

MILWAUKEE CHILDREN'S CHOIR, INC.

Financial Statements

June 30, 2009

DIEFFENBACH & ASSOCIATES, s.c.

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Richard A. Dieffenbach, CPA
President

Independent Auditors' Report

October 7, 2009

The Board of Directors
Milwaukee Children's Choir, Inc.
Milwaukee, WI

We have audited the accompanying statement of financial position of the Milwaukee Children's Choir, Inc. as of June 30, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Choir's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Milwaukee Children's Choir, Inc. as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dieffenbach & Associates, s.c.
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MILWAUKEE CHILDREN'S CHOIR, INC.
Statement of Financial Position
June 30, 2009

ASSETS:	
Cash and Cash Equivalents	\$ 155,334
Accounts Receivable	21,612
Inventory	5,348
Instruments and Equipment	22,019
Less Accumulated Depreciation	<u>(17,482)</u>
Instruments and Equipment, Net	<u>4,537</u>
Total Assets	\$ <u>186,831</u>
 LIABILITIES AND NET ASSETS:	
Accounts Payable	\$ 12,607
Payroll Taxes Payable	1,007
Deferred Revenue	<u>27,852</u>
Total Liabilities	<u>41,466</u>
Net Assets:	
Temporarily Restricted	6,221
Unrestricted	<u>139,144</u>
Total Net Assets	<u>145,365</u>
Total Liabilities and Net Assets	\$ <u>186,831</u>

Statement of Cash Flows
Year Ended June 30, 2009

Increase in Net Assets	\$ 12,476
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	2,604
Increase in Accounts Receivable	(5,110)
Increase in Inventory	(5,348)
Decrease in Prepaid Expenses	4,508
Decrease in Liabilities	<u>(26,899)</u>
Cash Flow used by Operating Activities	<u>(17,769)</u>
Purchase of Office Equipment	(3,270)
Loss on Disposition of Equipment	807
Cash Flow used by Financing Activities	<u>(2,463)</u>
Decrease in Cash	<u>(20,232)</u>
Cash and Cash Equivalents, July 1, 2008	<u>175,566</u>
Cash and Cash Equivalents, June 30, 2009	\$ <u>155,334</u>

The accompanying notes are an integral part of these financial statements.

MILWAUKEE CHILDREN'S CHOIR, INC.
Statement of Financial Activity
Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Tuition and Fees	\$ 136,060	-	136,060
Contributions and Grants	154,558	-	154,558
Special Events and Tickets	33,017	-	33,017
Retail Sales	5,935	-	5,935
Fundraising	19,113	-	19,113
Interest	539	1	540
Total Revenue and Support	<u>349,222</u>	<u>1</u>	<u>349,223</u>
EXPENSES			
Programs	257,885	-	257,885
Administrative	68,690	-	68,690
Fundraising	10,172	-	10,172
Total Expenses	<u>336,747</u>	<u>-</u>	<u>336,747</u>
Increase in Net Assets	12,475	1	12,476
Net Assets, Beginning of Year	<u>126,669</u>	<u>6,220</u>	<u>132,889</u>
Net Assets, End of Year	<u>\$ 139,144</u>	<u>6,221</u>	<u>145,365</u>

The accompanying notes are an integral part of these financial statements.

MILWAUKEE'S CHILDREN'S CHOIR, INC.
Schedule of Functional Expenses
Year Ended June 30, 2009

	<u>Programs</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 33,063	23,608	6,150	62,821
Artistic Fees	144,697	-	-	144,697
Recording and Production	47,310	-	-	47,310
Accounting and Audit	-	9,813	-	9,813
Advertising	16,989	-	-	16,989
Automobile	-	295	-	295
Bank Service Charges	-	1,963	-	1,963
Dues	-	1,207	-	1,207
Insurance	-	3,962	-	3,962
Internet	-	169	-	169
Office Equipment and Repair	-	406	-	406
Office and Rehearsal Rent	13,630	9,444	-	23,074
Postage	-	3,054	804	3,858
Printing	2,196	1,274	-	3,470
Supplies	-	2,901	3,218	6,119
Telephone	-	1,952	-	1,952
Other	-	6,038	-	6,038
Depreciation	-	2,604	-	2,604
Total Expenses	<u>\$ 257,885</u>	<u>68,690</u>	<u>10,172</u>	<u>336,747</u>

See Accountant's Report

MILWAUKEE CHILDREN'S CHOIR, INC.
Notes to Financial Statements
June 30, 2009

CHOIR MISSION AND PERFORMANCES

This year marked the 15th performance season of Milwaukee Children's Choir (MCC). The Choir has more than 350 Choir members, grades 1-12, from over 150 schools. Members come from seven counties and sing in five distinct choir levels. MCC has a liberal financial aid policy, and has programming especially geared to Milwaukee's urban youth.

The Choir provides exceptional choral music instruction and performance experiences that foster creativity, personal expression and social growth. Through child-centered instruction and age-appropriate performances, MCC helps youth build, within themselves, noteworthy character.

MCC presents several of its own concerts each year, tours regionally and abroad, and performs locally with the Milwaukee Symphony Orchestra, Milwaukee Ballet, Present Music, Milwaukee Youth Symphony Orchestra, Festival City Symphony, The Skylight and other area performing arts organizations. MCC teaches life skills through choral music instruction and performance, and in doing so it pleases thousands of performing arts patrons every year.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The Choir reports its financial statements on the accrual basis of accounting.

Donated Services:

A substantial number of volunteers have donated significant amounts of time to the Choir. No value has been assigned for such service hours as no objective basis is available to measure the value of such services. Donated professional services, for which a value is readily available, have been reflected as contributions and as expenses.

Depreciation:

Musical instruments and the office computer are depreciated using accelerated rates over their estimated lives of five to seven years.

Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, revenue and support and expenses. Actual results could differ from these estimates.

2) TEMPORARILY RESTRICTED NET ASSET:

The Emily Crocker Tenth Anniversary Fund was created by the Board in 2004 in the amount of \$5,000 to be used for future outreach and scholarship programs.

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3) RETAIL SALES:

The Choir has recorded several performances on compact discs for sale to the public. Production costs are expensed as incurred and offset against sales. Inventory of unsold music is not recorded as an asset due to the promotional nature of the material.

4) MUSIC RIGHTS:

The Choir owns certain music performance rights. As these rights are not assignable or transferable, they are not considered as assets.

5) COMMITMENT:

Office rent expense is \$504 per month under a five year lease that expires in 2011. Rehearsal space is rented at various rates, as needed, without an on-going commitment to the Choir.

6) INCOME TAXES:

The Choir is a 501c(3) organization under the Internal Revenue Service regulations. As such it is exempt from federal and state income taxes.