

**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Brooklyn Youth Chorus Academy, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brooklyn Youth Chorus Academy, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 12 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Brooklyn Youth Chorus Academy, Inc. has suspended some of its program activities at the direction of state and local government authorities. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
May 12, 2022

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 9)	\$ 642,309	\$ 576,224
Investments and cash and cash equivalents held for investment (Notes 1b, 1c, 1d, 4 and 10)	1,662,596	1,456,480
Contributions receivable (Notes 1e and 5a)	420,939	394,135
Accounts receivable	21,182	2,593
Prepaid expenses and other current assets	16,193	30,024
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 6)	<u>1,488,144</u>	<u>1,530,632</u>
<b>Total Assets</b>	<u><u>\$4,251,363</u></u>	<u><u>\$3,990,088</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 150,679	\$ 98,741
Loans payable - Paycheck Protection Program (Note 7)	558,895	286,500
Deferred revenue (Note 1g)	125	425
Total Liabilities	<u>709,699</u>	<u>385,666</u>
Commitment and Contingencies (Notes 8 and 11)		
Net Assets (Note 3)		
Without Donor Restrictions		
Property and equipment (Note 6)	1,488,144	1,530,632
Board designated	648,572	572,759
Other (deficit)	(145,276)	31,184
Total Without Donor Restrictions	<u>1,991,440</u>	<u>2,134,575</u>
With Donor Restrictions		
Subject to time and purpose restrictions	230,622	150,410
Perpetual in nature (Note 10)	1,319,602	1,319,437
Total With Donor Restrictions	<u>1,550,224</u>	<u>1,469,847</u>
Total Net Assets	<u>3,541,664</u>	<u>3,604,422</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$4,251,363</u></u>	<u><u>\$3,990,088</u></u>

See notes to financial statements.

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Changes in Operations		
Revenue, Gains and Other Support		
Contributions	\$ 699,736	\$ 626,044
Fundraising benefits	121,925	157,741
Donated legal services	-	15,000
Tuition and fees, net of scholarships (Note 1h)	448,298	890,378
Box office revenue	-	60,942
Contracted performance fees	29,500	59,656
Net investment income (loss) (Note 4)	(1,913)	271
Miscellaneous	4,692	4,201
	<u>1,302,238</u>	<u>1,814,233</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	149,033	171,690
Appropriation from endowment (Note 10)	81,034	54,308
Appropriation from 25th Anniversary board designated reserve (Note 3a)	-	51,709
Appropriation from Mary Anne Yancey Memorial Fund (Note 3a)	-	12,500
	<u>1,532,305</u>	<u>2,104,440</u>
Total Revenue, Gains and Other Support		
Expenses		
Program Services	<u>1,139,156</u>	<u>1,401,503</u>
Supporting Services		
Management and general	281,508	418,647
Fundraising	265,631	311,361
Total Supporting Services	<u>547,139</u>	<u>730,008</u>
Total Expenses	<u>1,686,295</u>	<u>2,131,511</u>
Decrease in Net Assets Without Donor Restrictions Before Other Revenues, Expenses and Appropriations	<u>(153,990)</u>	<u>(27,071)</u>
Other Revenues, Expenses and Appropriations		
Depreciation	(64,958)	(83,534)
Net investment income (Note 4)	50,813	3,834
Contributions - 25th Anniversary Campaign Board Designated Funds (Note 3a)	-	2,611
Contributions - Mary Anne Yancey Memorial Fund (Note 3a)	25,000	12,500
Appropriation from 25th Anniversary board designated reserve (Note 3a)	-	(51,709)
Appropriation from Mary Anne Yancey Memorial Fund (Note 3a)	-	(12,500)
Total Other Revenues, Expenses and Appropriations	<u>10,855</u>	<u>(128,798)</u>
Decrease in Net Assets Without Donor Restrictions (carried forward)	<u>(143,135)</u>	<u>(155,869)</u>

See notes to financial statements.

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Decrease in Net Assets Without Donor Restrictions (brought forward)	\$ (143,135)	\$ (155,869)
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	79,165	75,083
Net investment income (loss) (Note 4)	231,279	(9,012)
Net assets released from restrictions		
Time and program restrictions	(149,033)	(171,690)
Appropriation from endowment (Note 10)	(81,034)	(54,308)
	<u>80,377</u>	<u>(159,927)</u>
Increase (Decrease) in Net Assets With Donor Restrictions		
Decrease in net assets	(62,758)	(315,796)
Net assets, beginning of year	<u>3,604,422</u>	<u>3,920,218</u>
<b>Net Assets, End of Year</b>	<u><u>\$3,541,664</u></u>	<u><u>\$3,604,422</u></u>

See notes to financial statements.

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Program Services	Supporting Services Management and General	Supporting Services Fundraising	Total Expenses	Program Services	Supporting Services Management and General	Supporting Services Fundraising	Total Expenses
Salaries	\$ 729,430	\$ 177,020	\$ 160,206	\$1,066,656	\$ 872,932	\$ 238,997	\$ 163,199	\$1,275,128
Payroll taxes and benefits	150,880	41,169	37,270	229,319	174,366	49,111	40,246	263,723
Outside professional services	96,005	26,751	44,680	167,436	107,440	18,191	42,326	167,957
Supplies	5,340	-	-	5,340	15,985	-	-	15,985
Production expense	6,206	-	-	6,206	31,663	-	-	31,663
Audio and video production	5,793	-	-	5,793	2,625	-	-	2,625
Uniform expense	-	-	-	-	789	-	-	789
Building maintenance	25,426	2,906	726	29,058	63,588	7,267	1,817	72,672
Insurance	23,912	2,733	683	27,328	33,379	3,814	954	38,147
Telephone	12,496	1,428	357	14,281	11,375	1,300	325	13,000
Office supplies and printing	16,585	1,093	273	17,951	30,228	1,478	369	32,075
Stationery and postage	4,044	167	42	4,253	2,867	328	664	3,859
Promotion	1,911	-	235	2,146	2,903	-	12,539	15,442
Audit	-	20,362	-	20,362	-	39,869	-	39,869
Bank and processing fees	18,587	2,091	2,556	23,234	-	35,898	3,589	39,487
Information technology	29,228	3,407	1,499	34,134	30,289	3,523	1,283	35,095
Transportation	113	136	9	258	8,081	456	233	8,770
Merchandise purchases	-	-	-	-	1,186	-	-	1,186
Miscellaneous	13,200	2,245	5,707	21,152	11,807	2,664	1,466	15,937
Indirect benefit expenses	-	-	11,388	11,388	-	-	42,351	42,351
Bad debt expense	-	-	-	-	-	15,751	-	15,751
Total expenses before depreciation	1,139,156	281,508	265,631	1,686,295	1,401,503	418,647	311,361	2,131,511
Depreciation	56,838	6,496	1,624	64,958	73,092	8,354	2,088	83,534
Total Expenses	<u>\$1,195,994</u>	<u>\$ 288,004</u>	<u>\$ 267,255</u>	<u>\$1,751,253</u>	<u>\$1,474,595</u>	<u>\$ 427,001</u>	<u>\$ 313,449</u>	<u>\$2,215,045</u>

See notes to financial statements.

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (62,758)	\$(315,796)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	64,958	83,534
Bad debt expense	-	15,751
Net realized and unrealized (gain) loss on investments	(254,884)	41,328
(Increase) decrease in:		
Contributions receivable	(26,804)	198,645
Accounts receivable	(18,589)	52,640
Prepaid expenses and other current assets	13,831	(9,577)
Increase (decrease) in:		
Accounts payable and accrued expenses	51,938	(57,132)
Deferred revenue	(300)	(346,678)
Net Cash Used By Operating Activities	<u>(232,608)</u>	<u>(337,285)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	(22,470)	-
Purchases of investments	(495,822)	(715,558)
Proceeds from sales of investments	544,590	728,606
Net Cash Provided By Investing Activities	<u>26,298</u>	<u>13,048</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from loans payable - Paycheck Protection Program	<u>272,395</u>	<u>286,500</u>
Net increase (decrease) in cash and cash equivalents	66,085	(37,737)
Cash and cash equivalents, beginning of year	<u>576,224</u>	<u>613,961</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$642,309</u>	<u>\$ 576,224</u>

See notes to financial statements.



**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****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 2020 - 2021, BYCA provided comprehensive music education with professional performance opportunities through our trademarked Cross-Choral Training(R) program to 310 diverse NYC students aged 7-18. Due to the pandemic, all programs, including choral rehearsals, elective programs, and performances took place remotely delivered through a variety of technologies and virtual platforms including Zoom, YouTube, Soundtrap, Streamyard, and more.

From September 2020 through June 2021, Brooklyn Youth Chorus offered a robust program of virtual, weekly choral music instruction to six levels grouped by age, skill, and experience, three training divisions and three performing ensembles. In addition to choral instruction for all six divisions, weekly after-school classes included: individual voice lessons, individual instrument lessons, and a range of special workshops, college panels, vocal masterclasses, and other programs. In addition to the regular repertoire-based rehearsals, we further augmented our performing ensemble program with solo performance training, and music theory instruction.

During 2020 - 2021, BYCA focused on supporting our existing student body of racially and socio-economically diverse choristers through financial aid and fellowship programs. Our student body typically hails from 71 NYC zip codes and attends 126 public and independent schools. More than 35% come from extremely low, very low, or low-income households according to HUD. According to a recent survey, 52% of choristers were non-white: 22% African American, 16% Hispanic, and 14% Asian American. Tuition was subsidized at \$1,250 - \$1,950, though the program cost per student was \$3,500/year. BYCA offered extensive tuition assistance and subsidy, including core program financial aid and tuition subsidy, elective financial aid, and merit scholarships and fellowships to support student advancement. While the dollar amount of financial aid offered was less than in recent years because of reduced enrollment, it was the highest percentage of financial aid offered in the past five years. We also sustained the additional aid offered to families facing economic hardship, as initially offered in spring 2020 in response to the pandemic.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

a - Organization (continued)

Choristers from our neighborhood-based program in Bedford Stuyvesant and partner schools were invited to participate in virtual programs with 100% scholarship support, and a majority remained enrolled for the virtual season. Students across our program who were having difficulty attending virtual classes due to inadequate technology or internet connectivity were offered additional support in the form of computers and wifi boosters.

Continuing the success of virtual performances offered in 2020, in fiscal year 2021, BYCA served virtual audiences of 37,447. The entire school participated in our annual self-produced winter concerts *Home for the Holidays* (December 2021) and *Winter's Song* (January 2022) and our annual spring concerts *Soundscapes* and *Spring Sings* (June 2022). The Chorus began the season with a performance of *Lift Ev'ry Voice*, arranged by and sung with acclaimed opera bass-baritone Davóne Tines (June 2021). The Chorus then partnered with renowned artist Samuel Stubblefield on recordings of an original commissioned piece by Alev Lenz (January 2021) for a large sound installation at the new Amazon Music offices in Williamsburg, Brooklyn which is due to open in the fall of 2021. That was followed up by a recording project for our younger students with MacArthur Fellow Cecile McLorin Salvant (February 2021) for her new album *Ghost Song*, to be released in 2022. Other recordings included virtual performances for the Lion's Club and for the David Lynch Foundation gala with pop superstar Sting.

The Chorus also continued its groundbreaking creative artistry, commissioning and workshopping music for *She Is Called*. The first iteration of this production was intended to premiere in concert form in the spring of 2020 and to tour to UCLA in the spring of 2021. With live performances on hiatus, the Chorus pivoted to a virtual format and on April 24, 2021 premiered a rich, multimedia website presentation of the project. The site [www.sheiscalleddearstranger.org](http://www.sheiscalleddearstranger.org) features newly commissioned choral works composed by Nathalie Joachim, David Lang, Alev Lenz, and Shara Nova, as well as personal, handwritten, letters and poems by the chorus members, inspired by the themes of gender and identity and the singers' perspectives/experiences. These unique virtual year 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 100 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*.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****a - Organization (continued)**

While continually gaining artistic prominence, BYCA ensures broad access. In the past five years, BYCA has dramatically increased financial aid, launched a Neighborhood Expansion Program, now in three sites, as well as expanding free school-based training programs to bring choral music education to Brooklyn neighborhoods. This work includes performances and community events which allow BYCA to engage and connect with diverse audiences.

**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.

**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.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****e - Contributions and Contributions Receivable (continued)**

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.

**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, 2021 and 2020 were \$205,517 and \$349,061, 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.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****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.

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 May 12, 2022, the date that the financial statements are considered available to be issued.

**n - New Accounting Standard**

BYCA adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which required entities to recognize revenue through the application of a five-step model, which includes identification of the contract, identification of the performance obligation(s), determination of the transaction price, allocation of the transaction price to the performance obligations, and recognition of revenue as BYCA satisfies the performance obligation. The adoption of this ASU had no impact on BYCA's financial statements.

**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, 2021 AND 2020**

**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, 2021 and 2020 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 642,309	\$ 576,224
Investments and cash and cash equivalents held for investment	1,662,596	1,456,480
Contributions receivable	420,939	394,135
Accounts receivable	<u>21,182</u>	<u>2,593</u>
Total Financial Assets	2,747,026	2,429,432
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	(104,277)	(174,310)
Plus: Net assets with donor restrictions expected to be met in less than one year	104,277	159,310
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(1,445,947)	(1,295,537)
Plus: Amounts appropriated for use within one year	80,000	80,000
Net assets without donor restrictions - board designated reserves	(648,572)	(572,759)
Plus: Amounts appropriated for use within one year	<u>54,000</u>	<u>43,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 786,507</u>	<u>\$ 669,136</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, 2021 AND 2020**

**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions - Board Designated Reserves

Board designated net assets consist of the following:

	<b>2021</b>	<b>2020</b>
Cash reserve	\$366,027	\$315,214
25 <sup>th</sup> Anniversary Campaign Funds for Programs and Infrastructure	225,122	225,122
Mary Anne Yancey Memorial Fund	57,423	32,423
	<b>\$648,572</b>	<b>\$572,759</b>

During the year ended June 30, 2020, appropriations of \$51,709 were made from the 25<sup>th</sup> Anniversary Campaign Funds for programming and infrastructure. There were no appropriations made from the 25<sup>th</sup> Anniversary Campaign Funds during the year ended June 30, 2021.

During the year ended June 30, 2020, appropriations of \$12,500 were made from the Mary Anne Yancey Memorial Fund for scholarships. There were no appropriations made from the Mary Anne Yancey Memorial Fund during the year ended June 30, 2021.

b - Net Assets With Donor Restrictions

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

	<b>2021</b>	<b>2020</b>
Subject to expenditure for specific purpose:		
Future programs and purposes	\$ 85,277	\$ 126,810
Subject to passage of time	19,000	47,500
	104,277	174,310
Endowments subject to spending policy and appropriation:		
Investment income above (below) original gift amount	126,345	(23,900)
Investment in perpetuity:		
The Charles J. and Irene F. Hamm Scholarship Fund	869,602	869,437
Operating Endowment	400,000	400,000
The Irving Caesar Scholarship Fund	50,000	50,000
Total Investment in Perpetuity	1,319,602	1,319,437
Total Endowments	1,445,947	1,295,537
Total Net Assets With Donor Restrictions	<b>\$1,550,224</b>	<b>\$1,469,847</b>

**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

Investments and cash and cash equivalents held for investment at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 196,471	\$ 196,471	\$ 202,286	\$ 202,286
Mutual funds - bonds	217,537	224,689	219,393	233,030
Mutual funds - equities	426,311	509,929	427,335	386,752
Corporate preferred stock	10,489	10,738	41,500	37,637
Domestic equities	452,553	565,362	439,623	461,138
Bonds - corporate, government, and foreign	<u>151,488</u>	<u>155,407</u>	<u>130,174</u>	<u>135,637</u>
	<u>\$1,454,849</u>	<u>\$1,662,596</u>	<u>\$1,460,311</u>	<u>\$1,456,480</u>

Investment income (loss) consists of the following:

	<u>2021</u>	<u>2020</u>
Net realized and unrealized gain (loss) on investments	\$254,884	\$(41,328)
Interest and dividend income	35,229	45,822
Less: Investment fees	<u>(9,934)</u>	<u>(9,401)</u>
	<u>\$280,179</u>	<u>\$ (4,907)</u>

Investment income (loss) is allocated as follows:

	<u>2021</u>	<u>2020</u>
Operations	\$ (1,913)	\$ 271
Board designated cash reserve	50,813	3,834
Donor restricted endowments	<u>231,279</u>	<u>(9,012)</u>
Total	<u>\$280,179</u>	<u>\$ (4,907)</u>



## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**Note 5 - Contributions Receivable**a - Unconditional Contributions Receivable

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

	<b>2021</b>				<b>Total</b>
	<b>Without Donor Restrictions</b>		<b>With Donor Restrictions</b>		
	<b>Operating</b>	<b>Board Designated Campaign</b>	<b>Future Programs and Periods</b>	<b>Perpetual in Nature</b>	
Due within one year	\$263,724	\$21,500	\$79,000	\$2,000	\$366,224
Due in one to five years	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>55,000</u>
	313,724	21,500	79,000	7,000	421,224
Less: Discount to present value	<u>-</u>	<u>-</u>	<u>-</u>	<u>(285)</u>	<u>(285)</u>
Total	<u>\$313,724</u>	<u>\$21,500</u>	<u>\$79,000</u>	<u>\$6,715</u>	<u>\$420,939</u>
	<b>2020</b>				
	<b>Without Donor Restrictions</b>		<b>With Donor Restrictions</b>		
	<b>Operating</b>	<b>Board Designated Campaign</b>	<b>Future Programs and Periods</b>	<b>Perpetual in Nature</b>	<b>Total</b>
Due within one year	\$166,675	\$93,500	\$85,910	\$36,500	\$382,585
Due in one to five years	<u>1,000</u>	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>12,000</u>
	167,675	99,000	85,910	42,000	394,585
Less: Discount to present value	<u>-</u>	<u>-</u>	<u>-</u>	<u>(450)</u>	<u>(450)</u>
Total	<u>\$167,675</u>	<u>\$99,000</u>	<u>\$85,910</u>	<u>\$41,550</u>	<u>\$394,135</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, 2021 AND 2020**

**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. During the year ended June 30, 2021, BYCA was awarded cost-reimbursable grants of \$117,000 that have not been recognized at June 30, 2021 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, 2021.

**Note 6 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2021</u>	<u>2020</u>
Land and building	50 years	\$1,100,000	\$1,100,000
Building improvements	7-50 years	1,471,868	1,456,893
Website infrastructure	5 years	55,133	55,133
Database	5 years	128,769	128,769
Equipment	3-10 years	<u>210,062</u>	<u>202,567</u>
		2,965,832	2,943,362
Less: Accumulated depreciation		<u>(1,477,688)</u>	<u>(1,412,730)</u>
		<u>\$1,488,144</u>	<u>\$1,530,632</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, 2021 AND 2020****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. In August 2021, BYCA was notified that \$274,486 of the loan was forgiven and will be recognized as income during the year ended June 30, 2022.

In March 2021, BYCA received a second PPP loan of \$272,395 with an interest rate of 1% and a maturity of five years. The loan and any accrued interest can be forgiven in its entirety if the loan proceeds are applied towards applicable payroll and occupancy costs, as defined by the Coronavirus Aid, Relief and Economic Security Act. In March 2022, BYCA was notified that the total \$272,395 loan was forgiven and will be recognized as income during the year ended June 30, 2022.

**Note 8 - 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 9 - 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, 2021 AND 2020**

**Note 10 - 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:

	<b>Investment Income Above (Below) Original Gift Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Donor-restricted funds, 2021	<u>\$126,345</u>	<u>\$1,312,887</u>	<u>\$1,439,232</u>
Donor-restricted funds, 2020	<u>\$(23,900)</u>	<u>\$1,277,887</u>	<u>\$1,253,987</u>

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**Note 10 - Endowment Funds (continued)**

Changes in BYCA's endowment funds as of June 30, 2021 and 2020 are summarized as follows:

	<b>2021</b>		
	<b>Investment Income Below Original Gift Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
Endowment funds, beginning of year	\$ (23,900)	\$1,277,887	\$1,253,987
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>\$126,345</u>	<u>\$1,312,887</u>	<u>\$1,439,232</u>
	<b>2020</b>		
	<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
Endowment funds, beginning of year	\$ 39,420	\$1,236,588	\$1,276,008
Contributions	-	41,299	41,299
Investment loss	(9,012)	-	(9,012)
Appropriation for program support	<u>(54,308)</u>	<u>-</u>	<u>(54,308)</u>
	<u>(63,320)</u>	<u>41,299</u>	<u>(22,021)</u>
Endowment Funds, End of Year	<u>\$(23,900)</u>	<u>\$1,277,887</u>	<u>\$1,253,987</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, 2020, funds with an original gift value of \$1,277,887 were "underwater" by \$23,900. These deficiencies resulted from unfavorable market fluctuations and from the appropriation to operations that occurred after the investment of donor-restricted endowment contributions. The deficiencies no longer existed as of June 30, 2021.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 10 - 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 2021 and 5% for 2020). The draw or withdrawal will be recommended by management and must be approved by the Finance and Executive Committees of the Board.

**Note 11 - Risks and Uncertainties**

In March 2020, the COVID-19 pandemic transformed the world and our organization in a short period of time. Brooklyn Youth Chorus moved quickly and creatively to virtual learning so that it could continue to offer services to choristers and audiences, and financial and technology support for our students and families. Beginning in summer 2020, Brooklyn Youth Chorus broadened and deepened our virtual offering to improve and augment our virtual offerings for all age levels for the 2020 - 2021 season.

BYCA functioned virtually for the entire 2021 - 2022 season with all programming including rehearsals, elective classes, panels, masterclasses, and more offered via Zoom. Virtual performances and recording projects took the place of our traditional live performances created and delivered across a wide variety of technologies and platforms.

Virtual performance opportunities were in abundance including partnerships with renowned performers, composers, theater and multimedia artists. Brooklyn Youth Chorus produced four evening-length, self-produced concerts and a media-rich website to introduce newly commissioned works. The Chorus also participated in a variety of high-profile virtual performances and recording projects including guest appearances on albums and sound installations due to come out in the 2021 - 2022 season.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 11 - Risks and Uncertainties (continued)**

Thanks to consistent support from our community and special COVID-related funding, BYCA was able to maintain full employment through our 2020 - 2021 season even as BYCA fully restructured programming for virtual learning. Pandemic-specific grants and generous individual funders helped BYCA meet budgeted needs, including two rounds of the CARES Act PPP loans (Note 7).