UNITING VOICES

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

UNITING VOICES

YEAR ENDED JUNE 30, 2023

CONTENTS

Independent Auditors' Report

Board of Directors
Uniting Voices

Opinion

We have audited the accompanying financial statements of Uniting Voices (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uniting Voices as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Uniting Voices and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Uniting Voices adopted ASU 2016-02, *Leases (Topic 842)* effective July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Uniting Voices’ ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Uniting Voices’ internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Uniting Voices’ ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ostrow Reisin Berk & Abrams, Ltd.

October 17, 2023

UNITING VOICES

STATEMENT OF FINANCIAL POSITION

June 30, 2023		
ASSETS		
Cash and cash equivalents	$	462,814
Investments		3,650,639
Receivables:		
Tuition, tours and other fees		83,923
Contributions, net		1,884,084
Employee Retention Credit		624,187
Prepaid expenses		150,959
Property and equipment, net		229,388
Deferred artistic production costs, net of accumulated amortization of $27,007		50,443
Finance lease right-of-use asset		62,611
Total assets	$	7,199,048

See notes to financial statements.

UNITING VOICES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

June 30, 2023	
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	$ 85,474
Accrued expenses	2,398
Other liabilities	19,293
Contract liabilities	121,189
Deferred contributions - special events	151,500
Finance lease liability	64,277
Total liabilities	444,131
Net assets:	
Without donor restrictions:	
Board-designated	1,649,107
Undesignated	1,137,523
Total net assets without donor restrictions	2,786,630
With donor restrictions	3,968,287
Total net assets	6,754,917
Total liabilities and net assets	$ 7,199,048

See notes to financial statements.

UNITING VOICES

STATEMENT OF ACTIVITIES

Year ended June 30, 2023	Without donor restrictions	With donor restrictions	Total
Revenue:			
Contributions:			
Foundation and corporate	$ 613,396	$ 217,967	$ 831,363
Individual	539,990		539,990
Strategic initiatives	197,316	1,430,355	1,627,671
Endowment priority gifts		859,000	859,000
Government grants	107,150		107,150
Contributed goods and services	361,972		361,972
Tuition, school program fees and other	942,635		942,635
Tour fees	370,764		370,764
Concerts and other performances	232,966		232,966
Special events, net of direct benefit to donors of $559,270	1,562,133		1,562,133
Other	12,561		12,561
Net assets released from restrictions	945,064	(945,064)	
Total revenue before investment return	5,885,947	1,562,258	7,448,205
Net investment return	180,555	94,459	275,014
Total revenue	6,066,502	1,656,717	7,723,219
Expenses:			
Program services	4,288,467		4,288,467
Supporting services:			
Management and general	793,100		793,100
Fundraising	1,020,952		1,020,952
Total expenses	6,102,519		6,102,519
Change in net assets	(36,017)	1,656,717	1,620,700
Net assets:			
Beginning of year	2,822,647	2,311,570	5,134,217
End of year	$ 2,786,630	$ 3,968,287	$ 6,754,917

See notes to financial statements.

UNITING VOICES

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023	Program Services				Supporting Services			
	Voice of Chicago	Neighborhood Choirs	School Choirs	Total	Management and general	Fundraising	Direct benefit to donors	Total
Salaries, taxes and benefits	$ 470,332	$ 878,350	$ 771,176	$ 2,119,858	$ 351,430	$ 611,621		$ 3,082,909
Productions and events	199,882	262,884	224,096	686,862			$ 559,270	1,246,132
Contract services	53,592	93,501	92,946	240,039	241,100	169,493		650,632
Tour expense	151,735	300,838		452,573				452,573
Office expense	18,333	76,990	37,305	132,628	56,939	89,114		278,681
Facility and equipment	36,865	188,471	26,685	252,021	13,334	20,827		286,182
Depreciation and amortization	8,471	15,965	13,966	38,402	6,376	11,058		55,836
Travel and meeting	5,338	6,019	15,629	26,986	34,985	103,217		165,188
Uniforms, choral supplies, and other choir expenses	63,034	117,481	107,717	288,232				288,232
Insurance	3,646	8,486	6,011	18,143	5,991	4,759		28,893
Advertising					82,328			82,328
Credit card and banking fees	7,392	25,200	131	32,723	617	10,863		44,203
Total expenses	1,018,620	1,974,185	1,295,662	4,288,467	793,100	1,020,952	559,270	6,661,789
Less expenses included with revenue on the statement of activities							(559,270)	(559,270)
Total expenses included in the expenses section on the statement of activities	$ 1,018,620	$ 1,974,185	$ 1,295,662	$ 4,288,467	$ 793,100	$ 1,020,952	$ -	$ 6,102,519

See notes to financial statements.

UNITING VOICES

STATEMENT OF CASH FLOWS

Year ended June 30, 2023	
Cash flows from operating activities:	
Change in net assets	$ 1,620,700
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:	
Contributions restricted for endowment fund	(859,000)
Depreciation and amortization	55,836
Discounts on long-term contributions receivable	8,368
Net realized and unrealized gain on investments	(177,031)
Increase in operating assets:	
Receivables	(1,139,407)
Prepaid expenses	(80,487)
Increase (decrease) in operating liabilities:	
Accounts payable	(18,337)
Accrued expenses	1,683
Other liabilities	5,638
Contract liabilities	(76,121)
Deferred contributions - special events	(43,500)
Net cash and cash equivalents used in operating activities	(701,658)
Cash flows from investing activities:	
Purchases of investments	(5,711,878)
Proceeds from sale of investments	5,088,566
Production expenditures	(11,000)
Purchases of property and equipment	(10,498)
Net cash and cash equivalents used in investing activities	(644,810)

See notes to financial statements.

UNITING VOICES

STATEMENT OF CASH FLOWS (CONTINUED)

Year ended June 30, 2023		
Cash flows from financing activities:		
Proceeds from contributions restricted for endowment fund	$	859,000
Payments on finance lease obligation		(7,278)
Net cash and cash equivalents provided by financing activities		851,722
Net change in cash and cash equivalents		(494,746)
Cash and cash equivalents, beginning of year		957,560
Cash and cash equivalents, end of year	$	462,814
Supplemental cash flows information related to leases is as follows:		
Right-of-use asset obtained in exchange for finance lease obligation	$	71,555
Cash paid for amounts included in the measurement of lease liability:		
Financing cash flows from finance lease (principal payments)	$	7,278
Operating cash flows from finance lease (interest payments)	$	2,712

See notes to financial statements.

1. Organization and purpose

Uniting Voices (the Organization) is a non-profit organization that inspires and unites youth from diverse backgrounds to find their voice and celebrate their common humanity through the power of music. The Organization serves thousands of children, ages 6 to 18, by providing in-school and after-school arts learning opportunities. The Organization's curriculum includes diverse repertoire, musicianship, and the historical, social, and cultural contexts of music through which students develop a dedication to excellence, expression, education, empathy, and equity.

The Organization changed its name from Chicago Children's Choir effective October 1, 2022.

2. Summary of significant accounting policies

The significant accounting policies of the Organization are summarized below:

Basis of accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Recent accounting pronouncement:

Effective July 1, 2022, the Organization adopted ASU 2016-02, *Leases (Topic 842)* using the modified retrospective transition method. This guidance requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The Organization elected the package of practical expedients to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any existing leases. In addition, the Organization elected to use hindsight to determine the lease terms of existing leases and assess impairment of right-of-use assets at the adoption date. The adoption of the standard did not have a material impact on the Organization's financial statements.

Cash and cash equivalents:

The Organization considers financial instruments with an original maturity of three months or less when purchased to be cash equivalents. The Organization maintains its cash and cash equivalents in bank and brokerage accounts which, at times, may exceed federally-insured deposit limits. At June 30, 2023, cash and cash equivalents in excess of these limits totaled approximately $49,000. The Organization believes that it is not exposed to any significant credit risk on cash and cash equivalents.

2. Summary of significant accounting policies (continued)

Tuition and other receivables:

Receivables are recorded at the amounts that the Organization expects to collect from outstanding balances based on the Organization's historical collection experience. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Management considers an allowance for doubtful accounts to be unnecessary and has not provided for one as of June 30, 2023.

Contributions receivable:

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management provides for probable uncollectible amounts, as needed, through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the likelihood of collection, and a review of subsequent collections. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable.

Investments:

Investments are stated at fair value. The Organization's investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

2. Summary of significant accounting policies (continued)

Property and equipment:

Property and equipment are stated at cost or if donated, at the approximate fair value at the date of donation. Depreciation and amortization are provided over the estimated useful life of the assets using the straight-line method over the following useful lives:

Leasehold improvements	20 years
Equipment	3-5 years
Furniture and fixtures	10 years
Instruments	10 years
Website and software	5 years

Additions to property and equipment over $1,000 are capitalized while maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred.

Artistic productions:

Artistic production costs are capitalized at the total cost to bring the production to completion and amortized over a 10-year period starting at the date of the initial performance.

Impairment of property, equipment and artistic productions:

The Organization reviews the carrying values of property, equipment and artistic productions for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. An impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

Contract liabilities:

Contract liabilities represent funds that have been received for services that will be provided subsequent to June 30, 2023.

Deferred contributions – special events:

Deferred contributions represent contributions that have been received for special events that will occur subsequent to June 30, 2023.

2. Summary of significant accounting policies (continued)

Net assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> **Net assets without donor restrictions** – Net assets that are free of donor-imposed restrictions including all revenues, expenses, gains and losses over which the Organization has discretionary control.
>
> The Organization's Board-designated net assets are funds whose use must be approved by the Board of Directors.
>
> **Net assets with donor restrictions** – Net assets whose use by the Organization is limited by donor-imposed stipulations that they be used for a specific purpose and are designated for future periods. These stipulations either expire with the passage of time, can be fulfilled or removed by actions of the Organization pursuant to such donor-imposed restrictions, or must be maintained permanently. Assets which must be maintained permanently, generally referred to as endowment funds, permit the Organization to utilize or expend part or all of the income or other economic benefits derived from the donated assets. See Notes 11 and 12.

Contributions revenue:

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue in the net assets without donor restrictions class.

2. Summary of significant accounting policies (continued)

Contributed goods and services:

Contributed goods are reflected as contributions at their fair value at the date of donation and are reported as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. The Organization recognizes the fair value of contributed services if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization but these services do not meet the criteria for financial statement recognition.

The Organization was the recipient of the following contributed goods:

Year ended June 30, 2023	
Food and beverages	$ 38,274
Equipment and décor	70,505
Use of facilities (rent)	253,193
Total contributed goods	$ 361,972

The Organization estimated the fair value of the food and beverages, as well as equipment and décor on the basis of estimates of wholesale values that would be received for purchasing similar products in the United States. The fair value of the contributed rent was based on recent comparable rental prices in similar neighborhoods in Chicago’s real estate market.

All contributed use of facilities were utilized by the Organization for their office space, Neighborhood Choir programs and Paint the Town Red event and other contributed goods were utilized by the Organization for their annual Red Jacket Optional and Soundbites events during the year ended June 30, 2023.

Advertising:

Advertising costs are expensed as incurred and totaled $82,328 for the year ended June 30, 2023.

2. Summary of significant accounting policies (continued)

Leases:

The Organization determines whether a contract is a lease at the contract's inception. Identified leases are subsequently measured, classified, and recognized at lease commencement as either a finance lease or an operating lease. Right-of-use assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments to be made over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The lease payments are discounted to present value using a discount rate based on a term commensurate with the lease terms at the lease commencement date. The Organization has elected to use the applicable treasury yield based on the length of the lease, a risk-free discount rate, for its leased copy machines. The amortization of the right-of-use asset under the finance lease is recognized as depreciation expense.

The Organization elected to apply the short-term lease recognition and measurement exemption for all leases with a term of one year or less. Lease payments for short-term leases are recognized in the statement of activities on a straight-line basis over the term of the lease.

Functional allocation of expenses:

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure. Salaries, taxes and benefits that are common to several functions are allocated among the program and supporting services on the basis of time analyses. Contract services, office expense, facility and equipment, depreciation and amortization, insurance and credit card and banking fees that are not directly allocated are allocated by the percentage of personnel related expenses in each functional category.

Use of estimates:

The preparation of financial statements in accordance 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 may differ from those estimates.

Subsequent events:

Management of the Organization has evaluated subsequent events through October 17, 2023, the date the financial statements were available to be issued.

3. Employee Retention Credit

During the years ended June 30, 2022 and 2021, the Organization recognized revenue from the Employee Retention Credit provision of the Coronavirus Aid, Relief, and Economic Security Act, commonly referred to as the CARES Act. The Employee Retention Credit provides employers a refundable federal tax credit based on qualified wages and benefits paid to employees. As of June 30, 2023, the amount receivable from this program totaled $624,187.

4. Revenue from contracts with customers

Singer tuition fees are derived from after-school choral education programs provided to students throughout Chicago. Revenue is earned by providing choral education services during the period of September through May. Revenue is recognized ratably over this time period using the output method as services are provided. Students are charged tuition upon registration, with the option to pay in full upon registration or in installments over the period of service. Contract liabilities relating to registrations for future year tuition totaled approximately $73,000 and $132,000 at June 30, 2023 and 2022, respectively. Transaction prices are based on a sliding scale of household income.

School program fees are derived from in-school choral education programs provided to schools within Chicago. Revenue is earned by providing the choral education services during the period of October through May. Revenue is recognized ratably over this time period using the output method as services are provided. The schools are charged a specific transaction price which is less than the total cost of the program. That transaction price is negotiated with each individual school prior to the school year and includes additional price concessions for specific schools. Additionally, a small discount is provided for early registration. Contract liabilities relating to registrations for future year programming totaled approximately $7,000 and $19,000 at June 30, 2023 and 2022, respectively.

Revenue from contracts with customers includes a portion of special events revenue reflecting the exchange element based upon the fair value of direct benefits donors receive which is recognized at a point in time when the special event takes place. The Organization's special event occurs annually in the fall season. Contract liabilities relating to future year events totaled approximately $41,000 and $46,000 at June 30, 2023, and 2022, respectively.

Concerts and other performances are recognized at a point in time, upon completion of the event. The fees are charged at the time of the choral performance.

Tour fees are derived from fees for students to participate in the various tour experiences offered by the Organization. Revenue is earned as services are provided. Revenue is recognized at the point in time that the tours occur. Students are charged tour fees upon registration, with the option to pay in full upon registration or in installments leading up to the tour. There were no contract liabilities relating to registrations for future year tours at June 30, 2023 and 2022.

4. Revenue from contracts with customers (continued)

Fees for uniforms are recognized at a point in time when the good is transferred to the singer. The transaction price for uniforms is based on the stand-alone selling price of the uniform. There were no contract liabilities relating to concerts and other performances and uniforms at June 30, 2023 and 2022.

Disaggregation of revenue:

Revenue from contracts with customers disaggregated by category for the year ended June 30, 2023 was as follows:

Year ended June 30, 2023	
Revenue recognized over time:	
Singer tuition	$ 572,698
School program fees	362,500
Total revenue recognized over time	935,198
Revenue recognized at a point in time:	
Special events	243,200
Concerts and other performances	232,966
Tour fees	370,764
Uniforms	7,437
Total revenue recognized at a point in time	854,367
Total contract revenue	$ 1,789,565

Receivables from contracts with customers:

Accounts receivable related to revenue from contracts with customers were $83,923 and $50,203 at June 30, 2023 and 2022, respectively. There were no contract assets related to revenue from contracts with customers at June 30, 2023 and 2022.

4. Revenue from contracts with customers (continued)

Significant judgments:

Significant judgments are required to be made by management to determine the appropriate approach to applying the revenue recognition criteria. Management has determined the transaction prices for benefits included in special events where stand-alone purchase prices were not available. Management also determines price discounts and price concessions for tuition using a sliding fee scale and for school program fees using a rubric to determine financial need. Significant judgment is also required to assess collectibility which is assessed at the onset of the individual contract and revenue is recognized at the amount management expects to collect from its customers when performance obligations have been satisfied.

5. Liquidity and availability

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

June 30, 2023	
Financial assets at year-end:	
Cash and cash equivalents	$ 462,814
Investments	3,650,639
Tuition, tours and other fees receivable	83,923
Contributions receivable, net	1,884,084
Employee Retention Credit receivable	624,187
Total financial assets	6,705,647
Less amounts not available to be used within one year:	
Contributions receivable, noncurrent	186,163
Board-designated net assets without donor restrictions	1,649,107
Net assets with donor purpose restrictions, not including contributions receivable	3,451,165
Total amounts not available to be used within one year	5,286,435
Financial assets available to meet general expenditures within one year	$ 1,419,212

5. Liquidity and availability (continued)

The Organization has budgeted to meet $1,455,000 of purpose restrictions during the year ending June 30, 2024.

Although the Organization does not intend to spend from its Board-designated investments totaling $1,649,107 at June 30, 2023, these amounts could be made available if necessary.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

As part of its liquidity management plan, the Organization invests excess cash in short-term fixed income and money market funds. Management also monitors liquidity throughout the year through a quarterly review of budgets and financial reports with the finance committee.

6. Fair value measurements

The Organization reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

6. Fair value measurements (continued)

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Investments consist of the following at June 30, 2023:

June 30, 2023	Total	Level 1	Level 2
Equities	$ 1,611,216	$ 1,611,216	
Fixed income funds	1,043,675	1,043,675	
Real asset funds	375,358	375,358	
Money market instruments	620,390		$ 620,390
Total	$ 3,650,639	$ 3,030,249	$ 620,390

The valuation methodologies used for assets measured at fair value are as follows:

Equities, fixed income, and real asset funds are valued at the market value of shares held by the Organization at year-end.

The fair value of money market instruments is estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable.

7. Tax status

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service (IRS) has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Code.

The Organization has determined that it was not required to record a liability related to uncertain tax positions as of June 30, 2023.

8. Contributions receivable

Unconditional promises to give are as follows:

June 30, 2023	
Receivable due in less than one year	$ 1,697,921
Receivable due in one to five years	201,000
Total unconditional promises to give	1,898,921
Less discounts to net present value	14,837
Net unconditional promises to give	$ 1,884,084

Unconditional promises to give and contributions receivable for more than one year were discounted at rates ranging from 4.31% to 4.87% for the year ended June 30, 2023.

9. Property and equipment

Property and equipment consists of the following at June 30, 2023:

June 30, 2023	
Leasehold improvements	$ 163,671
Equipment	73,892
Furniture and fixtures	40,733
Instruments	34,611
Website and software	152,808
	465,715
Less accumulated depreciation and amortization	236,327
Property and equipment, net	$ 229,388

10. Board-designated investment fund

The Board of Directors has established a reserve fund (the Fund), in which the Board occasionally directs a portion of any operating surplus to be placed into the Fund along with the reinvestment of earnings on these funds. Use of these funds must be pre-approved by the Board of Directors. During the year ended June 30, 2023, the Board designated $50,000 to the Fund.

10. Board-designated investment fund (continued)

During the year ended June 30, 2023, the Organization utilized $300,000 of Board-designated funds, as approved by the Board of Directors, to fund the implementation of the rebranding initiative in fiscal year 2022-2023.

Total Board-designated funds totaled $1,649,107 at June 30, 2023.

11. Net assets with donor restrictions

Net assets with donor restrictions were available for the following purpose or time restrictions:

June 30, 2023	
Purpose restrictions:	
Strategic priorities	$ 1,782,412
Neighborhood Choir programs	85,000
School programs	70,000
Technology infrastructure project	100,000
Endowment subject to spending policy and appropriation	1,599,916
Time restrictions:	
Endowment income not yet appropriated for expenditure	159,459
Contributions receivable	171,500
Total net assets with donor restrictions	$ 3,968,287

Net assets were released from donor restrictions by incurring expenses satisfying the following purpose restrictions specified by donors and by expiration of time restrictions:

Year ended June 30, 2023	
Purpose restrictions:	
Strategic priorities	$ 550,064
Neighborhood Choir programs	30,000
School programs	105,000
Technology infrastructure project	100,000
Voice of Chicago	50,000
Time restrictions:	
Contributions receivable	110,000
Total net assets released from restrictions	$ 945,064

12. Endowment

The Organization’s endowment was established in 2017 and consists of two funds. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity the original value of the gifts donated to the permanent endowment. The investment income or increases in fair value (if not required to be restricted by the donor) and remaining portion of the donor-restricted endowment fund (such as Board appropriated additions to the Fund) are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the Fund
- The purpose of the Organization and the donor-restricted endowment fund
- 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
- The investment policies of the Organization

The Organization has investment and spending policies for the endowment fund that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Provide a growing stream of revenue over the endowment fund’s investment horizon while adhering to the Organization’s risk parameters
- Comply with applicable laws

12. Endowment (continued)

Return objectives and risk parameters:

The Organization has adopted investment and spending policies for endowment assets that will allow the fund to grow its corpus, cover any future adopted annual payout to the Organization and its investment expenses while preserving purchasing power. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide for growth of the assets while simultaneously protecting the principal of the assets through constraints on approved investments and diversification through asset allocation.

Strategies employed for achieving objectives:

To satisfy its long-term rate of return objectives, the Organization emphasizes total return from capital appreciation and dividend and interest income (balancing the need for total income with the need to preserve principal) and the preservation of purchasing power (to achieve returns in excess of the rate of inflation over a long-term investment horizon).

Spending policy and how the investment objectives relate to spending policy:

At the establishment of the endowment and as of June 30, 2023, the Board's objective is to generate returns from the corpus of the fund as well as fund general operations beginning in fiscal year 2023-2024. The spending policies of the earnings for the donor-restricted endowment fund will be determined by the Board from time to time.

Endowment net assets composition by type as of June 30, 2023 is as follows:

June 30, 2023	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment		$ 1,759,375	$ 1,759,375
Board-designated endowment	$ 36,431		36,431
Total endowment net assets	$ 36,431	$ 1,759,375	$ 1,795,806

12. Endowment (continued)

Spending policy and how the investment objectives relate to spending policy: (continued)

Change in endowment net assets for the year ended June 30, 2023 are as follows:

Year ended June 30, 2023	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 34,188	$ 805,916	$ 840,104
Contributions		859,000	859,000
Net investment return	2,243	94,459	96,702
Endowment net assets, end of year	$ 36,431	$ 1,759,375	$ 1,795,806

13. Retirement plan

The Organization has a 403(b) defined-contribution plan (the Plan) for all qualified employees. The Organization matches participant contributions to the Plan at a discretionary amount up to 3% of each eligible employee's salary up to statutory limits. Participation in the Organization's retirement plan is voluntary. Participant and employer contributions are immediately vested. Employer contributions to the Plan amounted to $55,773 for the year ended June 30, 2023.

14. Lease commitments

Office and rehearsal space:

The Organization leases its office and rehearsal space from the City of Chicago. The lease expired on December 31, 2022. Effective January 1, 2023, the Organization entered into a new lease for an additional two-year term, which expires on December 31, 2024. The lease provides for $1 rent over the term of the lease plus monthly operating expenses. The lease provides for three consecutive one-year extensions provided by mutual agreement by both parties. The lease also provides a termination clause whereby the Organization or the City of Chicago may terminate the existing lease with 180 days' notice, without penalty. Due to the termination clause, the short-term lease exemption applies under ASC *Topic 842*.

14. Lease commitments (continued)

Neighborhood rehearsal space:

The Organization also rents from eleven locations for its neighborhood choir rehearsal spaces. These facilities are leased on an annual basis from September through May. The short-term lease exemption applies under these leases.

Office equipment lease:

The Organization has a finance lease for two copy machines that calls for monthly payments of $1,665 through December 2026. A risk-free rate of 3.79% was used in calculating the present value of the finance lease liability.

Future minimum lease payments are as follows:

Year ending June 30:	Amount
2024	$ 19,980
2025	19,980
2026	19,980
2027	9,990
Total lease payments	69,930
Less imputed interest	5,653
Present value of finance lease liability	$ 64,277

At June 30, 2023, the weighted-average lease term was 3.5 years and the weighted-average discount rate was 3.79%.

Lease costs:

Lease costs consist of the following:

Year ended June 30, 2023	
Short-term lease costs:	
Office and rehearsal space	$ 20,915
Neighborhood rehearsal space	41,181
Total short-term lease costs	$ 62,096

14. Lease commitments (continued)

Lease costs: (continued)

Year ended June 30, 2023		
Finance lease costs:		
Amortization of right-of-use asset	$	8,994
Interest on the lease liability		2,712
Total finance lease costs	$	11,706

15. Concentration of risk

Approximately 22% of the Organization’s support and program revenue for the year ended June 30, 2023 was generated from a single special event, its annual gala.

One donor represented 56% of contributions receivable at June 30, 2023.