



GALA CHORUSES I, INC.

**Financial Statements and Supplemental Schedule for the Years
Ended December 31, 2020 and 2019 and Independent
Accountant's Report**

GALA CHORUSES I, INC.

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have reviewed the accompanying financial statements of GALA Choruses I, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, 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.

Accountants' 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.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2020 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 2020 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 2020 supplementary information. We have not audited the 2020 supplementary information and do not express an opinion on such information.

Report on 2019 Financial Statements

The December 31, 2019 financial statements and supplementary information were audited by us, and we expressed an unmodified opinion on them in our report dated December 11, 2020. We have not performed any auditing procedures since that date.

Grossman Yamak + Fors LLP

Pittsburgh, Pennsylvania
September 27, 2021

GALA CHORUSES I, INC.STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 (UNAUDITED) AND 2019 (AUDITED)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,219,107	\$ 1,576,115
Chorus dues receivable, net	2,750	12,220
Pledges receivable	22,814	36,101
Prepaid expenses and other current assets	<u>20,542</u>	<u>57,445</u>
Total current assets	<u>1,265,213</u>	<u>1,681,881</u>
DEPOSITS	84,989	-
NONCURRENT PLEDGES RECEIVABLE	15,000	-
PROPERTY AND EQUIPMENT:		
Furniture and equipment	17,847	17,633
Accumulated depreciation	<u>(16,163)</u>	<u>(14,208)</u>
Property and equipment, net	<u>1,684</u>	<u>3,425</u>
TOTAL ASSETS	<u>\$ 1,366,886</u>	<u>\$ 1,685,306</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 425,122	\$ 1,711
Funds held for others	22,453	12,403
Deferred revenue	<u>-</u>	<u>1,994,055</u>
Total	<u>447,575</u>	<u>2,008,169</u>
DEFERRED REVENUE	<u>871,309</u>	<u>-</u>
NET ASSETS (DEFICIENCY):		
Without donor restrictions	32,825	(338,040)
With donor restrictions	<u>15,177</u>	<u>15,177</u>
Total	<u>48,002</u>	<u>(322,863)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,366,886</u>	<u>\$ 1,685,306</u>

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

GALA CHORUSES I, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 (UNAUDITED) AND 2019 (AUDITED)

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND OTHER::						
Support	\$ 731,851		\$ 731,851	\$ 46,452		\$ 46,452
Revenue	91,759		91,759	189,000		189,000
Investment income, net	8,050		8,050	3,771		3,771
Net assets released from restrictions	-	-	-	6,823	\$ (6,823)	-
Total	<u>831,660</u>	<u>-</u>	<u>831,660</u>	<u>246,046</u>	<u>(6,823)</u>	<u>239,223</u>
EXPENSES:						
Program	152,055	-	152,055	255,482		255,482
General and administrative	134,987	-	134,987	156,364		156,364
Association services	143,801	-	143,801	134,203		134,203
Resource development	<u>29,952</u>	<u>-</u>	<u>29,952</u>	<u>29,208</u>		<u>29,208</u>
Total	<u>460,795</u>	<u>-</u>	<u>460,795</u>	<u>575,257</u>	<u>-</u>	<u>575,257</u>
INCREASE/(DECREASE) IN NET ASSETS	<u>370,865</u>	<u>-</u>	<u>370,865</u>	<u>(329,211)</u>	<u>(6,823)</u>	<u>(336,034)</u>
NET ASSETS (DEFICIENCY), BEGINNING OF YEAR	<u>(338,040)</u>	<u>\$ 15,177</u>	<u>(322,863)</u>	<u>(8,829)</u>	<u>22,000</u>	<u>13,171</u>
NET ASSETS (DEFICIENCY), END OF YEAR	<u>\$ 32,825</u>	<u>\$ 15,177</u>	<u>\$ 48,002</u>	<u>\$ (338,040)</u>	<u>\$ 15,177</u>	<u>\$ (322,863)</u>

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

GALA CHORUSES I, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

	<u>Festival</u>	<u>Annual Conferences</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Association Services</u>	<u>Resource Development</u>	<u>Total</u>
Audit	-	-	-	\$ 9,473	-	-	\$ 9,473
Bad debt	-	-	-	1,532	-	-	1,532
Bank service charges	\$ 2,963	-	\$ 2,963	6,321	-	-	9,284
Depreciation	-	-	-	1,955	-	-	1,955
411 advisor fees	-	-	-	-	\$ 36,274	-	36,274
Equipment rental	-	-	-	288	-	-	288
Filing fees	-	-	-	94	-	-	94
Flowers or awards	-	-	-	189	1,900	-	2,089
Food and catering	-	-	-	3,419	-	-	3,419
Grant expense - commission	-	-	-	-	10,000	-	10,000
Grant expense - Int'l Choruses	1,477	-	1,477	-	-	-	1,477
Insurance	-	-	-	1,897	-	-	1,897
Marketing	-	-	-	-	31	-	31
Miscellaneous	-	-	-	242	-	-	242
Music comm / arranging	2,500	-	2,500	-	200	-	2,700
Music lease / purchase	(745)	-	(745)	-	-	-	(745)
Musician fees	800	-	800	(800)	-	-	-
Office supplies	10,591	-	10,591	672	224	-	11,487
Postage	-	-	-	972	-	-	972
Professional services	18,994	\$ 3,700	22,694	1,300	-	-	23,994
Registration service fees	-	1,721	1,721	-	-	-	1,721
Association management services	77,300	21,200	98,500	58,400	86,700	\$ 27,400	271,000
Storage facilities	-	-	-	3,182	-	-	3,182
Subscriptions / membership	5,049	3,742	8,791	38,079	6,419	1,738	55,027
Travel and lodging - board	-	-	-	2,759	-	-	2,759
Travel and lodging - presenters	1,897	-	1,897	-	1,353	814	4,064
Travel and lodging - staff	866	-	866	1,663	700	-	3,229
Web development	-	-	-	3,350	-	-	3,350
Total expenses	\$ 121,692	\$ 30,363	\$ 152,055	\$ 134,987	\$ 143,801	\$ 29,952	\$ 460,795

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

GALA CHORUSES I, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019 (AUDITED)**

	<u>Festival</u>	<u>Annual Conferences</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Association Services</u>	<u>Resource Development</u>	<u>Total</u>
Advertising	-	-	-	-	\$ 6,908	-	\$ 6,908
Audit	-	-	-	\$ 4,468	-	-	4,468
Bad debt	-	-	-	1,110	-	-	1,110
Bank service charges	\$ 40,062	-	\$ 40,062	21,706	-	-	61,768
Depreciation	-	-	-	2,144	-	-	2,144
411 advisor fees	-	-	-	-	30,280	-	30,280
Design services	-	-	-	-	4,369	-	4,369
Equipment rental	-	\$ 7,327	7,327	-	-	-	7,327
Filing fees	-	-	-	374	-	-	374
Flowers or awards	-	-	-	1,093	8,200	-	9,293
Food and catering	-	37,424	37,424	7,004	725	-	45,153
Grant expense - scholarship	-	534	534	-	-	-	534
Insurance	-	-	-	1,837	-	-	1,837
License fees	-	131	131	-	493	-	624
Marketing	685	-	685	-	59	-	744
Merchandise	5,403	-	5,403	-	-	-	5,403
Miscellaneous	217	-	217	22	50	-	289
Music comm/arranging	500	-	500	-	5,000	-	5,500
Music lease/purchase	-	622	622	-	-	-	622
Musician fees	-	405	405	-	-	-	405
Office supplies	202	817	1,019	116	5,408	-	6,543
Photocopying	-	-	-	-	447	-	447
Postage	2,149	-	2,149	1,338	-	-	3,487
Printing	-	95	95	-	55	-	150
Professional services	2,633	5,475	8,108	293	-	-	8,401
Association management services	110,400	27,600	138,000	55,200	55,200	\$ 27,600	276,000
Storage facilities	-	-	-	3,379	-	-	3,379
Subscriptions/membership	-	-	-	44,019	2,857	1,608	48,484
Travel and lodging - board	-	-	-	1,605	-	-	1,605
Travel and lodging - presenters	3,395	3,030	6,425	2,437	7,187	-	16,049
Travel and lodging - staff	884	5,492	6,376	4,364	6,965	-	17,705
Web development	-	-	-	3,855	-	-	3,855
Total expenses	\$ 166,530	\$ 88,952	\$ 255,482	\$ 156,364	\$ 134,203	\$ 29,208	\$ 575,257

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

GALA CHORUSES I, INC.STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 (UNAUDITED)
AND 2019 (AUDITED)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ 370,865	\$ (336,034)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	1,955	2,144
(Increase) decrease in:		
Chorus dues receivable	9,470	(35,692)
Pledges receivable	(1,713)	-
Prepaid expenses and other current assets	36,903	(21,161)
Increase (decrease) in:		
Accounts payable	423,411	(13,855)
Funds held for others	10,050	(3,050)
Deferred revenue	<u>(1,994,055)</u>	<u>1,792,015</u>
Net cash provided by (used in) operating activities	<u>(1,143,114)</u>	<u>1,384,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits	(84,989)	-
Purchase of equipment	<u>(214)</u>	<u>(583)</u>
Net cash used in investing activities	<u>(85,203)</u>	<u>(583)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term deferred revenue	<u>871,309</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(357,008)	1,383,784
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,576,115</u>	<u>192,331</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,219,107</u>	<u>\$ 1,576,115</u>

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

GALA CHORUSES I, INC.

NOTES TO FINANCIAL STATEMENTS

1. 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.

The Organization hosts a quadrennial festival that was scheduled for July 2020. As noted below in Note 2, at December 31, 2019, deferred revenue included sponsorships, delegate registrations and other funds related primarily to the 2020 Festival, which was ultimately canceled due to the COVID-19 pandemic. The Organization will continue communications with the member choruses, corporate sponsors and Festival vendors regarding conversion of deferred revenues to contributions or extensions of advance payments with the expectation that in conjunction with smaller events and budget reductions, they can maintain positive cash flow until execution of the 2024 Festival begins.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions. Net assets without donor restrictions are the net assets that are not restricted by donor imposed restrictions. Net assets with donor restrictions are net assets subject to donor stipulations or restrictions that result from contributions or other inflows of assets limited by donor stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Net assets with donor restrictions was \$15,177 as of December 31, 2020 and 2019. These funds are restricted for youth chorus support for the 2024 Festival.

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.

Availability of Financial Assets - The Organization's financial assets available within one year of the statement of financial position date are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,219,107	\$ 1,576,115
Receivables, net	40,564	48,321
Less: Festival 2024 signing bonus	(100,000)	-
Less: non current pledge receivables	(15,000)	-
Less: prior signing bonuses deposits and deferred revenue	<u>-</u>	<u>(1,994,055)</u>
Total	<u>\$ 1,144,671</u>	<u>\$ (369,619)</u>

The Organization sponsors a large choral Festival every four years, the income from which is subsequently invested in order to sustain operational losses in non-Festival years. The Organization collects dues and hosts smaller events in non-Festival years which supplement the income invested after the quadrennial Festival. It is the Organization's policy to fund the smaller events, operational costs and liabilities, first with revenues earned during the year, and then by funds maintained in the investment account. Funds received in advance of events are utilized to fund expenses related to that event.

At December 31, 2020 and 2019 deferred revenue included sponsorships, delegate registrations and other funds related primarily to the 2024 Festival. These amounts were originally scheduled to be used in 2020. Delegates had the option of either receiving a refund or donating their fees to the Organization. Sponsorship revenue has been reallocated to the 2024 Festival.

Receivables - 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 \$1,000 and \$1,350 at December 31, 2020 and 2019, respectively.

Noncurrent pledges receivable represent pledges that are not expected to be collected prior to December 31, 2021. Such are not discounted to net present value due to insignificance of the effects.

Investments - Investments in marketable securities are reflected at fair value using quoted market prices in active markets. At December 31, 2020 and 2019, a mutual fund invested in money market securities accounted for all investments and are included in cash equivalents. Interest (net of investment

fees), dividends and unrealized gains and losses are included in the statements of activities.

Deposits - Deposits reflect payments made in advance of the 2024 Festival for performance venues and vendors.

Contributions - Contributions received are recorded as with donor restrictions or without donor restrictions. Donor restricted contributions are classified as without restriction if the restrictions are satisfied in the same fiscal year as received.

In-kind contributions are recognized at fair value when received. The amounts reflected in the statements of activities as support are offset by related amounts included in expenses or property and equipment, when applicable. No such contributions were made during the years ended December 31, 2020 and 2019.

Property and Equipment - Property and equipment are stated at cost. Expenditures for property and equipment, if over \$100, 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 \$1,955 and \$2,144 for the years ended December 31, 2020 and 2019, 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.

Revenue Recognition - Registration fees, sponsorships and other revenues related to the quadrennial Festival, or other events, are recognized upon the occurrence of the event. Amounts received in advance of the event are recorded as deferred revenue on the statements of financial position and reclassified to revenue upon the completion of the event. Dues are billed and recognized on a calendar year basis. Dues received in advance of the next calendar year are included in deferred revenue at year end.

Deferred Revenue - The amount reflected as deferred revenue on the statement of financial position at December 31, 2020 results primarily from advance registration fees and other receipts associated with the Festival 2020 and a signing bonus for Festival 2024 (see Note 1). As the Festival 2020 was canceled, participant's registration fees were either refunded to the participant or donated to the Organization. For the year ended December 31, 2020, approximately \$610,000 of deferred revenue was donated to the Organization. In August 2021, the Organization agreed to refund the signing bonus for Festival 2024 with the vendor.

Functional Expenses - The statements of functional expenses present expenses in accordance with the various classifications for the Organization's activities. Allocations among the classifications are generally based upon

management's identification of direct costs or estimates of costs associated with a particular class of activities.

Advertising - Advertising costs are expensed as incurred. Advertising expenses were \$6,908 for the year ended December 31, 2019; there were no advertising expenses for the year ended December 31, 2020.

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, 2020 or 2019. The Organization is no longer subject to tax examinations for the years before December 31, 2017.

Subsequent Events - The Organization has analyzed subsequent events for recognition and disclosure purposes through September 27, 2021, the date the financial statements were available to be issued.

3. LINE OF CREDIT

In September 2019, the Organization established a revolving line of credit with PNC Bank. Maximum borrowings under the line of credit are \$75,000. Interest is payable monthly at the prime rate plus 2.46% for an effective of 5.71% and 7.21% at December 31, 2020 and 2019, respectively. There were no outstanding borrowings on the line of credit at December 31, 2020 and 2019. In July 2020, the line of credit was renewed through September 2021 and is expected to be further renewed in the ordinary course of business. The line of credit is secured by the Organization's investment account.

4. NET ASSETS

Net assets as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
With donor restrictions:		
Purpose restricted	\$ 15,177	\$ 15,177
Without donor restrictions:		
Designated by the Board	100,000	100,000
Undesignated	<u>(67,175)</u>	<u>(438,040)</u>
Total	<u>32,825</u>	<u>(338,040)</u>
Total net assets (deficiency)	<u>\$ 48,002</u>	<u>\$ (322,863)</u>

5. RELATED PARTIES

Contributions from board members and affiliated individuals were \$19,367 and \$20,016 for the years ended December 31, 2020 and 2019, respectively. Pledges receivable from board members and affiliated individuals were \$1,975 and \$5,722 at December 31, 2020 and 2019, respectively.

See independent accountants' review report.

GALA CHORUSES I, INC.SUPPLEMENTAL SCHEDULES OF SUPPORT, REVENUE AND OTHER
FOR THE YEARS ENDED DECEMBER 31, 2020 (UNAUDITED) AND 2019
(AUDITED)

	<u>2020</u>	<u>2019</u>
Support:		
Contributions	\$ 713,351	\$ 46,452
Grants	<u>18,500</u>	<u>-</u>
Total	<u>731,851</u>	<u>46,452</u>
Revenue:		
Membership dues	65,869	78,943
Registration fees	24,045	63,800
Merchandise	-	12,635
Other	<u>1,845</u>	<u>33,622</u>
Total	<u>91,759</u>	<u>189,000</u>
Investment income:		
Interest, net	<u>8,050</u>	<u>3,771</u>
Total	<u>8,050</u>	<u>3,771</u>
TOTAL SUPPORT, REVENUE AND OTHER	<u>\$ 831,660</u>	<u>\$ 239,223</u>
