

**BOSTON CITY SINGERS, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2016 AND 2015**

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**CULLEN, MURPHY & CO., P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Independent Auditors' Report

To the Board of Directors of  
Boston City Singers, Inc.  
17 Waldeck Street  
Dorchester, Massachusetts 02124

We have audited the accompanying financial statements of Boston City Singers, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2016 and 2015, the related statements of activities, statements of functional expenses, and statements of 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.

**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 Boston City Singers, Inc. as of August 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Cullen, Murphy & Co., P.C.*  
Norwood, Massachusetts  
March 1, 2017

**BOSTON CITY SINGERS, INC.****STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2016 AND 2015****ASSETS**

|                                 | <u>2016</u>              | <u>2015</u>              |
|---------------------------------|--------------------------|--------------------------|
| <u>Current Assets:</u>          |                          |                          |
| Cash and Cash Equivalents       | \$ 210,208               | \$ 115,281               |
| Tuition Receivable              | <u>2,610</u>             | <u>700</u>               |
| Total Current Assets            | <u>212,818</u>           | <u>115,981</u>           |
| <u>Property and Equipment:</u>  |                          |                          |
| Equipment                       | <u>15,212</u>            | <u>15,212</u>            |
| Total Property and Equipment    | 15,212                   | 15,212                   |
| Less - Accumulated Depreciation | <u>(9,512)</u>           | <u>(7,742)</u>           |
| Net Property and Equipment      | <u>5,700</u>             | <u>7,470</u>             |
| <b>Total Assets</b>             | <b>\$ <u>218,518</u></b> | <b>\$ <u>123,451</u></b> |

**LIABILITIES AND NET ASSETS**

|   |                          |                          |
|---|--------------------------|--------------------------|
| <u>Current Liabilities:</u>             |                          |                          |
| Accounts Payable                        | \$ <u>1,783</u>          | \$ <u>2,591</u>          |
| Total Current Liabilities               | <u>1,783</u>             | <u>2,591</u>             |
| <u>Net Assets:</u>                      |                          |                          |
| Unrestricted                            | <u>216,735</u>           | <u>120,860</u>           |
| Total Net Assets                        | <u>216,735</u>           | <u>120,860</u>           |
| <b>Total Liabilities and Net Assets</b> | <b>\$ <u>218,518</u></b> | <b>\$ <u>123,451</u></b> |

SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

**BOSTON CITY SINGERS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

|   | <u>2016</u>              | <u>2015</u>              |
|---|--------------------------|--------------------------|
| <b><u>Unrestricted Revenues and Support:</u></b>      |                          |                          |
| Grants  | \$ 355,999               | \$ 274,184               |
| Governmental Grants - Massachusetts                   | 30,336                   | 9,069                    |
| Contributions   | 62,061                   | 58,889                   |
| Fundraising   | 1,568                    | 2,946                    |
| Tuition   | 160,163                  | 107,383                  |
| Less - Tuition Assistance                             | (42,018)                 | (40,645)                 |
| International Tour Fees                               | 48,178                   | 154,610                  |
| Less - Tuition Assistance                             | (12,645)                 | (36,968)                 |
| Site Contract   | 4,700                    | 2,790                    |
| Ticket Sales  | 4,577                    | 7,434                    |
| Performance Fees                                      | 4,874                    | 2,502                    |
| Uniform Fees  | -0-                      | 2,600                    |
| CD/Photobook and Advertising Sales                    | 263                      | -0-                      |
| Interest Income                                       | 6                        | 52                       |
| Net Assets Released From Restrictions:                |                          |                          |
| Expiration of Time Restriction                        | -0-                      | -0-                      |
| Total Unrestricted Revenues and Support               | <u>618,062</u>           | <u>544,846</u>           |
| <b><u>Expenses:</u></b>                               |                          |                          |
| Program Expenses                                      | 384,815                  | 430,273                  |
| <b><u>Supporting Services Expenses:</u></b>           |                          |                          |
| Management and General                                | 134,797                  | 195,529                  |
| Fundraising   | 2,575                    | 130                      |
| Total Supporting Services Expenses                    | <u>137,372</u>           | <u>195,659</u>           |
| Total Expenses  | <u>522,187</u>           | <u>625,932</u>           |
| <b>Increase/(Decrease) in Unrestricted Net Assets</b> | <b>\$ 95,875</b>         | <b>\$ (81,086)</b>       |
| Net Assets, Beginning of the Year,                    | <u>120,860</u>           | <u>201,946</u>           |
| <b>Net Assets, End of the Year,</b>                   | <b><u>\$ 216,735</u></b> | <b><u>\$ 120,860</u></b> |

SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

BOSTON CITY SINGERS, INC.STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

|   | 2016              |                      |                 | 2015              |                   |                      |               |                   |
|---|-------------------|----------------------|-----------------|-------------------|-------------------|----------------------|---------------|-------------------|
|   | Program Services  | Management & General | Fundraising     | Total             | Program Services  | Management & General | Fundraising   | Total             |
| Salaries, Payroll Taxes and Employee Benefits | \$ 233,838        | \$ 107,204           | \$              | \$ 341,042        | \$ 191,301        | \$ 157,195           | \$            | \$ 348,496        |
| Artistic Consultants                          | 50,120            |                      |                 | 50,120            | 50,483            |                      |               | 50,483            |
| Advertising                                   | 2,633             |                      |                 | 2,633             | 1,208             |                      |               | 1,208             |
| Bank Charges                                  |                   | 2,587                |                 | 2,587             |                   | 2,429                |               | 2,429             |
| Charitable Contributions                      |                   |                      |                 | -0-               |                   | 550                  |               | 550               |
| Consultants                                   | 5,036             | 7,500                |                 | 12,536            | 7,634             | 7,000                |               | 14,634            |
| Costumes                                      | 2,963             |                      |                 | 2,963             | 1,809             |                      |               | 1,809             |
| Depreciation                                  | 1,770             |                      |                 | 1,770             | 1,770             |                      |               | 1,770             |
| Employee/Board Expense                        |                   | 734                  |                 | 734               |                   | 2,562                |               | 2,562             |
| Equipment Rental                              | 987               |                      |                 | 987               | 1,400             |                      |               | 1,400             |
| Equipment Repair                              | 479               |                      |                 | 479               | 1,059             |                      |               | 1,059             |
| Food  | 1,241             |                      |                 | 1,241             | 1,624             |                      |               | 1,624             |
| Gala Expenses                                 |                   |                      | 2,575           | 2,575             |                   |                      | 130           | 130               |
| Insurance                                     | 2,889             |                      |                 | 2,889             |                   |                      |               |                   |
| Licenses and Permits                          | 350               |                      |                 | 350               | 95                |                      |               | 95                |
| Office Expense                                |                   | 9,363                |                 | 9,363             |                   | 11,972               |               | 11,972            |
| Payroll Processing Fees                       |                   | 2,497                |                 | 2,497             |                   | 2,192                |               | 2,192             |
| Performance Space Rent                        | 26,488            |                      |                 | 26,488            | 13,561            |                      |               | 13,561            |
| Photography                                   | 995               |                      |                 | 995               | 1,680             |                      |               | 1,680             |
| Postage                                       |                   | 942                  |                 | 942               |                   | 878                  |               | 878               |
| Printing                                      | 1,989             | 3,730                |                 | 5,719             |                   |                      |               |                   |
| Production Costs/CD Photo Books               | 985               |                      |                 | 985               | 390               |                      |               | 390               |
| Professional Development                      | 450               |                      |                 | 450               |                   |                      |               |                   |
| Supplies                                      | 3,371             |                      |                 | 3,371             | 3,057             |                      |               | 3,057             |
| Tour Expenses                                 | 44,138            |                      |                 | 44,138            | 147,397           |                      |               | 147,397           |
| Travel  | 4,093             | 240                  |                 | 4,333             | 5,805             |                      |               | 5,805             |
| <b>Total Functional Expenses</b>              | <b>\$ 384,815</b> | <b>\$ 134,797</b>    | <b>\$ 2,575</b> | <b>\$ 522,187</b> | <b>\$ 430,273</b> | <b>\$ 195,529</b>    | <b>\$ 130</b> | <b>\$ 625,932</b> |

**BOSTON CITY SINGERS, INC.****STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

| <u>Cash Flows from Operating Activities</u>   | <u>2016</u>              | <u>2015</u>              |
|---|--------------------------|--------------------------|
| Increase/(Decrease) in Unrestricted Net Assets  | \$ 95,875                | \$ (81,086)              |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Provided/(Used) by Operating Activities: |                          |                          |
| Depreciation  | 1,770                    | 1,770                    |
| (Increase)/Decrease in:<br>Tuition Receivable   | (1,910)                  | 5,090                    |
| Increase/(Decrease) in:<br>Accounts Payable   | <u>(808)</u>             | <u>69</u>                |
| Net Cash Provided/(Used) by Operating Activities  | <u>94,927</u>            | <u>(74,157)</u>          |
| Net Change in Cash and Cash Equivalents   | 94,927                   | (74,157)                 |
| Cash and Cash Equivalents, Beginning of the Year,   | <u>115,281</u>           | <u>189,438</u>           |
| <b>Cash and Cash Equivalents, End of the Year,</b>  | <b><u>\$ 210,208</u></b> | <b><u>\$ 115,281</u></b> |

**BOSTON CITY SINGERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2016 AND 2015**

NOTE A - Formation and Nature of Organization.

Boston City Singers, Inc. (the "Organization") was organized in the Commonwealth of Massachusetts in 2003 as a 501(c) (3) non-profit organization. The Organization provides the highest level of musical training and extensive performance opportunities to children and young people of all ages designed to inspire personal development, emphasize the rewards of teamwork, celebrate diversity and foster goodwill worldwide. The Organization biennially embarks on international goodwill performance tours. The international goodwill performance tour creates extraordinary fundraising revenues, additional related expenses, and allows the Organization to give out additional financial aid awards.

NOTE B - Significant Accounting Policies.

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management, who are responsible for the statements' integrity and objectivity.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers cash, money market funds and all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are capitalized at cost. When assets are disposed of or retired, the cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is included in income. The Organization has a policy to capitalize expenditures, in excess of \$1,000. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of property and equipment is provided using the straight-line methods for financial reporting purposes at rates based on the following estimated useful lives:

|           | <u>Years</u> |
|-----------|--------------|
| Equipment | 7            |

Depreciation expense totaled \$1,770 for both the years ended August 31, 2016 and 2015.



**BOSTON CITY SINGERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2016 AND 2015**

NOTE B - (continued):

Revenue Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended August 31, 2016 and 2015 was \$2,633 and \$1,208, respectively.

Functional Expenses

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

Income Taxes

The Organization is qualified under Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending August 31, 2016 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Tuition Receivable

Tuition receivables are recorded at the amount the Organization expects to collect from outstanding balances. Once all collection efforts have been exhausted the account is charged off to bad debts. Due to the past collection history the Organization has determined that an allowance for doubtful accounts is not necessary.

Contributions

Support restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization while carrying out its programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such efforts have not been satisfied.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, net assets of the Organization are classified and reported as follows:

**BOSTON CITY SINGERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2016 AND 2015**

NOTE B - (continued):

*Unrestricted* - Net assets for which the donor has not imposed a restriction that the assets be used for a specific purpose or held for a certain period of time.

*Temporarily Restricted* – Net assets subject to donor- imposed stipulations that can be met either by actions of the Organization or held for a certain period of time. For both the years ended August 31, 2016 and 2015, there were no temporarily restricted net assets.

*Permanently Restricted* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. For both the years ended August 31, 2016 and 2015, there were no permanently restricted net assets.

NOTE C - Concentration of Risk.

The Organization maintains a majority of its cash balances at one financial institution. During the fiscal year, balances in the accounts may exceed the federally insured limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

The Organization's accounts receivables result primarily from outstanding tuition payments from customers. The Organization routinely assesses the financial strength of its customers, and as a consequence, believes that its accounts receivable credit risk exposure is limited.

Transactions with two (2) and one (1) major donor accounted for approximately 32% and 14% of unrestricted revenues and support for the years ended August 31, 2016 and 2015, respectively.

NOTE D – Leases.

The Organization rents its facilities used for concerts and classes under multiple tenant-at-will agreements. Rent expense under these lease agreements totaled \$26,488 and \$13,561 for the years ending August 31, 2016 and 2015, respectively.

NOTE E – Commitments and Contingencies.

The Organization may be involved in other lawsuits and contingencies in the ordinary course of business. The Organization has affirmed that it is not currently involved in other lawsuits and contingencies.

NOTE F – Subsequent Events.

The Organization has evaluated subsequent events through March 1, 2017, the date on which the financial statements were available to be issued.