

The Washington Chorus, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2020 and 2019

The Washington Chorus, Inc.

Financial Statements
June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Washington Chorus, Inc.

We have audited the accompanying financial statements of The Washington Chorus, Inc. (“the Chorus”), which comprise the statements of financial position as of June 30, 2020 and 2019; 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 controls 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

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 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, 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 the Chorus as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Chorus adopted Financial Accounting Standards Board Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font. The "R" is large and loops around the "ogers". The "+" sign is a simple cross, and "Company PLLC" is written in a similar cursive style.

Vienna, Virginia
April 21, 2021

The Washington Chorus, Inc.

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 514,434	\$ 86,163
Accounts receivable	10,928	17,544
Contributions receivable	-	210,994
Inventory	-	646
Prepaid expenses and deposits	152,881	26,630
Investments	158,438	194,344
Total current assets	836,681	536,321
Property and equipment, net	8,846	12,343
Total assets	\$ 845,527	\$ 548,664
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable	\$ 101,551	\$ 52,653
Deferred revenue	3,500	-
Loan payable – Paycheck Protection Program	66,300	-
Capital lease obligation – short term	3,010	2,324
Total current liabilities	174,361	54,977
Capital lease obligation – long term	7,117	10,127
Total liabilities	181,478	65,104
Net Assets		
Without donor restrictions:		
Undesignated	321,319	18,330
Board-designated	342,730	385,230
Total without donor restrictions	664,049	403,560
With donor restrictions	-	80,000
Total net assets	664,049	483,560
Total liabilities and net assets	\$ 845,527	\$ 548,664

See accompanying notes.

The Washington Chorus, Inc.

Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Ticket sales	\$ 446,624	\$ -	\$ 446,624
In-kind contributions	548,054	-	548,054
Grants and contributions	875,975	-	875,975
Concert honoraria	25,500	-	25,500
Inventory sales, net of costs	7,692	-	7,692
Miscellaneous income	35,294	-	35,294
Released from restrictions	80,000	(80,000)	-
	2,019,139	(80,000)	1,939,139
Expenses			
Program services	1,438,408	-	1,438,408
Supporting services:			
General and administrative	177,014	-	177,014
Fundraising	151,575	-	151,575
	328,589	-	328,589
Total supporting services	328,589	-	328,589
	1,766,997	-	1,766,997
Total expenses	1,766,997	-	1,766,997
Change in Net Assets from Operations	252,142	(80,000)	172,142
Non-Operating Activities			
Interest income	1,754	-	1,754
Unrealized and realized gains on investments	6,593	-	6,593
	8,347	-	8,347
Total non-operating activities	8,347	-	8,347
Change in Net Assets	260,489	(80,000)	180,489
Net Assets, beginning of year	403,560	80,000	483,560
Net Assets, end of year	\$ 664,049	\$ -	\$ 664,049

See accompanying notes.

The Washington Chorus, Inc.

Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Ticket sales	\$ 580,913	\$ -	\$ 580,913
In-kind contributions	783,383	-	783,383
Contributions and net revenue from special events:			
Special event revenue	185,816	-	185,816
Less: costs of direct benefits	(79,679)	-	(79,679)
Grants and contributions	527,679	80,000	607,679
Concert honoraria	48,000	-	48,000
Inventory sales, net of costs	8,353	-	8,353
Member dues	21,265	-	21,265
Miscellaneous income	37,322	-	37,322
Total operating revenue and support	2,113,052	80,000	2,193,052
Expenses			
Program services	1,748,821	-	1,748,821
Supporting services:			
General and administrative	223,609	-	223,609
Fundraising	126,716	-	126,716
Total supporting services	350,325	-	350,325
Total expenses	2,099,146	-	2,099,146
Change in Net Assets from Operations	13,906	80,000	93,906
Non-Operating Activities			
Interest income	3,681	-	3,681
Unrealized and realized gains on investments	6,206	-	6,206
Total non-operating activities	9,887	-	9,887
Change in Net Assets	23,793	80,000	103,793
Net Assets, beginning of year	379,767	-	379,767
Net Assets, end of year	\$ 403,560	\$ 80,000	\$ 483,560

See accompanying notes.

The Washington Chorus, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Concert production costs	\$ 477,007	\$ -	\$ -	\$ 477,007
Marketing:				
Season	39,433	-	-	39,433
In-kind choral musicians	545,657	1,135	1,262	548,054
Salaries and benefits	174,397	76,527	121,593	372,517
Concert and conventions	1,129	795	-	1,924
Office rent	21,328	9,736	15,300	46,364
Finance and bank charges	25,507	1,203	680	27,390
Audit and accounting	-	61,307	-	61,307
Temporary help and contract	115,505	-	-	115,505
Printing and copying	2,130	3,529	1,209	6,868
Telecommunications	147	7,618	-	7,765
Fundraising fees	-	-	6,227	6,227
Miscellaneous	17,226	8,549	1,233	27,008
Postage and shipping	747	112	1,030	1,889
Office supplies	4,514	1,319	317	6,150
Parking and transportation	830	110	434	1,374
General liability insurance	2,157	883	1,387	4,427
Travel	10,694	694	903	12,291
Depreciation	-	3,497	-	3,497
Total Expenses	\$ 1,438,408	\$ 177,014	\$ 151,575	\$ 1,766,997

See accompanying notes.

The Washington Chorus, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Production costs:				
Season	\$ 2,724	\$ -	\$ -	\$ 2,724
Fall concert	130,288	-	-	130,288
A Candlelight Christmas	258,460	-	-	258,460
New music new age	29,392	-	-	29,392
Spring concert	77,318	-	-	77,318
Other concerts	24,630	-	-	24,630
Marketing:				
Season	3,108	-	-	3,108
Fall concert	11,230	-	-	11,230
A Candlelight Christmas	47,815	-	-	47,815
New music new age	4,850	-	-	4,850
Spring concert	9,324	-	-	9,324
Other	330	-	-	330
In-kind choral musicians	764,242	-	-	764,242
Salaries and benefits	127,150	58,626	88,300	274,076
Concert and conventions	3,681	2,190	1,569	7,440
Office rent	26,462	6,430	12,759	45,651
Finance and bank charges	27,491	343	1,905	29,739
Audit and accounting	-	56,139	-	56,139
Temporary help and contract	133,840	69,701	7,009	210,550
Printing and copying	2,436	766	5,207	8,409
Telecommunications	6,343	1,922	3,101	11,366
Fundraising fees	-	-	806	806
Miscellaneous	36,121	10,568	-	46,689
Postage and shipping	1,044	135	4,264	5,443
Office supplies	14,628	388	617	15,633
Parking and transportation	5,914	5,539	1,179	12,632
General liability insurance	-	2,979	-	2,979
Travel	-	3,754	-	3,754
Depreciation	-	4,129	-	4,129
Total Expenses	\$ 1,748,821	\$ 223,609	\$ 126,716	\$ 2,099,146

See accompanying notes.

The Washington Chorus, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 180,489	\$ 103,793
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized and realized gains on investments	(6,593)	(6,206)
Depreciation	3,497	4,129
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	6,616	(17,394)
Contributions receivable	210,994	(167,039)
Inventory	646	1,655
Prepaid expenses and deposits	(126,251)	3,390
Increase (decrease) in:		
Accounts payable	48,898	34,209
Deferred revenue	3,500	(5,771)
	321,796	(49,234)
Cash Flows from Investing Activities		
Purchases of investments	-	(3,682)
Proceeds from sales of investments	42,499	25,000
	42,499	21,318
Cash Flows from Financing Activities		
Proceeds from loan payable	66,300	-
Principal payments – capital lease obligation	(2,324)	(1,795)
	63,976	(1,795)
Net Increase (Decrease) in Cash	428,271	(29,711)
Cash, beginning of year	86,163	115,874
Cash, end of year	\$ 514,434	\$ 86,163
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ -	\$ -

See accompanying notes.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

1. Nature of Operations

The Washington Chorus, Inc. (“the Chorus”) was founded in 1961 under the laws of the State of Maryland. The Chorus’ mission is to preserve and advance the art of choral singing, and to share the experience of the transforming power of choral music. The Chorus does this by performing at the highest artistic level in the nation’s capital and before diverse national and international audiences, and by nurturing the next generation of choral singers.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Chorus’ financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions include both undesignated and Board-designated amounts.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable are recorded at net realizable value and represent amounts due from events. Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effects of using the direct write-off method are not materially different from the results that would have been obtained under the allowance method.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Contributions receivable represent unconditional amounts committed to the Chorus. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. Management believes that all contributions receivable are fully collectible at June 30, 2020 and 2019, and accordingly, no allowance for uncollectible accounts has been established. Amounts receivable in more than one year are discounted to present value.

Inventory

Compact discs and music for resale are carried at the lower of cost or market value. Cost is determined by specific identification, and market value is based on the lower of cost or estimated realizable value. There is no allowance for obsolete inventory as of June 30, 2020 and 2019, as management believes all remaining items are fully salable.

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are included in the accompanying statements of activities.

Property and Equipment

Property and equipment acquisitions with a cost greater than \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to ten years. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

Grants and contributions are recorded as revenue when received or promised. The Chorus reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Chorus' programs or to a future year.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenues from federal and other funding sources are recognized when the related expenses are incurred. Expenses charged to federal grants, including allocable indirect costs and fringe benefits, are subject to audit and adjustment. Grant expenses incurred before the grant revenue is received are reported as grants receivable in the accompanying statements of financial position. Funds received in advance of the period in which they will be recognized are reported as refundable advances in the accompanying statements of financial position.

Revenues from membership dues, subscription fees, and program services are deferred and recognized over the periods to which the dues, fees, and programs relate.

Ticket sales and all other sources of revenue are recognized when earned. Revenue from all other sources is recognized when earned.

Donated Services

Donated services meeting the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Revenue Recognition – Contributions Received*, are recognized at fair value at the time of receipt. These services benefit the general programs and consist primarily of advertising, legal, choral musicians, goods, and other professional services. The value of these donated services and goods is included in the financial statements as both revenue and expense in the amounts of \$548,054 and \$783,383 for the years ended June 30, 2020 and 2019, respectively.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Expenses

The Chorus expenses advertising costs as incurred. Advertising expenses were \$42,008 and \$76,657 for the years ended June 30, 2020 and 2019, respectively. These advertising costs are reflected as marketing expenses in the accompanying statements of functional expenses.

Measure of Operations

The Chorus includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes gains and losses on investments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Change in Accounting Principle

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Chorus has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Deferral in Accounting Principle

In May 2014, the FASB issued ASU 2014-09 – *Revenue from Contracts with Customers* (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries, including those that previously followed industry-specific guidance. The update requires that revenue be recognized to depict the transfer of promised goods and services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for these goods and services. This standard was originally effective beginning in the Chorus’ fiscal year 2020; however, in June 2020 the FASB gave the option to defer implementation of this ASU for one additional year due to the COVID-19 pandemic. The guidance is now effective beginning in the Chorus’ fiscal year 2021.

Subsequent Events

In preparing these financial statements, the Chorus has evaluated events and transactions for potential recognition or disclosure through April 21, 2021, the date the financial statements were available to be issued.

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 514,434	\$ 86,163
Accounts receivable	10,928	17,544
Contributions receivable	-	210,994
Investments	158,438	194,344
Less: net assets with donor restrictions	<u>-</u>	<u>(80,000)</u>
Total available for general expenditures	<u>\$ 683,800</u>	<u>\$ 429,045</u>

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

4. Concentration of Credit Risk

Financial instruments that potentially subject the Chorus to significant concentrations of credit risk consist of cash and investments. The Chorus maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Chorus has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Investments and Fair Value Measurements

The Chorus follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Chorus recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Chorus uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

5. Investments and Fair Value Measurements (continued)

The following table presents the Chorus' fair value hierarchy for those investments measured on a recurring basis at June 30:

	Level 1	Level 2	Level 3	Total
<u>2020:</u>				
Money market funds	\$ 106,602	\$ -	\$ -	\$ 106,602
Mutual funds – large cap	51,836	-	-	51,836
Total investments	<u>\$ 158,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,438</u>
<u>2019:</u>				
Money market funds	\$ 97,937	\$ -	\$ -	\$ 97,937
Mutual funds – large cap	96,407	-	-	96,407
Total investments	<u>\$ 194,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,344</u>

Investment return consists of the following for the years ended June 30:

	2020	2019
Interest income	\$ 1,754	\$ 3,681
Unrealized and realized gains	6,593	6,206
Total investment return	<u>\$ 8,347</u>	<u>\$ 9,887</u>

There were no investment management fees for the years ended June 30, 2020 and 2019.

6. Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Office equipment	\$ 20,644	\$ 20,644
Less: accumulated depreciation	(11,798)	(8,301)
Property and equipment, net	<u>\$ 8,846</u>	<u>\$ 12,343</u>

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

7. Loan Payable – Paycheck Protection Program

During 2020, the Chorus sought relief under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and received a \$66,300 loan under the Paycheck Protection Program. This loan is an unsecured debt obligation and is scheduled to mature on April 28, 2022. As permitted under the CARES Act, the Chorus expects to apply for loan forgiveness, in accordance with the terms of the CARES Act, based on payroll and other allowable costs incurred since disbursement of the loan. Any amount not forgiven by the Small Business Administration (SBA) is subject to an interest rate of 1.00% per annum commencing on the date of the loan.

The Chorus evaluated the applicable accounting guidance relative to the loan and accounted for the proceeds of the loan debt under ASC 470. Principal and interest payments due under the loan are generally deferred until the review and approval of any forgiveness is made by the SBA, subject to the loan rules. Management of the Chorus expects the loan to be forgiven in fiscal year 2021, but cannot provide assurance of such forgiveness until it has been approved by the Chorus’ lender and the SBA. Any portion of the loan that is forgiven will be recorded in the Chorus’ statements of activities as a gain on extinguishment of debt in the period of forgiveness. At June 30, 2020, the Chorus recorded \$66,300 as a loan payable, which is reflected in the accompanying statements of financial position.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions were purpose and time restricted for the Arts Innovation Management Program and totaled \$-0- and \$80,000 for the years ended June 30, 2020 and 2019, respectively.

9. Commitments and Contingencies

Capital Lease

The Chorus entered a new office equipment lease in March 2018, which is reflected in property and equipment with a capitalized total cost of \$14,748. The capital lease was set to expire in February 2023. Accumulated depreciation expense for the leased equipment was \$6,882 for the year ended June 30, 2020. The monthly payment, including an interest factor, was \$443. The interest rate implicit in the lease was 2%. Subsequent to year end, when the office lease expired (see below), the Chorus terminated the capital lease.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

9. Commitments and Contingencies (continued)

Operating Lease

The Chorus leases office space in Washington, DC under the terms of an operating lease, which commenced on September 1, 2015 expired on August 31, 2020. The terms of the lease called for base rental payments of \$3,341 payable monthly with annual increases of 3% from the previous base year. Rent expense totaled \$46,634 and \$45,651 for the years ended June 30, 2020 and 2019, respectively. Subsequent to year end, the Chorus opted to not renew the office lease and moved the majority of its staff to a virtual format. The Chorus entered into a short-term lease for a single office for its Executive Director in a shared space arrangement. The lease terms call for monthly payments of \$933 and is set to expire on July 2, 2021.

10. Methods Used for Allocation of Expenses from Management and General Activities

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. Expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, telecommunications, interest, and other, which are allocated on the basis of estimates of time and effort.

11. Income Taxes

The Chorus is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements as there was no unrelated business taxable income. Contributions to the Chorus are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management has evaluated the Chorus' tax positions and has concluded that the Chorus has taken no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.