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Audit

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**BAY STATE PERFORMING ARTS, INC.**

**Financial Statements  
For the Years Ended August 31, 2010 and 2009**

**(With Independent Auditors' Report Thereon)**





**Bay State Performing Arts, Inc.**  
**Statements of Financial Position**  
**For the Years Ended August 31, 2010 and 2009**

		AUGUST 31,	
		2010	2009
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$	18,435	\$ 8,206
Accounts Receivable		480	5,610
Music Inventories		23,646	24,384
Prepaid Expenses		11,753	5,562
Total Current Assets		54,314	43,762
PROPERTY ASSETS			
Equipment		7,289	7,289
Accumulated Depreciation		(7,289)	(6,829)
Total Property Assets		-	460
OTHER ASSETS			
Security Deposit		1,100	1,100
Total Other Assets		1,100	1,100
TOTAL ASSETS	\$	55,414	\$ 45,322
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$	20,210	\$ 4,943
Accrued Expenses		6,236	3,176
Deferred Revenue		2,000	2,000
Notes Payable		21,000	23,500
Total Current Liabilities		49,446	33,619
NET ASSETS			
Unrestricted		5,968	11,703
Total Net Assets		5,968	11,703
TOTAL LIABILITIES AND NET ASSETS	\$	55,414	\$ 45,322

See Accompanying Notes to Financial Statements

**Bay State Performing Arts, Inc.**  
**Statements of Activities and Changes In Net Assets**  
**For the Years Ended August 31, 2010 and 2009**

	Years Ended	
	August 31, 2010	August 31, 2009
<b>SUPPORT AND REVENUE</b>		
Programs	\$ 240,268	\$ 243,772
Contributions, Sponsorships and Grants	209,760	206,866
Fundraising Events	75,976	91,483
Membership Dues	24,605	19,885
Merchandise Sales	12,250	3,640
Advertising	10,025	6,735
Donated Services	19,570	7,360
Interest Income	-	3
	592,454	579,744
<b>COST OF GOODS SOLD</b>	9,645	1,875
<b>OPERATING EXPENSES</b>		
Program Services	386,189	351,698
Administrative	88,966	81,950
Fundraising	113,389	111,061
	588,544	544,709
<b>Increase (Decrease) in Net Assets</b>	(5,735)	33,160
<b>Net Assets at Beginning of Year</b>	11,703	(21,457)
<b>Net Assets at End of Year</b>	\$ 5,968	\$ 11,703

See Accompanying Notes to Financial Statements

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**Bay State Performing Arts, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2010 and 2009**

	Years Ended	
	<u>August 31, 2010</u>	<u>August 31, 2009</u>
<b>OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (5,735)	\$ 33,160
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	460	512
(Increase) Decrease in Accounts Receivable	5,130	(2,093)
(Increase) Decrease in Music Inventories	738	1,875
(Increase) Decrease in Prepaid Expenses	(6,191)	(5,562)
Increase (Decrease) in Accounts Payable	15,267	(22,734)
Increase (Decrease) in Accrued Expenses	3,060	(3,204)
Increase (Decrease) in Deferred Revenue	-	2,000
	<hr/>	<hr/>
Net Cash Provided by (Used In) Operating Activities	12,729	3,954
<b>FINANCING ACTIVITIES</b>		
Reduction of Notes Payable	<hr/> (2,500)	<hr/> (6,500)
Net Increase (Decrease) in Cash and Cash Equivalents	10,229	(2,546)
Cash and Cash Equivalents Beginning of Year	<hr/> 8,206	<hr/> 10,752
Cash and Cash Equivalents End of Year	<u>\$ 18,435</u>	<u>\$ 8,206</u>

See Accompanying Notes to Financial Statements

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**Bay State Performing Arts, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended August 31, 2010 and 2009**

	Year Ended August 31, 2010				Year Ended August 31, 2009			
	PROGRAM SERVICES	ADMINI- STRATIVE	FUND- RAISING	TOTAL	PROGRAM SERVICES	ADMINI- STRATIVE	FUND- RAISING	TOTAL
Salaries and Wages	\$ 155,961	\$ 30,720	\$ 49,624	\$ 236,304	\$ 137,885	\$ 27,554	\$ 45,061	\$ 210,500
Occupancy	64,808	12,152	4,051	81,010	64,099	12,018	4,007	80,124
Marketing and Publicity	63,872	-	-	63,872	50,718	-	-	50,718
Concert Production Expenses	61,980	-	-	61,980	44,821	-	-	44,821
Special Events	-	-	46,669	46,669	-	-	48,377	48,377
Payroll Taxes	11,873	2,339	3,778	17,989	10,368	2,071	3,388	15,827
Employee Benefits	10,283	2,026	3,272	15,581	12,589	2,516	4,115	19,220
Professional Fees	-	12,874	-	12,874	-	9,797	-	9,797
Office Expenses	3,566	5,348	2,971	11,885	4,026	6,040	3,354	13,420
Postage and Delivery	-	9,794	-	9,794	8,095	-	-	8,095
Service Charges	-	6,587	-	6,587	-	13,296	-	13,296
Member Services	6,700	-	-	6,700	8,718	-	-	8,718
Telephone and Internet	1,390	2,502	1,668	5,561	1,158	2,088	1,385	4,631
Insurance	1,131	2,035	1,357	4,522	1,146	2,059	1,374	4,579
Community Relations	2,825	-	-	2,825	3,395	-	-	3,395
Travel	1,801	-	-	1,801	4,680	-	-	4,680
Bad Debts	-	1,137	-	1,137	-	1,713	-	1,713
Miscellaneous	-	579	-	579	-	2,286	-	2,286
Depreciation	-	460	-	460	-	512	-	512
Printing and Copying	-	414	-	414	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 386,189</b>	<b>\$ 88,966</b>	<b>\$ 113,389</b>	<b>\$ 588,544</b>	<b>\$ 351,698</b>	<b>\$ 81,950</b>	<b>\$ 111,061</b>	<b>\$ 544,709</b>

See Accompanying Notes to Financial Statements

**BAY STATE PERFORMING ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009**

**NOTE 1 NATURE OF BUSINESS**

Bay State Performing Arts, Inc. (the Organization) was incorporated in 1982 in the state of Massachusetts to publicly perform a diverse choral repertoire to the highest standard of musical excellence; to provide enriching social entertainment and artistic experiences for members, friends and audiences; and to serve as positive and affirming representatives of the gay and lesbian community. The Organization does business under the name of Boston's Gay Men's Chorus. The Organization receives annual dues from members, contributions from individuals and organizations, and performance fees for musical productions as well as fees from the sales of compact disks.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared on the accrual basis. The significant accounting policies of the Organization are described below to enhance the usefulness of the financial statements to the reader.

Accounting Policies

The financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States of America.

Estimates and Assumptions

Preparing financial statements require 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.

Cash and Cash Equivalents

Cash equivalents are comprised of cash deposits and money market funds with original maturities of three months or less.

Music Inventories

Compact disk inventories are stated at the lower of cost or market. Such costs include performer fees, studio and equipment rental, royalties and manufacturing of the products.

Property Assets

The Organization capitalizes expenditures in excess of \$1,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets





**BAY STATE PERFORMING ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009**

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Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period of which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes

The Organization has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

On September 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at August 31, 2010.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2006.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

**BAY STATE PERFORMING ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009**

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**NOTE 3 COST OF GOODS SOLD**

Cost of goods sold at August 31, is comprised of the following:

	<u>2010</u>	<u>2009</u>
Beginning Inventory	\$ 24,384	\$ 26,259
Product costs	8,907	0
Ending inventory	<u>(23,646)</u>	<u>(24,384)</u>
	<u>\$ 9,645</u>	<u>\$ 1,875</u>

Music Inventories at August 31 consisted of:

	<u>2010</u>	<u>2009</u>
In Need of Music	\$ 1,791	\$ 0
EOS	5,919	5,954
Here to Stay	5,595	6,773
Gloria!	551	1,400
OZ and Beyond	539	746
Best of the BGMC	808	1,018
Razzle Dazzle	<u>8,443</u>	<u>8,493</u>
	<u>\$ 23,646</u>	<u>\$ 24,384</u>

**BAY STATE PERFORMING ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009**

**NOTE 4 LEASE COMMITMENT**

During 2005, the Organization negotiated a lease agreement effective October 1, 2005 for a term of five years and three months expiring December 31, 2010. During FY 2010, this term was extended to December 31, 2012. The lease is a net lease requiring the Organization to pay normal operating costs in addition to the minimum lease payments.

Future minimum lease payments are as follows:

2011	\$ 20,125
2012	<u>6,708</u>
Total minimum lease payments	<u>\$ 26,833</u>

In addition, the Organization rents performance and rehearsal space which is not subject to a lease. These costs are included in occupancy expense on the statement of functional expenses.

**NOTE 5 RELATED PARTY NOTE PAYABLE**

During fiscal year 2009 the Organization issued \$23,500 in non-interest bearing note payables to several officers and members of the organization. As of August 31, 2010, the current balances of these notes are \$21,000. The proceeds from the notes were used by the Organization to fund working capital needs. The notes are set to be paid back no later than April 2012.

**NOTE 6 IN-KIND DONATIONS**

The in-kind contributions for 2010 and 2009 consisted of certain services donated valued at \$19,570 and \$7,360 respectively which are also included in program and administrative expenses.

**NOTE 7 CONCENTRATION OF MARKET RISK**

The Organization relies on contributions, sponsorships and grants to support its operations. Should these sources of support decrease significantly, this may adversely impact the Organization financially and result in reducing costs and/or programs.

