VocalEssence
Minneapolis, Minnesota

Financial Statements
Auditor’s Report
For the Years Ended
June 30, 2020 and 2019
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Independent Auditor’s Report

Board of Directors
VocalEssence
Minneapolis, Minnesota

We have audited the accompanying financial statements of VocalEssence, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expense, 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.

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 audits 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 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 VocalEssence as of June 30, 2020 and 2019, 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.

Minneapolis, Minnesota
September 24, 2020
# VOCALESSENCE

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support and Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 721,610</td>
<td>$ 592,146</td>
<td>$ 1,313,756</td>
<td>$ 846,881</td>
<td>$ 439,391</td>
<td>$ 1,286,272</td>
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<tr>
<td>Special Events Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Costs of Direct Benefits to Donors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Revenues from Special Events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Contributions</td>
<td>131,286</td>
<td>76,032</td>
<td>207,318</td>
<td>269,830</td>
<td>83,949</td>
<td>353,779</td>
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<tr>
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<td></td>
<td>218,302</td>
<td>375,842</td>
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<td>375,842</td>
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<tr>
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<td>192,132</td>
<td>387,663</td>
<td>127,838</td>
<td>107,357</td>
<td>235,195</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>(19,244)</td>
<td></td>
<td>(19,244)</td>
<td>16,957</td>
<td></td>
<td>16,957</td>
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<tr>
<td><strong>Net Assets Released from Restrictions:</strong></td>
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</tr>
<tr>
<td>Satisfaction of Program and Time Restrictions</td>
<td>585,384</td>
<td>(585,384)</td>
<td></td>
<td>800,456</td>
<td>(800,456)</td>
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<tr>
<td><strong>Total Support and Revenue:</strong></td>
<td>1,832,869</td>
<td>274,926</td>
<td>2,107,795</td>
<td>2,437,843</td>
<td>(169,759)</td>
<td>2,268,084</td>
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<tr>
<td><strong>Expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services:</td>
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<td></td>
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<td></td>
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<td>855,994</td>
<td>1,050,974</td>
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<td>1,050,974</td>
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<td>Learning and Engagement</td>
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<td></td>
<td>407,873</td>
<td>475,964</td>
<td></td>
<td>475,964</td>
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<tr>
<td>Youth Choir</td>
<td>147,230</td>
<td></td>
<td>147,230</td>
<td>214,734</td>
<td></td>
<td>214,734</td>
</tr>
<tr>
<td><strong>Total Program Services:</strong></td>
<td>1,411,097</td>
<td></td>
<td>1,411,097</td>
<td>1,741,672</td>
<td></td>
<td>1,741,672</td>
</tr>
<tr>
<td>Support Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and General</td>
<td>212,995</td>
<td></td>
<td>212,995</td>
<td>235,853</td>
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<td>235,853</td>
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<tr>
<td>Fundraising</td>
<td>325,469</td>
<td></td>
<td>325,469</td>
<td>321,634</td>
<td></td>
<td>321,634</td>
</tr>
<tr>
<td><strong>Total Support Services:</strong></td>
<td>538,464</td>
<td></td>
<td>538,464</td>
<td>557,487</td>
<td></td>
<td>557,487</td>
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<tr>
<td><strong>Total Expense:</strong></td>
<td>1,949,561</td>
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<td>1,949,561</td>
<td>2,299,159</td>
<td></td>
<td>2,299,159</td>
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<tr>
<td><strong>Change in Net Assets - From Operations:</strong></td>
<td>(116,692)</td>
<td>274,926</td>
<td>158,234</td>
<td>138,684</td>
<td>(169,759)</td>
<td>(31,075)</td>
</tr>
<tr>
<td><strong>Other Changes in Net Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Transfers</td>
<td>210,000</td>
<td>(210,000)</td>
<td></td>
<td>210,000</td>
<td>(210,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>93,308</td>
<td>64,926</td>
<td>158,234</td>
<td>348,684</td>
<td>(379,759)</td>
<td>(31,075)</td>
</tr>
<tr>
<td><strong>Net Assets - Beginning of Year</strong></td>
<td>3,419,685</td>
<td>2,113,843</td>
<td>5,533,528</td>
<td>3,071,001</td>
<td>2,493,602</td>
<td>5,564,603</td>
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<tr>
<td><strong>Net Assets - End of Year</strong></td>
<td>$ 3,512,993</td>
<td>$ 2,178,769</td>
<td>$ 5,691,762</td>
<td>$ 3,419,685</td>
<td>$ 2,113,843</td>
<td>$ 5,533,528</td>
</tr>
</tbody>
</table>

The accompanying Notes to Financial Statements are an integral part of these statements.

-2-
## Vocalessence

### Statement of Functional Expense

For the Year Ended June 30, 2020 with Comparative Totals for 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Support Services</th>
<th>Total All Services</th>
<th>Total All Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$246,280</td>
<td>$122,799</td>
<td>$21,930</td>
<td>$391,009</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>21,432</td>
<td>10,686</td>
<td>1,908</td>
<td>34,026</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>33,524</td>
<td>16,715</td>
<td>2,985</td>
<td>53,224</td>
</tr>
<tr>
<td><strong>Total Personnel Costs</strong></td>
<td>301,236</td>
<td>150,200</td>
<td>26,823</td>
<td>478,259</td>
</tr>
<tr>
<td><strong>Performance Expense:</strong></td>
<td></td>
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<tr>
<td>Production</td>
<td>80,914</td>
<td>55,560</td>
<td>37,804</td>
<td>174,278</td>
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<tr>
<td>Ensemble</td>
<td>135,368</td>
<td>12,291</td>
<td>-</td>
<td>147,659</td>
</tr>
<tr>
<td>Travel</td>
<td>45,597</td>
<td>41,768</td>
<td>36,874</td>
<td>124,359</td>
</tr>
<tr>
<td>Guest Artists and Contract Services</td>
<td>47,606</td>
<td>24,543</td>
<td>31,333</td>
<td>103,482</td>
</tr>
<tr>
<td>Printing and Advertising</td>
<td>68,480</td>
<td>7,673</td>
<td>5,153</td>
<td>81,306</td>
</tr>
<tr>
<td>Composers/Copyists</td>
<td>7,540</td>
<td>28,160</td>
<td>-</td>
<td>45,500</td>
</tr>
<tr>
<td>School Artists</td>
<td>747</td>
<td>40,128</td>
<td>-</td>
<td>40,875</td>
</tr>
<tr>
<td>Orchestra</td>
<td>30,470</td>
<td>2,175</td>
<td>-</td>
<td>32,645</td>
</tr>
<tr>
<td>Postage and Delivery</td>
<td>13,131</td>
<td>288</td>
<td>-</td>
<td>13,419</td>
</tr>
<tr>
<td>Other Expense</td>
<td>3,091</td>
<td>3,992</td>
<td>2,149</td>
<td>9,232</td>
</tr>
<tr>
<td>Recording</td>
<td>6,860</td>
<td>1,431</td>
<td>-</td>
<td>8,291</td>
</tr>
<tr>
<td><strong>Total Performance Expense</strong></td>
<td>449,604</td>
<td>217,949</td>
<td>113,313</td>
<td>780,866</td>
</tr>
<tr>
<td><strong>General Expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Services and Professional Fees</td>
<td>31,562</td>
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<td>2,810</td>
<td>50,109</td>
</tr>
<tr>
<td>Rent</td>
<td>23,163</td>
<td>7,550</td>
<td>1,348</td>
<td>32,061</td>
</tr>
<tr>
<td>Equipment Rental and Maintenance</td>
<td>17,881</td>
<td>5,828</td>
<td>1,041</td>
<td>24,750</td>
</tr>
<tr>
<td>Travel</td>
<td>10,441</td>
<td>3,404</td>
<td>608</td>
<td>14,453</td>
</tr>
<tr>
<td>Other Expense</td>
<td>4,381</td>
<td>1,428</td>
<td>255</td>
<td>6,064</td>
</tr>
<tr>
<td>Printing and Advertising</td>
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<td>1,125</td>
<td>201</td>
<td>4,778</td>
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<tr>
<td>Telephone</td>
<td>2,842</td>
<td>926</td>
<td>165</td>
<td>4,433</td>
</tr>
<tr>
<td>Subscriptions and Dues</td>
<td>2,781</td>
<td>906</td>
<td>162</td>
<td>3,849</td>
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<tr>
<td>Insurance</td>
<td>1,651</td>
<td>538</td>
<td>96</td>
<td>2,285</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,425</td>
<td>464</td>
<td>83</td>
<td>2,972</td>
</tr>
<tr>
<td>Postage</td>
<td>1,333</td>
<td>435</td>
<td>78</td>
<td>1,846</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>928</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,242</td>
<td>1,383</td>
<td>247</td>
<td>5,872</td>
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<tr>
<td><strong>Total General Expense</strong></td>
<td>105,154</td>
<td>39,724</td>
<td>7,094</td>
<td>151,972</td>
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<tr>
<td><strong>Total Expense</strong></td>
<td>$855,994</td>
<td>$407,873</td>
<td>$147,230</td>
<td>$1,411,097</td>
</tr>
</tbody>
</table>

The accompanying Notes to Financial Statements are an integral part of this statement.
# VOCALESSENCE

**STATEMENT OF FUNCTIONAL EXPENSE**

*FOR THE YEAR ENDED JUNE 30, 2019*

<table>
<thead>
<tr>
<th>Artistic Series</th>
<th>Learning and Engagement</th>
<th>Youth Choir</th>
<th>Total Program Services</th>
<th>Management &amp; General</th>
<th>Fundraising</th>
<th>Total Support Services</th>
<th>Total All Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$241,809</td>
<td>$116,963</td>
<td>$22,583</td>
<td>$381,355</td>
<td>$131,877</td>
<td>$196,927</td>
<td>$328,804</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>$21,702</td>
<td>$10,497</td>
<td>$2,027</td>
<td>$34,226</td>
<td>$11,835</td>
<td>$17,673</td>
<td>$29,508</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$32,993</td>
<td>$15,996</td>
<td>$3,081</td>
<td>$52,033</td>
<td>$17,994</td>
<td>$26,869</td>
<td>$44,863</td>
</tr>
<tr>
<td><strong>Total Personnel Costs</strong></td>
<td><strong>296,504</strong></td>
<td><strong>143,419</strong></td>
<td><strong>27,691</strong></td>
<td><strong>467,614</strong></td>
<td><strong>161,706</strong></td>
<td><strong>241,469</strong></td>
<td><strong>403,175</strong></td>
</tr>
<tr>
<td>Performance Expense:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>$147,924</td>
<td>$101,573</td>
<td>$69,111</td>
<td>$318,608</td>
<td></td>
<td>$89</td>
<td>$89</td>
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<tr>
<td>Ensemble</td>
<td>$133,855</td>
<td>$12,154</td>
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<td>$146,009</td>
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<td>$404</td>
<td>$404</td>
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<tr>
<td>Travel</td>
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<td>$52,067</td>
<td>$175,431</td>
<td>$526</td>
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<td>$526</td>
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<tr>
<td>Guest Artists and Contract Services</td>
<td>$65,286</td>
<td>$33,657</td>
<td>$42,970</td>
<td>$141,913</td>
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<td>Printing and Advertising</td>
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<td>$9,313</td>
<td>$146,941</td>
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<tr>
<td>Composers/Copyists</td>
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<td></td>
<td>$28,166</td>
<td></td>
<td></td>
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<tr>
<td>School Artists</td>
<td>$800</td>
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<td>$9,313</td>
<td>$43,795</td>
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<td>Other Expense</td>
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<td>$10,259</td>
<td>$3</td>
<td>$109</td>
<td>$112</td>
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<td>Recording</td>
<td>$15,379</td>
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<td>$16,588</td>
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<td></td>
<td></td>
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<tr>
<td><strong>Total Performance Expense</strong></td>
<td><strong>623,356</strong></td>
<td><strong>291,538</strong></td>
<td><strong>175,849</strong></td>
<td><strong>1,090,743</strong></td>
<td><strong>529</strong></td>
<td><strong>602</strong></td>
<td><strong>1,131</strong></td>
</tr>
<tr>
<td>General Expense:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Services and Professional Fees</td>
<td>$47,324</td>
<td>$14,272</td>
<td>$6,020</td>
<td>$67,616</td>
<td>$41,850</td>
<td>$34,500</td>
<td>$76,350</td>
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<tr>
<td>Rent</td>
<td>$23,643</td>
<td>$7,544</td>
<td>$1,460</td>
<td>$32,647</td>
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<td>$12,716</td>
<td>$21,235</td>
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<td>Equipment Rental and Maintenance</td>
<td>$14,331</td>
<td>$4,572</td>
<td>$885</td>
<td>$19,788</td>
<td>$5,163</td>
<td>$7,707</td>
<td>$12,870</td>
</tr>
<tr>
<td>Travel</td>
<td>$14,164</td>
<td>$4,519</td>
<td>$875</td>
<td>$19,558</td>
<td>$5,104</td>
<td>$7,618</td>
<td>$12,722</td>
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<tr>
<td>Other Expense</td>
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<td>$1,793</td>
<td>$347</td>
<td>$7,758</td>
<td>$2,025</td>
<td>$3,021</td>
<td>$5,046</td>
</tr>
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<td>Printing and Advertising</td>
<td>$11,516</td>
<td>$3,642</td>
<td>$705</td>
<td>$15,763</td>
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<td>$6,140</td>
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</tr>
<tr>
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<td>$1,512</td>
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<td>$2,318</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1,554</td>
<td>$496</td>
<td>$96</td>
<td>$2,146</td>
<td>$560</td>
<td>$836</td>
<td>$1,396</td>
</tr>
<tr>
<td>Supplies</td>
<td>$1,983</td>
<td>$633</td>
<td>$122</td>
<td>$2,738</td>
<td>$714</td>
<td>$1,067</td>
<td>$1,781</td>
</tr>
<tr>
<td>Postage</td>
<td>$2,470</td>
<td>$788</td>
<td>$153</td>
<td>$3,411</td>
<td>$890</td>
<td>$1,328</td>
<td>$2,218</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td>$1,577</td>
<td>$1,577</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$4,518</td>
<td>$1,441</td>
<td>$279</td>
<td>$6,238</td>
<td>$1,628</td>
<td>$2,429</td>
<td>$4,057</td>
</tr>
<tr>
<td><strong>Total General Expense</strong></td>
<td><strong>131,114</strong></td>
<td><strong>41,007</strong></td>
<td><strong>11,194</strong></td>
<td><strong>183,315</strong></td>
<td><strong>73,618</strong></td>
<td><strong>79,563</strong></td>
<td><strong>153,181</strong></td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td><strong>$1,050,974</strong></td>
<td><strong>$475,964</strong></td>
<td><strong>$214,734</strong></td>
<td><strong>$1,741,672</strong></td>
<td><strong>$235,853</strong></td>
<td><strong>$321,634</strong></td>
<td><strong>$557,487</strong></td>
</tr>
</tbody>
</table>

The accompanying Notes to Financial Statements are an integral part of this statement.
VOCALESSENCE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$335,838</td>
<td>$341,789</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>12,867</td>
<td>1,930</td>
</tr>
<tr>
<td>Pledges Receivable</td>
<td>166,824</td>
<td>246,569</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>120,685</td>
<td>124,868</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>636,214</td>
<td>715,156</td>
</tr>
<tr>
<td>Pledges Receivable</td>
<td>464,647</td>
<td>221,483</td>
</tr>
<tr>
<td>Investments</td>
<td>4,952,850</td>
<td>4,707,979</td>
</tr>
<tr>
<td>Property and Equipment - Net</td>
<td>30,405</td>
<td>11,024</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$6,084,116</td>
<td>$5,655,642</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$18,453</td>
<td>$45,488</td>
</tr>
<tr>
<td>Accrued Payroll Liabilities</td>
<td>51,455</td>
<td>41,076</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>120,828</td>
<td>35,550</td>
</tr>
<tr>
<td>Capital Lease Payable</td>
<td>9,683</td>
<td>-</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>200,419</td>
<td>122,114</td>
</tr>
<tr>
<td>Note Payable - PPP</td>
<td>181,000</td>
<td>-</td>
</tr>
<tr>
<td>Capital Lease Payable</td>
<td>10,935</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>392,354</td>
<td>122,114</td>
</tr>
<tr>
<td>Net Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without Donor Restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>1,950,945</td>
<td>1,970,402</td>
</tr>
<tr>
<td>Endowment</td>
<td>1,562,048</td>
<td>1,449,283</td>
</tr>
<tr>
<td>Total Without Donor Restrictions</td>
<td>3,512,993</td>
<td>3,419,685</td>
</tr>
<tr>
<td>With Donor Restrictions</td>
<td>2,178,769</td>
<td>2,113,843</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>5,691,762</td>
<td>5,533,528</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND NET ASSETS</td>
<td>$6,084,116</td>
<td>$5,655,642</td>
</tr>
</tbody>
</table>

The accompanying Notes to Financial Statements are an integral part of these statements.
# VOCALESSENCE

**STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase (Decrease) in Cash and Cash Equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Flows from Operating Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>$158,234</td>
<td>$(31,075)</td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>$(611,351)</td>
<td>$(94,274)</td>
</tr>
<tr>
<td>Net Cash (Used) by Operating Activities</td>
<td>$(453,117)</td>
<td>$(125,349)</td>
</tr>
<tr>
<td>Cash Flows from Investing Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from the Sale of Investments</td>
<td>4,092,537</td>
<td>3,813,522</td>
</tr>
<tr>
<td>Purchase of Investments</td>
<td>$(3,817,829)</td>
<td>$(3,615,854)</td>
</tr>
<tr>
<td>Net Cash Provided by Investing Activities</td>
<td>274,708</td>
<td>197,668</td>
</tr>
<tr>
<td>Cash Flows from Financing Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from Notes Payable</td>
<td>181,000</td>
<td></td>
</tr>
<tr>
<td>Capital Lease Payments</td>
<td>$(8,542)</td>
<td>$(13,972)</td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Financing Activities</td>
<td>172,458</td>
<td>$(13,972)</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash and Cash Equivalents</td>
<td>$(5,951)</td>
<td>58,347</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - Beginning of Year</td>
<td>341,789</td>
<td>283,442</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - End of Year</td>
<td>$335,838</td>
<td>$341,789</td>
</tr>
</tbody>
</table>

**Supplemental Disclosures of Cash Flow Information**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Paid for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$928</td>
<td>$1,577</td>
</tr>
<tr>
<td>Assets Acquired Under a Capital Lease</td>
<td>$29,160</td>
<td>$-</td>
</tr>
</tbody>
</table>

The accompanying Notes to Financial Statements are an integral part of these statements.
1. **Summary of Significant Accounting Policies**

**Organizational Purpose**

VocalEssence’s mission is to explore the interaction of voices and instruments through innovative programming of music, past and present. They seek to engage and enrich their audiences, who expect from them the unexpected. Their focus is on commissioned and first performances of music as well as important, but rarely heard, works of the past. VocalEssence strives to inspire learners of all ages through creative community engagement programs.

**Fund Accounting**

In order to observe the limitation and restrictions placed on resources available to VocalEssence, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

- **Net Assets Without Donor Restrictions** – Net assets which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions** – Resources of VocalEssence resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations. Some donor restrictions may be temporary in nature, for example expiring after a specified time or being used for a particular purpose. Other donor restrictions may be perpetual in nature for the long-term maintenance of VocalEssence; and the use of all income earned, including capital appreciation, may be without donor-imposed restrictions, or may be restricted by the donor for purposes such as performances.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, VocalEssence considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Accounts Receivable and Doubtful Accounts**

VocalEssence extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and VocalEssence does not charge interest on accounts receivable balances. VocalEssence reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.
1. Summary of Significant Accounting Policies (continued)

   Investments

   VocalEssence carries its investments at market value.

   Inventory

   VocalEssence produces compact disc recordings as part of its artistic mission. The supply of unsold recordings is not recorded as inventory as their future value is uncertain and amount is immaterial.

   Property and Equipment

   All major expenditures for property and equipment in excess of $1,000 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

   Contributions

   Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled and are reported in the Statements of Activities under the Support and Revenue Category—Net Assets Released from Restrictions.

   Promises-To-Give (Pledges Receivable)

   Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Long-term pledges receivable are due from the Katherine B. Anderson Fund of the St. Paul Foundation.

   Deferred Revenue

   Amounts received for future year programs are recorded as deferred revenue until the period in which they are earned.

   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 reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.
1. **Summary of Significant Accounting Policies (continued)**

**Functional Allocation of Expense**

Expenses are recorded in functional categories when incurred. In certain cases, allocations of expenses between categories must be made. When allocations are required, they are based on the best estimates of management.

**Income Tax**

VocalEssence has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted Accounting for Uncertainty in Income Taxes, ASC 740-10. VocalEssence’s policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. VocalEssence continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, VocalEssence annually files a Return of Organization Exempt From Income Tax (Form 990).

**New Accounting Pronouncement**

VocalEssence has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standards improve the usefulness and understandability of VocalEssence’s financial reporting.

VocalEssence has also adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Analysis of various provisions of this standard resulted in no significant changes in the way VocalEssence recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. Both ASUs have been applied retroactively for the periods ended June 30, 2020 and 2019, as required.

**Subsequent Events**

VocalEssence has evaluated the effect that subsequent events would have on the financial statements through September 24, 2020, which is the date financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter to negatively impact its future operating results, but reasonable estimates cannot be made at this time.
1. **Summary of Significant Accounting Policies (continued)**

   **Reclassifications**

   Certain amounts in prior year comparative totals have been reclassified to conform with the presentation in the current year financial statements.

2. **Significant Concentrations of Credit Risk**

   VocalEssence provides services primarily within the Twin Cities area. The amounts due for services provided are from local institutions. Pledges receivable are from local individuals and institutions.

3. **Investments**

   Investments were comprised of the following as of:

<table>
<thead>
<tr>
<th>At quoted market value:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Market</td>
<td>Cost</td>
<td>Market</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>$386,627</td>
<td>$386,627</td>
<td>$269,851</td>
<td>$269,851</td>
</tr>
<tr>
<td>Mutual Funds and ETFs</td>
<td>4,122,411</td>
<td>4,566,223</td>
<td>4,004,844</td>
<td>4,438,128</td>
</tr>
<tr>
<td>Total</td>
<td>$4,509,038</td>
<td>$4,952,850</td>
<td>$4,274,695</td>
<td>$4,707,979</td>
</tr>
</tbody>
</table>

   Investment income was as follows as of:

<table>
<thead>
<tr>
<th>June 30.</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividend Income</td>
<td>$94,217</td>
<td>$103,371</td>
</tr>
<tr>
<td>Realized Gain</td>
<td>113,212</td>
<td>62,626</td>
</tr>
<tr>
<td>Unrealized Gain (Loss)</td>
<td>208,480</td>
<td>96,707</td>
</tr>
<tr>
<td>Investment Fees</td>
<td>(28,246)</td>
<td>(27,509)</td>
</tr>
<tr>
<td>Total</td>
<td>$387,663</td>
<td>$235,195</td>
</tr>
</tbody>
</table>

4. **Fair Value**

   VocalEssence adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

   - **Level 1** — Quoted prices in active markets for identical investments.
   - **Level 2** — Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
   - **Level 3** — Significant unobservable inputs.
4. **Fair Value (continued)**

The following is a summary of the inputs used to determine the fair value of the investments at:

**June 30, 2020**

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$ 386,627</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 386,627</td>
</tr>
<tr>
<td>Mutual Funds and ETFs</td>
<td>4,566,223</td>
<td>-</td>
<td>-</td>
<td>4,566,223</td>
</tr>
<tr>
<td>Pledges Receivable</td>
<td></td>
<td>464,647</td>
<td>-</td>
<td>464,647</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 4,952,850</td>
<td>$ 464,647</td>
<td>$ -</td>
<td>$ 5,417,497</td>
</tr>
</tbody>
</table>

**June 30, 2019**

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$ 269,851</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 269,851</td>
</tr>
<tr>
<td>Mutual Funds and ETFs</td>
<td>4,438,128</td>
<td>-</td>
<td>-</td>
<td>4,438,128</td>
</tr>
<tr>
<td>Pledges Receivable</td>
<td></td>
<td>221,483</td>
<td>-</td>
<td>221,483</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 4,707,979</td>
<td>$ 221,483</td>
<td>$ -</td>
<td>$ 4,929,462</td>
</tr>
</tbody>
</table>

5. **Net Asset Designations**

The Board of Directors has established an Endowment Fund to invest resources for the long-term benefit of VocalEssence. Annually, the Board determines the portion of the Endowment Fund earnings to be retained in order to offset the effect of inflation and to determine the portion that should be assigned or transferred to the Operating Fund.

Board designated net assets consisted of amounts for the following as of:

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Board Designated Endowment</td>
<td>$ 1,562,048</td>
</tr>
</tbody>
</table>

6. **Property and Equipment**

VocalEssence owned the following as of:

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>$ 140,418</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>$ 62,657</td>
</tr>
<tr>
<td></td>
<td>$ 203,075</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>$ 172,670</td>
</tr>
<tr>
<td></td>
<td>$ 30,405</td>
</tr>
</tbody>
</table>

Depreciation expense of $9,779 and $10,295 was recorded for the years ended June 30, 2020 and 2019, respectively.
7. **Pledges Receivable**

The outstanding balance of pledges receivable at June 30, 2020, is expected to be collected over the following fiscal years:

<table>
<thead>
<tr>
<th>Due in the Year Ending June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$179,377</td>
</tr>
<tr>
<td>2022</td>
<td>261,567</td>
</tr>
<tr>
<td>2023</td>
<td>123,066</td>
</tr>
<tr>
<td>2024</td>
<td>47,500</td>
</tr>
<tr>
<td>2025</td>
<td>15,000</td>
</tr>
<tr>
<td>2026 and Beyond</td>
<td>59,050</td>
</tr>
<tr>
<td><strong>Less discount to present value at 4%</strong></td>
<td>685,560</td>
</tr>
<tr>
<td></td>
<td>54,089</td>
</tr>
<tr>
<td><strong>Due within one year</strong></td>
<td>631,471</td>
</tr>
<tr>
<td><strong>Long-term portion</strong></td>
<td>166,824</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$464,647</td>
</tr>
</tbody>
</table>

8. **Pension Plan**

VocalEssence made contributions of $42,630 and $42,405 to employees’ individual retirement accounts in the 403(b) plan for the years ended June 30, 2020 and 2019, respectively. Employees age 21 and over, with at least 1,000 hours of service per year, are covered by the plan.

9. **Leased Facilities and Equipment**

Rental commitments under a noncancelable lease for equipment in effect at June 30, 2020, total $24,869. Rental commitments under a noncancelable lease for office space subsequent to June 30, 2020, total $102,162. The future annual rental commitments are as follows:

<table>
<thead>
<tr>
<th>Due in the Year Ending June 30,</th>
<th>Equipment</th>
<th>Space</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$5,739</td>
<td>$50,827</td>
</tr>
<tr>
<td>2022</td>
<td>5,739</td>
<td>51,335</td>
</tr>
<tr>
<td>2023</td>
<td>5,739</td>
<td>-</td>
</tr>
<tr>
<td>2024</td>
<td>5,739</td>
<td>-</td>
</tr>
<tr>
<td>2025</td>
<td>1,913</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$24,869</td>
<td>$102,162</td>
</tr>
</tbody>
</table>

Rental expense for office space and equipment was $63,216 and $63,687 for the years ended June 30, 2020 and 2019, respectively.
10. **Net Assets**

Net Assets With Donor Restrictions consisted of amounts for the following as of:

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Subject to expenditure for specified purpose and the passage of time:</td>
<td></td>
</tr>
<tr>
<td>Future Years Operating and Program Support</td>
<td>$326,650</td>
</tr>
<tr>
<td>Unappropriated Investment Income – Endowment Fund</td>
<td>206,271</td>
</tr>
<tr>
<td>Artistic Advancement Fund</td>
<td></td>
</tr>
<tr>
<td>Minnesota State Arts Board – Arts Tour Grant</td>
<td>118,981</td>
</tr>
<tr>
<td>Cross Cultural Education</td>
<td>32,088</td>
</tr>
<tr>
<td></td>
<td>1,057,014</td>
</tr>
<tr>
<td>Endowment – To be Held in Perpetuity</td>
<td>$1,494,779</td>
</tr>
<tr>
<td>Total Net Assets With Donor Restrictions</td>
<td>$2,178,769</td>
</tr>
</tbody>
</table>

11. **In-kind Contributions**

VocalEssence records in-kind contributions at fair market value at date of donation. In-kind contributions included the following as of:

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Travel, Lodging and Parking</td>
<td>$2,100</td>
</tr>
<tr>
<td>Rehearsal Space</td>
<td>51,136</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,778</td>
</tr>
<tr>
<td></td>
<td>$55,014</td>
</tr>
</tbody>
</table>

12. **Capital Lease Payable**

VocalEssence leases certain equipment under a non-cancelable lease. The lease has been capitalized and included in equipment for the amount of $29,160 less accumulated depreciation of $8,910. The following is a schedule of future minimum lease payments at June 30, 2020:

<table>
<thead>
<tr>
<th>Due in the Year Ending June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$9,683</td>
</tr>
<tr>
<td>2022</td>
<td>10,077</td>
</tr>
<tr>
<td>2023</td>
<td>858</td>
</tr>
<tr>
<td>Total Payments</td>
<td>20,618</td>
</tr>
<tr>
<td>Less Portion Due Within One (1) Year</td>
<td>9,683</td>
</tr>
<tr>
<td>Long-term Portion</td>
<td>$10,935</td>
</tr>
</tbody>
</table>

Amortization expense related to the lease of $8,910 and $8,698 is included in depreciation expense for the years ended June 30, 2020 and 2019, respectively. Interest expense for the years ended June 30, 2020 and 2019, were $928 and $1,577, respectively.
13. Endowment Fund

Description

Endowment funds consist of donor restricted net assets and without donor restrictions established for the purposes:

Donor Restricted Net Assets to be held in perpetuity are donor restricted to be held for designated purposes with the income and related investment gains to be used for those designated purposes.

Donor Restricted Net Assets are earnings on invested funds not yet appropriated for use by the Board of Directors and held for long-term purposes.

Funds designated by the Board of Directors to function as endowments are held at the discretion of the Board of Directors with the income and investment gains to be used for operation in accordance with an established spending formula.

Undesignated Net Assets are investments that are invested in the endowment but can be used by the organization for any purpose.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, VocalEssence classifies as donor 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 the 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 donor restricted net assets in perpetuity is classified as donor restricted net assets until those amounts are appropriated for expenditure by VocalEssence in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, VocalEssence considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:
1. The duration and preservation of the fund
2. The purposes of VocalEssence and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of VocalEssence
7. The investment policies of VocalEssence.
13. **Endowment Fund (continued)**

**Endowment Net Asset Composition by Type of Fund:**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor-Restricted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift and amounts to be maintained</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in perpetuity by donor</td>
<td>$ -</td>
<td>$ 1,526,867</td>
<td>$ 1,526,867</td>
</tr>
<tr>
<td>Accumulated Investment Gains</td>
<td>-</td>
<td>206,271</td>
<td>206,271</td>
</tr>
<tr>
<td>Board-Designated</td>
<td>1,562,048</td>
<td>-</td>
<td>1,562,048</td>
</tr>
<tr>
<td>Undesignated</td>
<td>1,657,664</td>
<td>-</td>
<td>1,657,664</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,219,712</strong></td>
<td><strong>$ 1,733,138</strong></td>
<td><strong>$ 4,952,850</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor-Restricted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift and amounts to be maintained</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in perpetuity by donor</td>
<td>$ -</td>
<td>$ 1,116,473</td>
<td>$ 1,116,473</td>
</tr>
<tr>
<td>Accumulated Investment Gains</td>
<td>-</td>
<td>226,335</td>
<td>226,335</td>
</tr>
<tr>
<td>Board-Designated</td>
<td>1,449,283</td>
<td>-</td>
<td>1,449,283</td>
</tr>
<tr>
<td>Undesignated</td>
<td>1,915,888</td>
<td>-</td>
<td>1,915,888</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,365,171</strong></td>
<td><strong>$ 1,342,808</strong></td>
<td><strong>$ 4,707,979</strong></td>
</tr>
</tbody>
</table>

**Changes in Endowment Net Assets:**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Return:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>54,091</td>
<td>49,281</td>
<td>103,372</td>
</tr>
<tr>
<td>Net Appreciation</td>
<td>80,293</td>
<td>58,076</td>
<td>138,369</td>
</tr>
<tr>
<td><strong>Total Investment Return</strong></td>
<td><strong>134,384</strong></td>
<td><strong>107,357</strong></td>
<td><strong>241,741</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Changes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>58,250</td>
<td>58,250</td>
</tr>
<tr>
<td>Appropriation</td>
<td>98,091</td>
<td>(210,000)</td>
<td>(111,909)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,365,171</strong></td>
<td><strong>$ 1,342,808</strong></td>
<td><strong>$ 4,707,979</strong></td>
</tr>
</tbody>
</table>
13. **Endowment Fund (continued)**

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 3,365,171</td>
<td>$ 1,342,808</td>
<td>$ 4,707,979</td>
<td></td>
</tr>
<tr>
<td>Investment Return:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>50,303</td>
<td>43,089</td>
<td>93,392</td>
<td></td>
</tr>
<tr>
<td>Net Appreciation</td>
<td>144,403</td>
<td>149,043</td>
<td>293,446</td>
<td></td>
</tr>
<tr>
<td>Total Investment Return</td>
<td>194,706</td>
<td>192,132</td>
<td>386,838</td>
<td></td>
</tr>
</tbody>
</table>

| Other Changes:       |               |          |          |          |
| Contributions        | -             | 437,950  | 437,950  |
| Appropriations       | (340,165)     | (239,752)| (579,917)|

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2020</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 3,219,712</td>
<td>$ 1,733,138</td>
<td>$ 4,952,850</td>
<td></td>
</tr>
</tbody>
</table>

14. **Liquidity and Availability**

The following represents VocalEssence’s financial assets at June 30, 2020:

<table>
<thead>
<tr>
<th>Financial Assets:</th>
<th>June 30, 2020</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 335,838</td>
<td>$ 341,789</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>12,867</td>
<td>1,930</td>
</tr>
<tr>
<td>Pledges Receivable</td>
<td>631,471</td>
<td>468,052</td>
</tr>
<tr>
<td>Investments</td>
<td>4,952,850</td>
<td>4,707,979</td>
</tr>
<tr>
<td>Total Financial Assets</td>
<td>5,933,026</td>
<td>5,519,750</td>
</tr>
</tbody>
</table>

Less assets not available to be used for general expenditures within one year:

| Net Assets With Donor Restrictions | 2,178,769 | 2,133,843 |
| Board Designated Endowment        | 1,562,048 | 1,449,284 |
| Net Assets With Restrictions to be met within a year | (424,841) | (462,330) |
| Total assets not available for general expenditures within one year: | 3,315,976 | 3,120,797 |
| Financial assets available for general expenditures within one year | $ 2,617,050 | $ 2,398,953 |

VocalEssence’s Board Designated portion of its Endowment is not considered available for use within one year but could be available for use with a board resolution.

As part of VocalEssence’s liquidity plan, VocalEssence has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.
14. **Notes Payable**

On April 20, 2020, the VocalEssence was granted a loan (the "Loan") from Bremer Bank in the aggregate amount of $181,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 20, 2020 issued by the Borrower, matures on March 20, 2022 and bears interest at a rate of 1% per annum, originally payable monthly commencing on October 20, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The payment terms on all PPP loans changed with the signing of the Flexibility Act on June 5, 2020, and payments are now deferred for 10 months after the borrower’s covered period, i.e. either 12 or 16 months from origination. In addition, if a borrower applies for forgiveness before the end of the 10 month deferral period, then payments continue to defer until a decision on the forgiveness is returned from the SBA.

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In accordance with these Loan forgiveness terms, funds from the Loan were used by the Organization for payroll costs, group health care and retirement benefits, and rent.

VocalEssence has elected to carry the Loan as debt on its balance sheet as of June 30, 2020 per FASB ASC 470.

15. **Cash Flow Operating Adjustments**

Adjustments to reconcile Change in Net Assets to Net Cash (Used) by Operating Activities were as follows as of:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2020</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Depreciation</strong></td>
<td>$ 9,779</td>
<td>$ 10,295</td>
</tr>
<tr>
<td><strong>Contributed Securities</strong></td>
<td>(197,887)</td>
<td>(234,524)</td>
</tr>
<tr>
<td><strong>Unrealized (Gain) on Investments</strong></td>
<td>(208,480)</td>
<td>(88,596)</td>
</tr>
<tr>
<td><strong>Realized (Gain) on Investments</strong></td>
<td>(113,212)</td>
<td>(62,639)</td>
</tr>
<tr>
<td><strong>Pledges Receivable Long-Term</strong></td>
<td>(243,164)</td>
<td>110,561</td>
</tr>
<tr>
<td><strong>Increases in Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>(27,035)</td>
<td>(6,069)</td>
</tr>
<tr>
<td>Accrued Payroll Liabilities</td>
<td>10,379</td>
<td>730</td>
</tr>
<tr>
<td>Deferred Income</td>
<td>85,278</td>
<td>35,550</td>
</tr>
<tr>
<td><strong>Decreases (Increases) in Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>(10,937)</td>
<td>825</td>
</tr>
<tr>
<td>Pledges Receivable</td>
<td>79,745</td>
<td>172,444</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>4,183</td>
<td>(32,860)</td>
</tr>
<tr>
<td><strong>Total Adjustments</strong></td>
<td>$(611,351)</td>
<td>$(94,274)</td>
</tr>
</tbody>
</table>