</u>	<u>\$1,253,987</u>
Contributions	-	35,000	35,000
Investment income	231,279	-	231,279
Appropriation for program support	<u>(81,034)</u>	<u>-</u>	<u>(81,034)</u>
	<u>150,245</u>	<u>35,000</u>	<u>185,245</u>
Endowment Funds, End of Year	<u><u>\$126,345</u></u>	<u><u>\$1,312,887</u></u>	<u><u>\$1,439,232</u></u>

The fair value of assets associated with individual donor restricted endowment funds may fall below the level required to be retained as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2022, funds with an original gift value of \$1,312,987 were "underwater" by \$132,251. These deficiencies resulted from unfavorable market fluctuations and from the appropriation to operations that occurred after the investment of donor-restricted endowment contributions.

BROOKLYN YOUTH CHORUS ACADEMY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****Note 11 - Endowment Funds (continued)**

The overall financial objective of the endowment assets is to provide the operations of BYCA with a relatively stable stream of spendable revenue that increases over time.

Specific investment guidelines are developed with the guidance of an investment manager approved by the Board, who has demonstrated interest in working with not-profits and a history of excellent service to clients with relatively small investment portfolios.

Preservation of capital and moderate annual returns are emphasized over short-term above-market rates of return or aggressive growth. The guidelines identify permitted asset classes as well as expected levels of return. It is anticipated that most investments will be chosen for their suitability for being held long-term.

Each year, 5-7% of the thirty-six months trailing average of the value of the Endowment may be drawn down (7% for 2022 and 2021). The draw or withdrawal will be recommended by management and must be approved by the Finance and Executive Committees of the Board.

Note 12 - Federal Relief Programs

- a - The Coronavirus Aid, Relief and Economic Security (“CARES”) Act enacted in 2020 allowed eligible employers to claim employee retention tax credits for qualified wages paid after March 12, 2020 and before September 30, 2021. BYCA qualified for credits of \$304,008. Accordingly, this amount has been recognized as contribution income in the accompanying statements of activities for the year ended June 30, 2022.
- b - On July 1, 2021, BYCA received a Shuttered Venue Operators Grant (the “SVOG”) from the SBA in the amount of \$625,068. This grant covered allowable expenses, including payroll costs and other ordinary and necessary business expenses incurred between July 1, 2021 through June 30, 2022. This grant was recognized as revenue during the year ended June 30, 2022.