

The Washington Chorus, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2021 and 2020

The Washington Chorus, Inc.

Financial Statements
June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Washington Chorus, Inc.

We have audited the accompanying financial statements of The Washington Chorus, Inc. (“the Chorus”), which comprise the statements of financial position as of June 30, 2021 and 2020; the related statements of activities, functional expenses, and cash flows for the years 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 controls 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chorus as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Chorus adopted Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
December 20, 2021

The Washington Chorus, Inc.

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 434,465	\$ 514,434
Accounts receivable	3,244	10,928
Contributions receivable	57,253	-
Inventory	6,773	9,552
Prepaid expenses and deposits	-	143,329
Investments	531,462	158,438
Total current assets	1,033,197	836,681
Property and equipment, net	10,664	8,846
Total assets	\$ 1,043,861	\$ 845,527
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable	\$ 32,206	\$ 101,551
Deferred revenue	8,500	3,500
Loans payable – Paycheck Protection Program	136,363	66,300
Capital lease obligation – short term	-	3,010
Total current liabilities	177,069	174,361
Capital lease obligation – long term	-	7,117
Total liabilities	177,069	181,478
Net Assets		
Without donor restrictions:		
Undesignated	464,757	321,319
Board-designated	344,782	342,730
Total without donor restrictions	809,539	664,049
With donor restrictions	57,253	-
Total net assets	866,792	664,049
Total liabilities and net assets	\$ 1,043,861	\$ 845,527

See accompanying notes.

The Washington Chorus, Inc.

Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Grants and contributions	\$ 964,432	\$ 57,253	\$ 1,021,685
In-kind contributions	411,126	-	411,126
Ticket sales	91,240	-	91,240
Inventory sales, net of costs	36,767	-	36,767
Miscellaneous income	28,810	-	28,810
Total operating revenue and support	<u>1,532,375</u>	<u>57,253</u>	<u>1,589,628</u>
Expenses			
Program services	1,078,972	-	1,078,972
Supporting services:			
General and administrative	215,598	-	215,598
Fundraising	137,840	-	137,840
Total supporting services	<u>353,438</u>	<u>-</u>	<u>353,438</u>
Total expenses	<u>1,432,410</u>	<u>-</u>	<u>1,432,410</u>
Change in Net Assets from Operations	99,965	57,253	157,218
Non-Operating Activities			
Interest income	2,424	-	2,424
Unrealized and realized gains on investments	43,101	-	43,101
Total non-operating activities	<u>45,525</u>	<u>-</u>	<u>45,525</u>
Change in Net Assets	145,490	57,253	202,743
Net Assets, beginning of year	<u>664,049</u>	<u>-</u>	<u>664,049</u>
Net Assets, end of year	<u><u>\$ 809,539</u></u>	<u><u>\$ 57,253</u></u>	<u><u>\$ 866,792</u></u>

See accompanying notes.

The Washington Chorus, Inc.

Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Grants and contributions	\$ 875,975	\$ -	\$ 875,975
In-kind contributions	548,054	-	548,054
Ticket sales	446,624	-	446,624
Concert honoraria	25,500	-	25,500
Inventory sales, net of costs	7,692	-	7,692
Miscellaneous income	35,294	-	35,294
Released from restrictions	80,000	(80,000)	-
	2,019,139	(80,000)	1,939,139
Expenses			
Program services	1,438,408	-	1,438,408
Supporting services:			
General and administrative	177,014	-	177,014
Fundraising	151,575	-	151,575
	328,589	-	328,589
Total supporting services	328,589	-	328,589
Total expenses	1,766,997	-	1,766,997
Change in Net Assets from Operations	252,142	(80,000)	172,142
Non-Operating Activities			
Interest income	1,754	-	1,754
Unrealized and realized gains on investments	6,593	-	6,593
	8,347	-	8,347
Total non-operating activities	8,347	-	8,347
Change in Net Assets	260,489	(80,000)	180,489
Net Assets, beginning of year	403,560	80,000	483,560
Net Assets, end of year	\$ 664,049	\$ -	\$ 664,049

See accompanying notes.

The Washington Chorus, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services	Supporting Services			Total
		General and Administrative	Fundraising	Total Supporting Services	
Concert production costs	\$ 359,109	\$ -	\$ -	\$ -	\$ 359,109
Marketing:					
Season	5,899	-	-	-	5,899
Fall concert	850	-	-	-	850
Christmas concert	6,168	-	-	-	6,168
Summer concert	3,495	-	-	-	3,495
Digital merchandise	2,084	-	-	-	2,084
In-kind choral musicians	409,780	121	1,225	1,346	411,126
Salaries and benefits	200,015	99,170	107,611	206,781	406,796
Concert and conventions	3,404	1,082	2,420	3,502	6,906
Office rent	25,874	3,737	7,309	11,046	36,920
Finance and bank charges	13,522	4,212	2,427	6,639	20,161
Audit and accounting	-	43,157	-	43,157	43,157
Temporary help and contract	7,708	43,654	7,455	51,109	58,817
Printing and copying	1,032	82	165	247	1,279
Telecommunications	615	3,442	441	3,883	4,498
Miscellaneous	25,323	3,503	1,991	5,494	30,817
Postage and shipping	2,230	551	886	1,437	3,667
Office supplies	3,873	2,272	2,729	5,001	8,874
General liability insurance	2,236	1,138	1,487	2,625	4,861
Travel	5,755	208	1,694	1,902	7,657
Depreciation	-	9,269	-	9,269	9,269
Total Expenses	\$ 1,078,972	\$ 215,598	\$ 137,840	\$ 353,438	\$ 1,432,410

See accompanying notes.

The Washington Chorus, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Supporting Services			Total Supporting Services	Total
	Program Services	General and Administrative	Fundraising		
Concert production costs	\$ 477,007	\$ -	\$ -	\$ -	\$ 477,007
Marketing:					
Season	39,433	-	-	-	39,433
In-kind choral musicians	545,657	1,135	1,262	2,397	548,054
Salaries and benefits	174,397	76,527	121,593	198,120	372,517
Concert and conventions	1,129	795	-	795	1,924
Office rent	21,328	9,736	15,300	25,036	46,364
Finance and bank charges	25,507	1,203	680	1,883	27,390
Audit and accounting	-	61,307	-	61,307	61,307
Temporary help and contract	115,505	-	-	-	115,505
Printing and copying	2,130	3,529	1,209	4,738	6,868
Telecommunications	147	7,618	-	7,618	7,765
Fundraising fees	-	-	6,227	6,227	6,227
Miscellaneous	17,226	8,549	1,233	9,782	27,008
Postage and shipping	747	112	1,030	1,142	1,889
Office supplies	4,514	1,319	317	1,636	6,150
Parking and transportation	830	110	434	544	1,374
General liability insurance	2,157	883	1,387	2,270	4,427
Travel	10,694	694	903	1,597	12,291
Depreciation	-	3,497	-	3,497	3,497
Total Expenses	\$ 1,438,408	\$ 177,014	\$ 151,575	\$ 328,589	\$ 1,766,997

The Washington Chorus, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 202,743	\$ 180,489
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized gains on investments	(43,101)	(6,593)
Depreciation	9,269	3,497
Gain from early termination of capital lease	(4,360)	-
Capital lease early termination fee	(3,750)	-
Change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	7,684	6,616
Contributions receivable	(57,253)	210,994
Inventory	2,779	646
Prepaid expenses and deposits	143,329	(126,251)
(Decrease) increase in:		
Accounts payable	(69,345)	48,898
Deferred revenue	5,000	3,500
	192,995	321,796
Cash Flows from Investing Activities		
Purchase of property and equipment	(11,087)	-
Purchases of investments	(329,923)	-
Proceeds from sales of investments	-	42,499
	(341,010)	42,499
Net cash (used in) provided by investing activities		
Cash Flows from Financing Activities		
Proceeds from loans payable	70,063	66,300
Principal payments – capital lease obligation	(2,017)	(2,324)
	68,046	63,976
Net cash provided by financing activities		
Net (Decrease) Increase in Cash	(79,969)	428,271
Cash, beginning of year	514,434	86,163
Cash, end of year	\$ 434,465	\$ 514,434
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ 436	\$ 2,988

See accompanying notes.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

1. Nature of Operations

The Washington Chorus, Inc. (“the Chorus”) was founded in 1961 under the laws of the State of Maryland. The Chorus’ mission is to preserve and advance the art of choral singing, and to share the experience of the transforming power of choral music. The Chorus does this by performing at the highest artistic level in the nation’s capital and before diverse national and international audiences, and by nurturing the next generation of choral singers.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Chorus’ financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions include both undesignated and Board-designated amounts.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable are recorded at net realizable value and represent amounts due from events. Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effects of using the direct write-off method are not materially different from the results that would have been obtained under the allowance method.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Contributions receivable represent unconditional amounts committed to the Chorus. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. Management believes that all contributions receivable are fully collectible at June 30, 2021 and 2020, and accordingly, no allowance for uncollectible accounts has been established. All amounts are expected to be collected within one year.

Inventory

Inventory consists of concert merchandise and music for resale that are carried at the lower of cost or market value. Cost is determined by specific identification, and market value is based on the lower of cost or estimated realizable value. There is no allowance for obsolete inventory as of June 30, 2021 and 2020, as management believes all remaining items are fully salable.

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are included in the accompanying statements of activities.

Property and Equipment

Property and equipment acquisitions with a cost greater than \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to ten years. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

The Chorus recognizes contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Chorus' federal and state grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Ticket sales are recognized in the period the events are held. Amounts received in advance are reflected as deferred revenue in the accompanying statements of financial position, and totaled \$8,500 and \$3,500 at June 30, 2021 and 2020, respectively.

Revenue from all other sources is recognized when earned.

Donated Services

Donated services meeting the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Revenue Recognition – Contributions Received*, are recognized at fair value at the time of receipt. These services benefit the general programs and consist primarily of advertising, legal, choral musicians, goods, and other professional services. The value of these donated services and goods is included in the financial statements as both revenue and expense in the amounts of \$411,126 and \$548,054 for the years ended June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Expenses

The Chorus expenses advertising costs as incurred. Advertising expenses were \$18,496 and \$39,433 for the years ended June 30, 2021 and 2020, respectively. These advertising costs are reflected as marketing expenses in the accompanying statements of functional expenses.

Measure of Operations

The Chorus includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes gains and losses on investments.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Change in Accounting Principle

FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Chorus has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in the Chorus' fiscal year 2023.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, the Chorus has evaluated events and transactions for potential recognition or disclosure through December 20, 2021, the date the financial statements were available to be issued.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	2021	2020
Cash	\$ 434,465	\$ 514,434
Accounts receivable	3,244	10,928
Contributions receivable	57,253	-
Investments	531,462	158,438
Less: net assets with donor restrictions	(57,253)	-
Total available for general expenditures	<u>\$ 969,171</u>	<u>\$ 683,800</u>

4. Concentration of Credit Risk

Financial instruments that potentially subject the Chorus to significant concentrations of credit risk consist of cash and investments. The Chorus maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Chorus has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Investments and Fair Value Measurements

The Chorus follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

5. Investments and Fair Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Chorus recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Chorus uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Chorus' fair value hierarchy for those investments measured on a recurring basis at June 30:

	Level 1	Level 2	Level 3	Total
<u>2021:</u>				
Money market funds	\$ 99,427	\$ -	\$ -	\$ 99,427
Mutual funds – large cap	432,035	-	-	432,035
<hr/>				
Total investments	\$ 531,462	\$ -	\$ -	\$ 531,462
<hr/>				
<u>2020:</u>				
Money market funds	\$ 106,602	\$ -	\$ -	\$ 106,602
Mutual funds – large cap	51,836	-	-	51,836
<hr/>				
Total investments	\$ 158,438	\$ -	\$ -	\$ 158,438
<hr/>				

Investment return consists of the following for the years ended June 30:

	2021	2020
Interest income	\$ 2,424	\$ 1,754
Unrealized and realized gains	43,101	6,593
<hr/>		
Total investment return	\$ 45,525	\$ 8,347
<hr/>		

There were no investment management fees for the years ended June 30, 2021 and 2020.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

6. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 16,983	\$ 20,644
Less: accumulated depreciation	<u>(6,319)</u>	<u>(11,798)</u>
Property and equipment, net	<u>\$ 10,664</u>	<u>\$ 8,846</u>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 totaled \$57,253 and were all time restricted. There were no net assets with donor restrictions at June 30, 2020.

8. Loan Payable – Paycheck Protection Program

The Chorus applied for two loans under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 coronavirus, for which the Chorus qualified. After the loans are granted, the Small Business Administration will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities). The Paycheck Protection Program Flexibility Act of 2020 was enacted on June 5, 2020, and amends the PPP to give borrowers more freedom in how and when the loan funds are spent, while retaining the possibility of full forgiveness. The Chorus has chosen to account for the loan in accordance with ASC 470 and will record a gain from forgiveness of loan in the period when official notification of forgiveness is received.

The first PPP loan was granted to the Chorus on April 28, 2020 in the amount of \$66,300 at a fixed rate of 1%, and matures on April 28, 2022. Subsequent to year end, on July 7, 2021, the PPP loan forgiveness was approved for the full amount of the loan and will be recognized as gain from forgiveness of loan for the year ending June 30, 2022. The second PPP loan was granted to the Chorus on February 17, 2021 in the amount of \$70,063 at a fixed rate of 1%, and matures on February 17, 2026. Management expects to receive full forgiveness during fiscal year 2022 and is currently in the process of submitting the application for forgiveness. At June 30, 2021, the Chorus recorded \$136,363 as loans payable, which is reflected in the accompanying statements of financial position.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

9. Commitments and Contingencies

Capital Lease

In March 2018, the Chorus began leasing office equipment under a capital lease expiring in February 2023. The monthly payment, including an interest factor, was \$443. The interest rate implicit in the lease was 2%. The capital lease was terminated in August 2020, when the office lease expired (see below), with a \$3,750 termination fee. The total capitalized cost of the equipment and accumulated amortization was \$14,748 and \$6,882 at June 30, 2020, respectively.

Operating Lease

The Chorus leases office space in Washington, DC under the terms of an operating lease, which commenced on September 1, 2015 and expired on August 31, 2020. The terms of the lease called for base rental payments of \$3,341, payable monthly with annual increases of 3% from the previous base year.

On July 9, 2020, the Chorus entered into a 12-month lease for a single office for its Executive Director in a shared space arrangement. The lease commenced on August 1, 2020, called for monthly payments of \$899, and expired on July 31, 2021.

Office rent expense totaled \$36,920 and \$46,364 for the years ended June 30, 2021 and 2020, respectively.

Subsequent to year end, on August 31, 2021, the Chorus entered into a new office lease in Washington, DC, commencing on October 1, 2021 and is set to expire on September 30, 2026. The terms of the lease require a security deposit of \$2,500 and call for base rental payments of \$2,500, payable monthly, with annual increases of 5% from the previous base year.

10. Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, telecommunications, interest, and other, which are allocated on the basis of estimates of time and effort.

The Washington Chorus, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

11. Income Taxes

The Chorus is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements as there was no unrelated business taxable income. Contributions to the Chorus are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management has evaluated the Chorus' tax positions and has concluded that the Chorus has taken no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.