



**Bay State Performing Arts, Inc.
DBA Boston Gay Men's Chorus
Financial Statements
For the Years Ended
August 31, 2017 and 2016**

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus

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Independent Auditor's Report

To the Board of Directors
Bay State Performing Arts, Inc.
DBA Boston Gay Men's Chorus
Boston, MA

I have audited the accompanying financial statements of Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus (a nonprofit organization, "the Organization"), which comprise the statement of financial position as of August 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus as of August 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus as of August 31, 2016, were audited by other auditors whose report dated November 28, 2016, expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Melissa Gilroy". The signature is written in a cursive, flowing style.

Melissa Gilroy, Certified Public Accountant
Westwood, Massachusetts
November 6, 2017

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus
Statement of Financial Position

As of August 31,

2017

2016

Assets

Current Assets

Cash and cash equivalents	\$	83,204	\$	18,160
Prepaid expenses		77,989		6,085
Investments		34,999		2,516
Other current assets		1,100		1,100
Total current assets		197,292		27,861

Other Assets

Investments, long-term		50,000		40,000
Total other assets		50,000		40,000

Total Assets	\$	247,292	\$	67,861
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$	5,451	\$	8,671
Deferred revenue		145,125		-
Long term debt, current portion		9,000		12,000
Total current liabilities		159,576		20,671

Long Term Liabilities

Note payable, long-term		-		9,000
Total long term liabilities		-		9,000

Total liabilities		159,576		29,671
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Net Assets

Unrestricted		36,674		(1,810)
Temporarily restricted		1,042		-
Permanently restricted		50,000		40,000
Total net assets		87,716		38,190

Total Liabilities and Net Assets	\$	247,292	\$	67,861
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Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus
Statement of Activities

	2017				2016		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Revenue and Support							
Ticket sales and performance fees	\$ 426,165	-	-	426,165	\$ 314,565	-	314,565
Grants and contributions	224,064	3,754	10,000	237,818	237,697	10,000	247,697
Fundraising events	69,795	-	-	69,795	102,983	-	102,983
Member dues and fees	42,707	-	-	42,707	42,093	-	42,093
Other income	14,247	-	-	14,247	11,983	-	11,983
In-kind income	20,064	-	-	20,064	1,452	-	1,452
Release of restricted net assets	2,712	(2,712)	-	-	-	-	-
Unrealized / realized gain / (loss)	66	-	-	66	3	-	3
Total revenue and support	<u>799,820</u>	<u>1,042</u>	<u>10,000</u>	<u>810,862</u>	<u>710,776</u>	<u>10,000</u>	<u>720,776</u>
Expenses							
Program services	571,631	-	-	571,631	525,798	-	525,798
Administrative	89,399	-	-	89,399	97,891	-	97,891
Fundraising	100,306	-	-	100,306	90,440	-	90,440
Total expenses	<u>761,336</u>	<u>-</u>	<u>-</u>	<u>761,336</u>	<u>714,129</u>	<u>-</u>	<u>714,129</u>
Change in Net Assets	38,484	1,042	10,000	49,526	(3,353)	10,000	6,647
Net Assets at Beginning of Year	<u>(1,810)</u>	<u>-</u>	<u>40,000</u>	<u>38,190</u>	<u>1,543</u>	<u>30,000</u>	<u>31,543</u>
Net Assets at End of Year	<u>\$ 36,674</u>	<u>1,042</u>	<u>50,000</u>	<u>87,716</u>	<u>\$ (1,810)</u>	<u>40,000</u>	<u>38,190</u>

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus
Statement of Functional Expenses

	2017				2016			
	Program	Administrative	Fund-raising	Total	Program	Administrative	Fund-raising	Total
Salaries	\$ 170,088	23,775	33,808	227,671	\$ 149,306	28,634	26,589	204,529
Payroll taxes	16,852	2,356	3,350	22,558	14,316	2,746	2,549	19,611
Benefits	14,919	2,085	2,965	19,969	12,545	2,406	2,234	17,185
Production costs	128,801	-	-	128,801	140,907	-	-	140,907
Marketing and advertising	105,980	-	-	105,980	79,155	-	-	79,155
Facility expenses	66,199	920	3,040	70,159	64,769	-	-	64,769
Event expenses	-	-	51,595	51,595	25,000	-	53,306	78,306
Dues and fees	21,959	7,433	-	29,392	19,581	6,232	-	25,813
Office rent	5,548	11,098	5,548	22,194	5,762	10,800	5,762	22,324
In-kind expenses	17,734	2,330	-	20,064	-	1,452	-	1,452
Member expenses	15,977	-	-	15,977	14,457	-	-	14,457
Office supplies and other expenses	-	11,440	-	11,440	-	10,902	-	10,902
Professional fees	-	11,223	-	11,223	-	16,698	-	16,698
Travel	6,157	3,013	-	9,170	-	7,576	-	7,576
Insurance	-	6,989	-	6,989	-	3,513	-	3,513
Telephone and internet	-	6,250	-	6,250	-	6,249	-	6,249
Professional development	1,417	-	-	1,417	-	-	-	-
Interest expense	-	487	-	487	-	683	-	683
Total Functional Expenses	\$ 571,631	89,399	100,306	761,336	\$ 525,798	97,891	90,440	714,129

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus

Statement of Cash Flows

For the years ended August 31,	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 49,526	\$ 6,647
Adjustments to reconcile change in net assets to cash provided by operations		
Depreciation	-	487
Donation of investments	(5,012)	(5,398)
Unrealized / realized gain (loss)	66	-
Accounts receivable	-	10,484
Prepaid expenses	(71,904)	16,807
Accounts payable and accrued expenses	(3,220)	(7,766)
Deferred revenue	145,125	-
Net Cash Provided by Operating Activities	114,581	21,261
Cash Flows from Investing Activities		
Proceeds from sale of investments	109,931	5,762
Purchase of investments	(137,468)	(2,882)
Net Cash (Used in) Provided by Investing Activities	(27,537)	2,880
Cash Flows from Financing Activities		
Endowment investment	(10,000)	(10,000)
Repayment of note payable	(12,000)	(12,000)
Net Cash Provided by (Used in) Financing Activities	(22,000)	(22,000)
Net (Decrease) Increase in Cash and Cash Equivalents	65,044	2,141
Cash and Cash Equivalents - Beginning	18,160	16,019
Cash and Cash Equivalents - Ending	\$ 83,204	\$ 18,160
Supplement Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 487	\$ 683
Cash paid during the year for taxes	\$ -	\$ -

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus

Notes to Financial Statements

1. Nature of the Business

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus ("the Chorus" or the "Organization") was incorporated in 1982 as a Massachusetts non-profit and is tax exempt for federal purposes under the Internal Revenue Code. The Chorus performs publicly and creates musical experiences to inspire change, build community and celebrate differences. Our core values include:

- We're a family with a tradition of excellence
- We provide a safe a welcoming community to be ourselves
- We make music that makes us and our audience proud
- We operate with integrity
- We genuinely care for each other; bringing out the best of each other – we are at our best as a group
- We change hearts and minds through our presence and music
- We are from diverse backgrounds but have a shared passion for music
- We choose to give our time and talents – giving back more than we get
- We have fun!

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements are in conformity with generally accepted accounting principles in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in three categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

Unrestricted

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

Temporarily Restricted

Temporarily restricted net assets include contributions with donor-imposed restrictions which stipulate that the Organization expend the assets as specified and are satisfied by the passage of time or by the actions of the Organization. Restricted assets received and satisfied in the same fiscal year are reported as unrestricted as of the fiscal year-end.

Permanently Restricted

Permanently restricted net assets include contributions with donor-imposed restrictions which stipulate that the principal be invested in perpetuity and only the income be made available for the Organization's operations.

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less, when acquired, to be cash equivalents.

Accounts and Grants Receivable

The Organization carries its receivables at their net realizable value. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible, and recoveries of previously written off receivables are recorded as revenue when received. As of August 31, 2017 and 2016 management determined that no allowance is required.

Property and Equipment

Property and equipment is stated at cost at the time of acquisition or fair market value at the time of donation. The Organization capitalizes expenditures in excess of \$1,500. Expenditures for maintenance and repairs are charged to expense as incurred; betterments are capitalized. When assets are sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain and loss is credited or charged to operations. Depreciation is recorded on a straight-line basis based on their estimated useful lives.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis amongst its various programs and other activities. All of the Organization's allocated expenditures have been summarized on a functional basis in the statement of activities and in the statement of functional expenses based on direct charges and personnel time estimates of those functional areas benefited.

Program Service Revenue Recognition

The Organization earns revenue primarily from ticket sales, chorus member fees and performance fees which is recognized as services are delivered. grants or contracts services related to its educational programs provided to clients. Fees paid in advance are recorded as deferred revenue. Substantially all of the Organization's revenue is derived from its operations in Boston, Massachusetts.

Contributions

Contributions, including unconditional promises to give, are recognized as unrestricted, temporarily restricted, or permanently restricted revenues in the year received in accordance with the donor requirements. Unconditional promises to give are recorded at fair value when initially pledged. Pledges expected to be collected in one year or more are recorded at the present value of expected future cash flows, net of an allowance for estimated unfulfilled promises to give. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of noncash assets or services are recorded at fair market value upon the date of receipt.

Donated Goods and Services

Donated goods and services are recorded at the estimated fair value of the items provided to the Organization. Contributed services are recognized for services that require specialized skills and are provided by persons possessing those skills in the period in which they are received in accordance with GAAP.

Investments

Investments are recorded at fair market value.

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs were \$105,980 and \$79,155 for years ended August 31, 2017 and 2016, respectively.

Income Taxes

The Chorus is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is a registered tax exempt entity under Chapter 180 of the Massachusetts General Laws and is generally exempt from federal and state income taxes on related income. Accordingly, no provision for income taxes is included in the financial statements.

Uncertain Tax Positions

The Chorus accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to recognition of tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. The Chorus has determined that it has not taken any uncertain tax positions requiring recognition and is not currently under examination by any taxing jurisdiction. The Organization has filed all known and required tax returns in a timely manner, including as permitted, allowed extensions.

Reclassifications

Certain prior year amounts were reclassified in the current year to conform to the current year presentation.

3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1	Quoted prices are available in active markets for identical instruments as of the reporting date.
Level 2	Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
Level 3	Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgement or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. It is reasonably possible that change in the value of these instruments will occur in the near term and that such changes could materially affect amounts reported in the financial statements.

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus
Notes to the Financial Statements

3. Fair Value Measurements – continued

Investments as of August 31, 2017 and 2016 consist of the following:

Description:	As of	As of
	08/31/2017	08/31/2016
	Level 1	Level 1
Money Market Fund	\$ 34,999	\$ 40,000
Certificate of Deposit	50,000	-
Common Stock	-	2,516
	<u>\$ 84,999</u>	<u>\$ 42,516</u>

4. Related Party Note Payable

The Organization has a note payable due to a member of the Board of Directors in the original amount of \$60,000. The note bears interest at the federal interest rate plus 2% and is payable in monthly installments of \$1,000. The note matures in June 2018, as such, the entire remaining balance on the loan of \$9,000 is considered current as of the year-ended August 31, 2017.

5. In-Kind Donations

As of the year-ended August 31, 2017 and 2016, in-kind donations consist of following:

Description	As of	As of
	08/31/2017	08/31/2016
Advertising	\$ 16,914	\$ -
Law services	575	325
Architect services	1,755	-
Goods	820	1,127
	<u>\$ 20,064</u>	<u>\$ 1,452</u>

6. Temporarily Restricted Net Assets

During fiscal 2017, the Organization received donations for the purpose of funding chorus member expenditures that members either have inadequate funding to provide or that are otherwise unpaid by members. As of August 31, 2017 and 2016, temporarily restricted net assets consists of the following:

Purpose: Member Assistance	As of	Additions	Releases	As of
	08/31/2016			08/31/2017
	\$ -	3,754	(2,712)	\$ 1,042

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus

Notes to the Financial Statements

7. Leases

The Organization maintains a non-cancelable lease for office space which expires December 2017. Lease payments amount to \$1,805 per month. In addition to the lease payments, the Organization is required to pay certain normal operating costs. Total rent expense for the years ended August 31, 2017 and 2016 amounted to \$22,194 and \$22,324, respectively.

Subsequent to year-end, the Organization entered into a non-cancelable lease for office space commencing December 2017 and terminating June 2021 with an option to extend the lease provided the Organization's lease is in good standing. The lease requires monthly payments of \$1,333 which escalates every July 1. Future minimum payments under the lease are as follows:

2018	\$12,051
2019	\$16,374
2020	\$16,700
2021	\$14,150

8. Endowment

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). GAAP also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The Board of Directors has determined that the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors for the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gifts to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portions of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the investment policies of the organization.

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus

Notes to the Financial Statements

8. Endowment – continued

In accordance with UPMIFA, the Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds
- The purposes of the Organization and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization, and
- The investment policies of the Organization.

To meet that objective, the Organization's policies limit the spending of the investment income and appreciation to 5.0% of the average market value of such investments. It has been the Organization's policy to reinvest the endowment funds appreciation unless necessary for current operations.

The following is a summary of the Organization's donor-restricted endowment related activities for the years ended August 31, 2017 and 2016

	Unrestricted Net Assets	Permanently Restricted Net Assets	Total
Endowment assets, 08/31/2015	\$ -	\$ 30,000	\$ 30,000
Contributions	-	10,000	10,000
Investment Income	3	-	3
Amounts appropriated for Operations	(3)	-	(3)
Endowment assets, 08/31/2016	-	40,000	40,000
Contributions	-	10,000	10,000
Investment Income	66	-	66
Amounts appropriated for Operations	(66)	-	(66)
Endowment assets, 08/31/2017	\$ -	\$ 50,000	\$ 50,000

9. Related Party Transactions

During fiscal 2017 and 2016, Board members donated approximately \$12,000 and \$24,000, respectively. Additionally, during the years-ended August 31, 2017 and 2016, the Organization expended approximately \$15,800 and \$2,080, respectively, for professional services with a vendor who is the Partner of the Executive Director of the Organization.

10. South African Tour

The Chorus is planning to embark on a tour of South Africa in fiscal 2018 that will further the Organization's mission to create musical experiences to inspire change, build community, and celebrate differences. Included in the statement of financial position as of August 31, 2017 are prepaid expenses of approximately \$65,000 and deferred revenue of approximately \$124,000 related to the Tour.

Bay State Performing Arts, Inc. DBA Boston Gay Men's Chorus
Notes to the Financial Statements

11. Subsequent Events

Subsequent to year-end, the Organization obtained a line of credit with borrowings of up to \$25,000. Interest on the line accrues at prime plus 3%. Payments of interest only are due monthly. Any outstanding balances on the loan are to be repaid by the maturity date of September 2019. The line will automatically renew if not in default on the original maturity date.

Management has evaluated subsequent events through November 6, 2017, which is the date financial statements were available to be issued.