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**GALA CHORUSES I, INC.**

**Financial Statements and Supplemental Schedules for the Years  
Ended December 31, 2017 and 2016 and Independent  
Accountants' Review Report**

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## **GALA CHORUSES I, INC.**

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
of GALA Choruses I, Inc.

We have reviewed the accompanying financial statements of GALA Choruses I, Inc., which comprise the statements of financial position as of December 31, 2017, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2017 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

## **Supplementary Information**

The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The 2017 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the 2017 supplementary information. We have not audited the 2017 supplementary information and do not express an opinion on such information.

## **Report on 2016 Financial Statements**

The December 31, 2016 financial statements and supplementary information were audited by us, and we expressed an unmodified opinion on them in our report dated May 22, 2017. We have not performed any auditing procedures since that date.

*GROSSMAN Yanak + FORD LLP*

Pittsburgh, Pennsylvania  
August 1, 2018

## **GALA CHORUSES I, INC.**

### STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 (UNAUDITED) AND 2016 (AUDITED)

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<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 227,796	\$ 376,064
Accounts receivable, net	12,000	29,236
Prepaid expenses and other current assets	<u>2,394</u>	<u>19,115</u>
Total current assets	<u>242,190</u>	<u>424,415</u>
Noncurrent pledges receivable	<u>20,000</u>	<u>-</u>
PROPERTY AND EQUIPMENT:		
Furniture and equipment	15,932	15,932
Accumulated depreciation	<u>(9,199)</u>	<u>(6,012)</u>
Property and equipment, net	<u>6,733</u>	<u>9,920</u>
TOTAL ASSETS	<u>\$ 268,923</u>	<u>\$ 434,335</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 818	\$ 2,677
Funds held for others	13,803	13,803
Deferred revenue	<u>33,655</u>	<u>30,721</u>
Total	<u>48,276</u>	<u>47,201</u>
NET ASSETS:		
Unrestricted:		
Board designated	100,000	100,000
Undesignated	<u>98,647</u>	<u>285,134</u>
Total	198,647	385,134
Temporarily restricted	<u>22,000</u>	<u>2,000</u>
Total	<u>220,647</u>	<u>387,134</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 268,923</u>	<u>\$ 434,335</u>

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See notes to financial statements and independent accountants' review report.

## **GALA CHORUSES I, INC.**

### **STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2017 (UNAUDITED) AND 2016 (AUDITED)**

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	<u>2017</u>	<u>2016</u>
<b>UNRESTRICTED SUPPORT AND REVENUE:</b>		
Support	\$ 59,409	\$ 154,166
Revenue	118,638	2,044,963
Investment income, net	28,388	721
Net assets released from restrictions	<u>-</u>	<u>32,500</u>
Total	<u>206,435</u>	<u>2,232,350</u>
<b>EXPENSES:</b>		
General and administrative	107,567	128,385
Association services	177,333	121,045
Festival	12,749	1,470,910
Annual conferences	67,824	-
Resource development	<u>27,449</u>	<u>32,113</u>
Total	<u>392,922</u>	<u>1,752,453</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>(186,487)</u>	<u>479,897</u>
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
Contributions	20,000	2,000
Net assets released from restrictions	<u>-</u>	<u>(32,500)</u>
TOTAL INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>20,000</u>	<u>(30,500)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(166,487)</u>	<u>449,397</u>
NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR	<u>387,134</u>	<u>(62,263)</u>
NET ASSETS END OF YEAR	<u>\$ 220,647</u>	<u>\$ 387,134</u>

See notes to financial statements and independent accountants' review report.

## **GALA CHORUSES I, INC.**

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 (UNAUDITED) AND 2016 (AUDITED)

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	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (166,487)	\$ 449,397
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	3,187	2,812
Realized and unrealized gains on investments	(26,859)	-
(Increase) decrease in:		
Accounts receivable	17,236	27,155
Pledges receivable	(20,000)	-
Prepaid expenses and other current assets	16,721	17,671
Increase (decrease) in:		
Accounts payable	(1,859)	2,252
Funds held for others	-	(3,921)
Deferred revenue	<u>2,934</u>	<u>(1,134,291)</u>
Net cash used in operating activities	<u>(175,127)</u>	<u>(638,925)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(200,521)	-
Proceeds from sale of investments	227,380	855,099
Purchase of fixed assets	<u>-</u>	<u>(4,486)</u>
Net cash provided by investing activities	<u>26,859</u>	<u>850,613</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(148,268)	211,688
CASH AND CASH EQUIVALENTS, BEGINNING	<u>376,064</u>	<u>164,376</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 227,796</u>	<u>\$ 376,064</u>

See notes to financial statements and independent accountants' review report.

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# **GALA CHORUSES I, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. ORGANIZATION AND PURPOSE**

Organization, Purpose and Operations - GALA Choruses, Inc. was incorporated in the state of California on July 26, 1983. On April 1, 2006, GALA Choruses, Inc. was merged into GALA Acquisition Corporation, a Delaware corporation formed on January 11, 2006, with the surviving entity being GALA Acquisition Corporation. On the same day, the name of GALA Acquisition Corporation was changed to GALA Choruses I, Inc.

The Organization is a national association of choruses dedicated to providing leadership and inspiration to the lesbian and gay movement through excellence in the choral arts. The Organization stages festivals, conferences and other events featuring its member choruses.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting* - The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenditures are recognized when incurred.

*Use of Estimates* - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

*Financial Statement Presentation* - Unrestricted net assets are the net assets that are neither permanently nor temporarily restricted by donor or grantor-imposed stipulations. Unrestricted net assets may be subdivided into those funds which have been designated for particular purposes by the Board of Directors and funds which are undesignated. Board designated net assets represent funds designated for youth chorus support and a reserve for operations.

Temporarily restricted net assets result from contributions or other inflows of assets for which use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant of those stipulations. Temporarily restricted net assets were \$22,000 and \$2,000 as of December 31, 2017 and 2016, respectively. Amounts released from restriction during the year ended December 31, 2016 related to the 2016 Festival; amounts restricted at December 31, 2017 and 2016 relate to the 2020 Festival.

Permanently restricted net assets result from contributions, grants and other inflows of assets for which use by the Organization is limited by donor or grantor-imposed stipulations that neither expire by passage of time nor can

be fulfilled or otherwise removed by actions of the Organization. There were no permanently restricted net assets as of December 31, 2017 and 2016.

*Cash and Cash Equivalents* - The Organization considers all monies available for current use in checking, savings and certificates of deposit with initial maturities of three months or less to be cash equivalents. The Organization maintains, at financial institutions, cash which at times may exceed federally insured limits and which may at times exceed statement of financial position amounts due to outstanding checks.

*Accounts Receivable* - A valuation allowance is provided for those receivables for which collection is doubtful; uncollectible accounts are written off and charged against the allowance. Past due accounts are determined based primarily upon how recently payments have been received. Increases in the allowance are charged to general and administrative expenses. The allowance was \$1,941 and \$652 at December 31, 2017 and 2016, respectively.

Noncurrent pledges receivable represent pledges that are not expected to be collected prior to December 31, 2018. Such are not discounted to net present value due to insignificance of the effects.

*Investments* - The Organization had invested in mutual funds in 2017. Interest (net of interest expense), dividends and unrealized gains and losses related to those investments are included in the statements of activities.

*Contributions* - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions are reclassified to unrestricted net assets upon occurrence of a specific event or passage of time.

In-kind contributions are recognized at fair value when received. The amounts reflected in the financial statements as support are offset by related amounts included in expenses or property and equipment, when applicable. In-kind contributions were \$42,227 for the year ended December 31, 2016 and related to complimentary hotel room rentals for the 2016 Festival that were offset by Festival travel and lodging expenses. No such contributions were made during the year ended December 31, 2017.

*Property and Equipment* - Property and equipment are stated at cost. Expenditures for property and equipment, if significant, are capitalized. Maintenance and repairs are charged to expense when incurred; betterments and renewals are capitalized. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, typically five years, and was \$3,187 and \$2,812 for the years ended December 31, 2017 and 2016, respectively.

*Impairment of Long-Lived Assets* - Management evaluates the valuation and depreciation, as applicable, of the Organization's various long-lived assets. Management's evaluation considers both current and future levels of undiscounted cash flows generated by the related assets to determine when impairment has occurred. Any write-downs due to impairment are charged to the statement of activities at the time the impairment is identified.

*Deferred Revenue* - Amounts reflected as deferred revenue on the statements of financial position at December 31, 2017 and 2016 result primarily from advance registration fees and other receipts associated with the 2018 Symposium and the 2016 Festival, respectively. Related expenses are presented as prepaid expenses.

*Restricted Revenues* - Donor-restricted income is classified as unrestricted if restrictions are satisfied in the same fiscal year in which the income is received.

*Advertising* - Advertising costs are expensed as incurred. Advertising expenses were \$2,280 and \$4,621 for the years ended December 31, 2017 and 2016, respectively.

*Income Taxes* - The Organization meets the requirements to be treated as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Management believes there is no liability related to uncertain tax positions at December 31, 2017 or 2016. The Organization is no longer subject to tax examinations for the years before December 31, 2014.

*Subsequent Events* - The Organization has analyzed subsequent events for recognition and disclosure purposes through August 1, 2018, the date the financial statements were available to be issued.

### **3. RELATED PARTIES**

Contributions from board members and affiliated individuals were \$20,843 and \$27,238 for the years ended December 31, 2017 and 2016, respectively. Amounts paid to board members represent reimbursements for travel and lodging associated with the chorus anniversary program. These amounts were \$7,914 and \$4,077 for the years ended December 31, 2017 and 2016, respectively. An event management system that was used for the 2016 Festival is co-owned by a former GALA board member. Amounts paid related to this system approximated \$38,100 for the year ended December 31, 2016.

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See independent accountants' review report.

**GALA CHORUSES I, INC.**SUPPLEMENTAL SCHEDULES OF SUPPORT AND REVENUE  
FOR THE YEARS ENDED DECEMBER 31, 2017 (UNAUDITED)  
AND 2016 (AUDITED)

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	<u>2017</u>	<u>2016</u>
Support:		
Contributions	<u>\$ 59,409</u>	<u>\$ 154,166</u>
Revenue:		
Membership dues	71,956	64,646
Registration fees	35,715	1,417,923
Merchandise	186	166,709
Other revenue	10,781	385,685
Grants	<u>-</u>	<u>10,000</u>
Total	<u>118,638</u>	<u>2,044,963</u>
Investment income		
Interest, net	1,529	721
Realized and unrealized gains on investments	<u>26,859</u>	<u>-</u>
Total	<u>28,388</u>	<u>721</u>
TOTAL SUPPORT AND REVENUE	<u><u>\$ 206,435</u></u>	<u><u>\$ 2,199,850</u></u>

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See independent accountants' review report.

## GALA CHORUSES I, INC.

### SUPPLEMENTAL SCHEDULE OF EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

	General and Administrative	Association Services	Festival	Annual Conferences	Resource Development	Total
Advertising costs		\$ 2,280	-	-		\$ 2,280
Audio recording	-	-	\$ (220)	-		(220)
Audit	\$ 7,536	-	-	-		7,536
Bad debt expense	2,719	-	-	-		2,719
Bank service charges	6,253	-	-	14		6,267
Building rentals - other	714	-	-	-		714
Depreciation	3,187	-	-	-		3,187
411 advisor fees	-	33,380	-	-		33,380
Design services	-	-	750	-	\$ 1,509	2,259
Equipment rental	323	-	-	\$ 4,789	-	5,112
Filing fees	25	-	-	-	-	25
Flowers or awards	256	7,600	-	-	-	7,856
Food and catering	7,372	500	-	25,710	-	33,582
Insurance	1,987	-	-	-	-	1,987
License fees	-	-	-	125	-	125
Marketing expense	-	2,010	-	-	-	2,010
Miscellaneous	263	84	-	-	-	347
Music lease / purchase	-	-	-	321	-	321
Musician fees	-	-	-	150	-	150
Office supplies	54	-	25	766	-	845
Postage	720	-	194	-	-	914
Printing	1,535	-	-	291	332	2,158
Professional services	-	-	-	750	-	750
Registration service fees	-	-	-	835	-	835
Association management services	60,000	120,000	12,000	24,000	24,000	240,000
Storage facilities	2,894	-	-	-	-	2,894
Subscriptions / membership	5,600	2,703	-	-	1,608	9,911
Telephone and internet	1,051	-	-	-	-	1,051
Travel and lodging - presenters	-	7,752	-	4,557	-	12,309
Travel and lodging - staff	1,193	1,024	-	5,516	-	7,733
Web development	3,885	-	-	-	-	3,885
Total expenses	<u>\$ 107,567</u>	<u>\$ 177,333</u>	<u>\$ 12,749</u>	<u>\$ 67,824</u>	<u>\$ 27,449</u>	<u>\$ 392,922</u>

See independent accountants' review report.

## GALA CHORUSES I, INC.

### SUPPLEMENTAL SCHEDULE OF EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2016 (AUDITED)

	General and Administrative	Association Services	Festival	Annual Conferences	Resource Development	Total
Advertising costs		\$ 2,121	\$ 2,500	-	-	\$ 4,621
Audio recording		-	12,500	-	-	12,500
Audit	\$ 7,351	-	-	-	-	7,351
Bad debt expense	1,000	-	-	-	-	1,000
Bank service charges	6,456	-	14,749	-	-	21,205
Building rentals other	-	-	166,617	-	-	166,617
Depreciation	2,812	-	-	-	-	2,812
411 advisor fees	-	42,110	-	-	-	42,110
Design services	-	-	12,678	-	-	12,678
Equipment rental	65	-	164,431	-	-	164,496
Filing fees	25	-	105	-	-	130
Flowers or awards	735	8,000	2,594	-	-	11,329
Food and catering	7,803	-	79,538	-	-	87,341
Grant expense - youth	-	-	24,836	-	-	24,836
Insurance	1,555	-	8,242	-	-	9,797
License fees	896	237	11,105	-	-	12,238
Marketing expense	-	190	10,290	-	-	10,480
Merchandise - consignment	-	-	19,393	-	-	19,393
Merchandise	-	-	68,453	-	-	68,453
Miscellaneous	(110)	-	-	-	-	(110)
Music comm/arranging	-	-	3,200	-	-	3,200
Music lease/purchase	-	-	3,171	-	-	3,171
Musician fees	-	-	40,375	-	-	40,375
Office supplies	657	-	13,452	-	-	14,109
Postage	621	-	1,715	-	-	2,336
Printing	-	-	15,706	-	-	15,706
Professional services	18,128	-	332,333	-	-	350,461
Registration service fees	-	905	30,235	-	-	31,140
Association management services	59,220	54,285	208,871	-	\$ 29,610	351,986
Shipping	-	-	8,875	-	-	8,875
Storage facilities	2,907	-	-	-	-	2,907
Subscriptions/membership	4,085	2,919	86	-	2,500	9,590
Tax expense (non-payroll)	-	-	11,148	-	3	11,151
Telephone and internet	1,021	-	-	-	-	1,021
Transportation	-	-	8,866	-	-	8,866
Travel and lodging - board	3,612	-	-	-	-	3,612
Travel and lodging - presenters	-	9,054	38,800	-	-	47,854
Travel and lodging - staff	5,316	1,224	51,104	-	-	57,644
Travel and lodging - youth	-	-	30,593	-	-	30,593
Video production	-	-	74,349	-	-	74,349
Web development	4,230	-	-	-	-	4,230
<b>Total expenses</b>	<b>\$ 128,385</b>	<b>\$ 121,045</b>	<b>\$ 1,470,910</b>	<b>\$ -</b>	<b>\$ 32,113</b>	<b>\$ 1,752,453</b>

See independent accountants' review report.