

**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2017 AND 2016**

**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
Brooklyn Youth Chorus Academy, Inc.

We have audited the accompanying financial statements of Brooklyn Youth Chorus Academy, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' 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 of 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 auditors' 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 Brooklyn Youth Chorus Academy, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
February 27, 2018

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 10)	\$ 288,423	\$ 458,027
Investments and cash and cash equivalents held for investment (Notes 1b, 1c, 1d, 3 and 11)	1,308,928	987,576
Accounts receivable	41,307	27,674
Unconditional promises to give (Notes 1e and 4)	842,360	213,234
Prepaid expenses and other current assets	40,101	17,801
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 5)	<u>1,776,057</u>	<u>1,829,192</u>
<b>Total Assets</b>	<u>\$4,297,176</u>	<u>\$3,533,504</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 118,558	\$ 103,872
Line of credit payable (Note 6)	100,000	-
Deferred revenue (Note 1g)	257,103	300,324
Total Liabilities	<u>475,661</u>	<u>404,196</u>
Commitment and Contingency (Note 7)		
Net Assets (Note 2)		
Unrestricted		
Property and equipment (Note 5)	1,776,057	1,829,192
Board designated	708,227	380,700
Other	55,723	143,756
Total Unrestricted	<u>2,540,007</u>	<u>2,353,648</u>
Temporarily restricted	232,535	155,660
Permanently restricted (Note 11)	1,048,973	620,000
Total Net Assets	<u>3,821,515</u>	<u>3,129,308</u>
<b>Total Liabilities and Net Assets</b>	<u>\$4,297,176</u>	<u>\$3,533,504</u>

See notes to financial statements.

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Changes in Unrestricted Net Assets</b>		
Changes in Operations		
Revenue, Gains and Other Support		
Contributions	\$ 735,067	\$ 918,662
Fundraising benefits (Note 8)	282,277	248,664
Less: Direct benefit expenses	(38,535)	(51,885)
Donated services (Note 9)	34,023	42,665
Tuition and fees, net of scholarships (Note 1h)	663,899	687,234
Box office revenue	89,990	59,590
Contracted performance fees	197,113	111,231
Net investment income (loss) (Note 3)	5,033	(3,636)
Miscellaneous	13,711	21,298
	<u>1,982,578</u>	<u>2,033,823</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	138,300	146,300
Appropriation from endowment (Note 11)	31,300	27,936
Appropriation from board designated cash reserve (Note 2a)	24,418	-
Appropriation from 25th Anniversary board designated reserve (Note 2a)	335,000	-
Appropriation from Mary Anne Yancey Memorial Fund (Note 2a)	15,000	13,282
	<u>543,018</u>	<u>187,518</u>
Total Revenue, Gains and Other Support	<u>2,526,596</u>	<u>2,221,341</u>
Expenses		
Program Services	<u>2,009,142</u>	<u>1,684,766</u>
Supporting Services		
Management and general	228,316	219,266
Fundraising	334,188	308,411
Total Supporting Services	<u>562,504</u>	<u>527,677</u>
Total Expenses	<u>2,571,646</u>	<u>2,212,443</u>
Increase (Decrease) in Unrestricted Net Assets Before Other Revenues, Expenses and Appropriations	<u>(45,050)</u>	<u>8,898</u>
Other Revenues, Expenses and Appropriations		
Depreciation	(96,118)	(112,766)
Net investment income (Note 3)	20,541	3,354
Contributions and grants designated for capital projects	-	10,000
Contributions - 25th Anniversary Campaign Board Designated Funds (Note 2a)	666,254	30,050
Contributions - Mary Anne Yancey Memorial Fund (Note 2a)	15,150	17,492
Appropriation from board designated cash reserve (Note 2a)	(24,418)	-
Appropriation from 25th Anniversary board designated reserve (Note 2a)	(335,000)	-
Appropriation from Mary Anne Yancey Memorial Fund (Note 2a)	(15,000)	(13,282)
Total Other Revenues, Expenses and Appropriations	<u>231,409</u>	<u>(65,152)</u>
Increase (Decrease) in Unrestricted Net Assets (carried forward)	<u>186,359</u>	<u>(56,254)</u>

See notes to financial statements.

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Increase (Decrease) in Unrestricted Net Assets (brought forward)	\$ 186,359	\$ (56,254)
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	189,687	140,500
Net investment income (loss) (Note 3)	56,788	(3,106)
Net assets released from restrictions		
Program and time restrictions	(138,300)	(146,300)
Appropriation from endowment (Note 11)	(31,300)	(27,936)
Increase (Decrease) in Temporarily Restricted Net Assets	<u>76,875</u>	<u>(36,842)</u>
<b>Changes in Permanently Restricted Net Assets</b>		
Contributions	<u>428,973</u>	<u>170,000</u>
Increase in net assets	692,207	76,904
Net assets, beginning of year	<u>3,129,308</u>	<u>3,052,404</u>
<b>Net Assets, End of Year</b>	<u><u>\$3,821,515</u></u>	<u><u>\$3,129,308</u></u>

See notes to financial statements.

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 692,207	\$ 76,904
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	96,118	112,766
Bad debt expense	1,647	8,772
Net realized and unrealized (gain) loss on investments	(47,296)	34,061
Donated equipment	-	(48,000)
(Increase) decrease in:		
Accounts receivable	(13,633)	31,078
Unconditional promises to give	(630,773)	(74,858)
Prepaid expenses and other current assets	(22,300)	555
Increase (decrease) in:		
Accounts payable and accrued expenses	14,686	35,456
Deferred revenue	(43,221)	35,052
Net Cash Provided By Operating Activities	<u>47,435</u>	<u>211,786</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	(42,983)	(7,880)
Purchases of Investments	(979,243)	(190,220)
Proceeds from sales of investments	705,187	49,584
Net Cash Used By Investing Activities	<u>(317,039)</u>	<u>(148,516)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	100,000	50,000
Repayment of line of credit	-	(50,000)
Net Cash Provided By Financing Activities	<u>100,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(169,604)	63,270
Cash and cash equivalents, beginning of year	<u>458,027</u>	<u>394,757</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 288,423</u>	<u>\$ 458,027</u>

See notes to financial statements.



**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Now in its 26th season, the GRAMMY® Award-winning Brooklyn Youth Chorus (“BYCA”) offers high-level performance-based vocal music education to over six hundred children annually. BYCA’s program is comprised of ten sequential choral divisions (seven Training Divisions and three Performing Ensembles), which serve children from seven to eighteen years of age at the Organization’s headquarters in Downtown Brooklyn, at BYC’s Neighborhood locations in Bedford-Stuyvesant and Red Hook, and at various NYC public schools through its Ready, Set, Sing! program.

Although Brooklyn based, Brooklyn Youth Chorus is a true New York City institution and serves students from across the five boroughs. Brooklyn Youth Chorus is one of the country’s leading youth choruses and the ensemble of choice for internationally renowned orchestras and artists, including the New York Philharmonic, London and Atlanta symphonies, Mariinsky Orchestra, Barbra Streisand, Elton John, Grizzly Bear, and Glen Hansard. The Chorus won a Grammy® Award for the world premiere live recording of John Adams’ On the Transmigration of Souls with the New York Philharmonic in 2005 and appears on Bryce Dessner and Kronos Quartet’s 2013 release Aheym. Brooklyn Youth Chorus’s first full-length co-commission and co-production with the Brooklyn Academy of Music, Black Mountain Songs, premiered in November 2014 with Richard Parry, Bryce Dessner, Jonathan King and Caroline Shaw. Brooklyn Youth Chorus reached a London audience when it performed Black Mountain Songs at the Barbican in May of 2015. Named WQXR’s 2016-17 Artists-in-Residence, the Chorus premiered Silent Voices, its 25th Anniversary production, at the BAM Opera House in May 2017.

Year after year, Brooklyn Youth Chorus is reinventing the artistic role of youth choruses by commissioning and presenting daring new works and by collaborating with some of the most inspiring and influential composers and artists of our time. The Chorus’s commitment to the twin values of diversity and excellence has led the Organization to enroll all children without regard to their ability to pay. In 26 years, no student has ever been turned away because of financial circumstances. It is all part of its mission to help children from all backgrounds achieve and surpass their goals as both musicians and people.

**b - Cash and Cash Equivalents**

BYCA considers all highly liquid debt instruments purchased with a maturity of three months or less, including money market accounts, to be cash equivalents, except for cash and short-term investments classified as investments and cash held for investment.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****c - Fair Value Measurements**

BYCA reflects investments at fair value in the statement of financial position. Fair value is defined as the price that would be received if an asset was sold in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of BYCA. Unobservable inputs reflect BYCA's assumptions about the inputs market participants would use in pricing the asset based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

- Level 1     Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that BYCA has the ability to access at the measurement date.
- Level 2     Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3     Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**d - Investments and Investment Income**

Investments are measured at fair value on a consistent basis. Investments with fair values that are based on quoted market prices in active markets are, therefore, classified within Level 1. These include equities, fixed income, and cash and money market funds. All of BYCA's investments are classified within Level 1.

Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in restricted assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****e - Unconditional Promises to Give and Contributions**

Contributions are recognized when the donor makes a promise to give to BYCA, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

BYCA uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**f - Property and Equipment**

Property and equipment acquired are recorded at cost and are depreciated using the straight-line method over the useful life of the related asset.

**g - Deferred Revenue**

Deferred tuition and other income represent receipt of income for future periods.

**h - Scholarships**

Scholarships are given on the basis of financial need and are deducted from gross tuition income. Scholarships awarded during the years ended June 30, 2017 and 2016 were \$295,381 and \$290,084, respectively.

**i - Financial Statement Presentation**

BYCA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**j - Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**k - Tax Status**

Brooklyn Youth Chorus Academy, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**l - Subsequent Events**

BYCA has evaluated subsequent events through February 27, 2018, the date that the financial statements are considered available to be issued.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**Note 2 - Net Assets**

a - Board Designated Net Assets

Board designated net assets consist of the following:

	<b>2017</b>	<b>2016</b>
Cash reserve	\$312,770	\$316,647
25 <sup>th</sup> Anniversary Campaign Funds for Programs and Infrastructure	361,304	30,050
Mary Anne Yancey Memorial Fund	34,153	34,003
	<b>\$708,227</b>	<b>\$380,700</b>

During the year ended June 30, 2017, appropriations of \$24,418 were made from the Cash Reserve Fund for operations.

During the year ended June 30, 2017, appropriations of \$335,000 were made from the 25<sup>th</sup> Anniversary Campaign Funds for programming and infrastructure.

During the years ended June 30, 2017 and 2016, appropriations of \$15,000 and \$13,282, respectively, were made from the Mary Anne Yancey Memorial Fund for scholarships.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<b>2017</b>	<b>2016</b>
Future periods	\$143,084	\$ 9,000
Future programs	60,103	142,800
Temporarily restricted endowment earnings	29,348	3,860
	<b>\$232,535</b>	<b>\$155,660</b>

c - Permanently Restricted Net Assets

Permanently restricted net assets as of June 30, 2017 and 2016 consist of the following:

	<b>2017</b>	<b>2016</b>
The Charles J. and Irene F. Hamm Scholarship Fund	\$ 598,973	\$170,000
Operating Endowment	400,000	400,000
The Irving Caesar Scholarship Fund	50,000	50,000
	<b>\$1,048,973</b>	<b>\$620,000</b>

**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**Note 3 - Investments and Cash and Cash Equivalents Held for Investment**

Investments and cash held for investment at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>		<u>2016</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 114,696	\$ 114,696	\$ 52,116	\$ 52,116
Certificates of deposit	29,956	30,000	-	-
Mutual funds - bonds	276,327	275,366	384,550	378,563
Mutual funds - equities	468,525	446,414	539,675	554,301
Corporate preferred stock	55,879	51,066	-	-
Domestic equities	<u>363,545</u>	<u>365,517</u>	<u>11,235</u>	<u>12,833</u>
	<u>\$1,308,928</u>	<u>\$1,283,059</u>	<u>\$987,576</u>	<u>\$997,813</u>

Investment income (loss) consists of the following:

	<u>2017</u>	<u>2016</u>
Net realized and unrealized gain (loss) on investments	\$47,296	\$(34,061)
Interest and dividend income	41,756	35,354
Less: Investment fees	<u>(6,690)</u>	<u>(4,681)</u>
	<u>\$82,362</u>	<u>\$ (3,388)</u>

Investment income (loss) is allocated as follows:

	<u>2017</u>	<u>2016</u>
Operations	\$ 5,033	\$(3,636)
Board designated cash reserve	20,541	3,354
Temporarily restricted	<u>56,788</u>	<u>(3,106)</u>
Total	<u>\$82,362</u>	<u>\$ (3,388)</u>



**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**Note 5 - Property and Equipment (continued)**

Depreciation expense for the periods ended June 30, 2017 and 2016 was \$96,118 and \$112,766, respectively.

**Note 6 - Line of Credit**

BYCA has access to a line of credit collateralized by its cash reserve investment account. Line of credit borrowings accrue interest at a variable base rate determined by the financial institution (4.75% at June 30). As of June 30, 2017, the loan balance outstanding was \$100,000.

**Note 7 - Commitment and Contingency**

- a - BYCA has an employment agreement with its Artistic Director which provides for automatic extensions unless written notice of non-renewal is provided by either party.
- b - Government supported projects are subject to audit by the applicable government agency.

**Note 8 - Fundraising Benefits**

Proceeds and expenses from fundraising benefits were as follows:

	<u>2017</u>	<u>2016</u>
Gross proceeds	\$282,277	\$248,664
Less: Expenses directly benefiting donors	<u>(38,535)</u>	<u>(51,885)</u>
	243,742	196,779
Less: Indirect expenses	<u>(20,722)</u>	<u>(20,080)</u>
Net Proceeds	<u>\$223,020</u>	<u>\$176,699</u>

**BROOKLYN YOUTH CHORUS ACADEMY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 9 - Donated Services**

BYCA received donated legal services with a value of \$34,023 and \$42,665 during the years ended June 30, 2017 and 2016, respectively.

**Note 10 - Concentration of Credit Risk**

BYCA maintains its cash and cash equivalents in financial institutions located in New York City. The balances are insured by the Federal Deposit Insurance Corporation and other agencies, and at times, may exceed the insured limits.

**Note 11 - Endowment Funds**

BYCA's endowment consists of funds established for the purposes described in Note 2c. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Prudent Management of Institutional Funds Act (NYPMIFA) Not-for-profit Corporation Law, BYCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by BYCA.

In accordance with NYPMIFA, BYCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of BYCA and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of BYCA;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on BYCA; and
- (viii) the investment policy of BYCA



**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**Note 11 - Endowment Funds (continued)**

BYCA's endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds, 2017	<u>\$29,348</u>	<u>\$841,400</u>	<u>\$870,748</u>
Donor-restricted funds, 2016	<u>\$ 3,860</u>	<u>\$620,000</u>	<u>\$623,860</u>

Changes in BYCA's endowment funds as of June 30, 2017 and 2016 are summarized as follows:

	<u>2017</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	<u>\$ 3,860</u>	<u>\$620,000</u>	<u>\$623,860</u>
Contributions	-	221,400	221,400
Investment income	56,788	-	56,788
Appropriation for program support	<u>(31,300)</u>	-	<u>(31,300)</u>
	<u>25,488</u>	<u>221,400</u>	<u>246,888</u>
Endowment Funds, End of Year	<u>\$29,348</u>	<u>\$841,400</u>	<u>\$870,748</u>
	<u>2016</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	<u>\$34,902</u>	<u>\$450,000</u>	<u>\$484,902</u>
Contributions	-	170,000	170,000
Investment income	(3,106)	-	(3,106)
Appropriation for program support	<u>(27,936)</u>	-	<u>(27,936)</u>
	<u>(31,042)</u>	<u>170,000</u>	<u>138,958</u>
Endowment Funds, End of Year	<u>\$ 3,860</u>	<u>\$620,000</u>	<u>\$623,860</u>

The overall financial objective of the endowment assets is to provide the operations of BYCA with a relatively stable stream of spendable revenue that increases over time. Specific investment guidelines are developed with the guidance of an investment manager approved by the board, who has demonstrated interest in working with not-profits and a history of excellent service to clients with relatively small investment portfolios.

**BROOKLYN YOUTH CHORUS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**Note 11 - Endowment Funds (continued)**

Preservation of capital and moderate annual returns are emphasized over short-term above-market rates of return or aggressive growth. The guidelines identify permitted asset classes as well as expected levels of return. It is anticipated that most investments will be chosen for their suitability for being held long-term.

Each year, 5% of the thirty-six month trailing average of the value of the Endowment may be drawn down. The draw or withdrawal will be recommended by management and must be approved by the Finance and Executive Committees of the Board.

**Note 12 - Functional Allocation of Expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Expenses by functional classification for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Total expenses per the statements of activities	\$2,571,646	\$2,212,443
Depreciation	<u>96,118</u>	<u>112,766</u>
	<u>\$2,667,764</u>	<u>\$2,325,209</u>
Program Services	\$2,093,245	\$1,783,436
Supporting Services		
Management and general	237,928	230,543
Fundraising	<u>336,591</u>	<u>311,230</u>
Total Expenses	<u>\$2,667,764</u>	<u>\$2,325,209</u>

**SUPPLEMENTARY INFORMATION**



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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of  
Brooklyn Youth Chorus Academy, Inc.

We have audited the financial statements of Brooklyn Youth Chorus Academy, Inc. as of and for the years ended June 30, 2017 and 2016, and our report thereon dated February 27, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2017 with comparative totals for 2016 is presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
February 27, 2018

## BROOKLYN YOUTH CHORUS ACADEMY, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS 2016

	Program Services	Supporting Services		2017	2016 *
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$1,030,312	\$ 98,939	\$ 187,021	\$1,316,272	\$1,171,904
Payroll taxes and benefits	167,280	17,489	35,925	220,694	199,505
Outside professional services	240,218	51,462	62,911	354,591	260,900
Supplies	47,781	-	-	47,781	29,450
Production expense	238,713	-	-	238,713	79,029
Audio and video production	6,797	-	-	6,797	1,334
Uniform expense	2,893	-	-	2,893	6,281
Building maintenance	92,394	10,559	2,640	105,593	95,891
Insurance	38,650	4,417	1,104	44,171	34,447
Telephone	21,094	2,410	603	24,107	26,323
Office supplies and printing	14,397	1,517	12,757	28,671	28,472
Stationery and postage	5,121	586	146	5,853	5,126
Promotion	4,749	3,584	6,302	14,635	16,603
Audit	-	28,689	-	28,689	22,587
Bank and processing fees	25,141	2,079	3,154	30,374	26,769
Tour expenses	29,063	-	-	29,063	142,727
Transportation	33,999	980	53	35,032	23,659
Merchandise purchases	-	-	-	-	2,589
Miscellaneous	10,540	3,958	850	15,348	9,995
Indirect benefit expenses	-	-	20,722	20,722	20,080
Bad debt expense	-	1,647	-	1,647	8,772
Total expenses before depreciation	2,009,142	228,316	334,188	2,571,646	
Depreciation	84,103	9,612	2,403	96,118	
Total Expenses, 2017	<u>\$2,093,245</u>	<u>\$ 237,928</u>	<u>\$ 336,591</u>	<u>\$2,667,764</u>	
Total expenses before depreciation	\$1,684,766	\$ 219,266	\$ 308,411		\$2,212,443
Depreciation	98,670	11,277	2,819		112,766
Total Expenses, 2016	<u>\$1,783,436</u>	<u>\$ 230,543</u>	<u>\$ 311,230</u>		<u>\$2,325,209</u>

\* Certain amounts have been reclassified to conform with 2017 presentation.

See independent auditors' report on supplementary information.