

MILWAUKEE CHILDREN'S CHOIR, INC.

Financial Statements

June 30, 2007

Independent Auditors' Report

October 30, 2007

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

We have audited the accompanying statement of financial position - cash basis of the Milwaukee Children's Choir, Inc. as of June 30, 2007 and the related statements of activities – cash basis, 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.

As described in Note 1, these financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2007 and the changes in its net assets and its cash flows for the years then ended on the basis of accounting described in Note 1.

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 – cash basis 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.
Dieffenbach & Associates, s.c.

MILWAUKEE CHILDREN'S CHOIR, INC.
Statement of Financial Position - Cash Basis
June 30, 2007

ASSETS:

Cash and Cash Equivalents	\$ 115,627
Instruments and Equipment	19,411
Less Accumulated Depreciation	<u>(15,199)</u>
Instruments and Equipment, Net	<u>4,212</u>
Total Assets	<u>\$ 119,839</u>

LIABILITIES AND NET ASSETS:

Payroll Taxes Payable	\$ 4,509
Deferred Revenue - Tour Deposits	17,252

Net Assets:

Temporarily Restricted	6,219
Unrestricted	<u>91,859</u>
Total Net Assets	<u>98,078</u>

Total Liabilities and Net Assets	<u>\$ 119,839</u>
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Statements of Cash Flows - Cash Basis
Year Ending June 30, 2007

Increase in Net Assets	\$ 36,038
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	2,200
Decrease in Payroll Liabilities	(2,126)
Increase in Deferred Revenue	<u>17,252</u>
Cash Flow from Operating Activities and Increase in Cash	<u>53,364</u>
Cash and Cash Equivalents, Beginning of Year	<u>62,263</u>
Cash and Cash Equivalents, End of Year	<u>\$ 115,627</u>

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

MILWAUKEE CHILDREN'S CHOIR, INC.
Statement of Financial Activity - Cash Basis
Year Ending June 30, 2007

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Tuition and Fees	\$ 147,822		147,822
Contributions and Grants	143,100		143,100
Special Events and Ticket Sales	43,670		43,670
Retail Sales	6,376		6,376
Fundraising	3,269		3,269
Interest	458	5	463
Total Revenue and Support	344,695	5	344,700
EXPENSES			
Programs	230,998		230,998
Administrative	62,970		62,970
Fundraising	14,694		14,694
Total Expenses	308,662		308,662
Increase in Net Assets	36,033	5	36,038
Net Assets, Beginning of Year	55,826	6,214	62,040
Net Assets, End of Year	\$ 91,859	6,219	98,078

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

MILWAUKEE'S CHILDREN'S CHOIR, INC.
Schedule of Functional Expenses - Cash Basis
Year Ended June 30, 2007

	<u>Programs</u>	<u>Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and Benefits	\$ 36,661	25,838	9,753	72,252
Artistic Fees	108,238			108,238
Recording and Production	14,413			14,413
Accounting and Audit		4,572		4,572
Advertising	12,476			12,476
Bank Service Charges	803	1,160		1,963
Conferences and Meetings	4,598			4,598
Contracted Services	13,771			13,771
Dues	388	1,048		1,436
Insurance		5,010		5,010
Internet		144		144
Music and Uniforms	11,186			11,186
Office Equipment and Repair	1,635	5,121		6,756
Office and Rehearsal Space	11,040	7,868		18,908
Postage		3,124	1,560	4,684
Printing	2,591	1,844		4,435
Sales Tax	2,495			2,495
Supplies	1,949	2,677	3,381	8,007
Telephone		2,364		2,364
Travel	8,754			8,754
Depreciation		2,200		2,200
Total Expenses	<u>\$ 230,998</u>	<u>62,970</u>	<u>14,694</u>	<u>308,662</u>

See Accountant's Report

MILWAUKEE CHILDREN'S CHOIR, INC.
Notes to Financial Statements
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CHOIR MISSION AND PERFORMANCES

Artistic Director Emily Crocker founded the Milwaukee Children's Choir (MCC) in 1994. She envisioned a choir that would serve Milwaukee youth through quality music education and please Milwaukee audiences through artistic excellence. MCC's mission is to provide exceptional choral music instruction and performance opportunities that foster creativity, personal expression and social growth that build youth of noteworthy character. It has taken MCC from a group of 35 musical novices simply wanting to sing to what it is today, a musical ensemble comprised of 400 singers, in grades 1-12, singing in five distinct choir levels. Members come from the six-county area. They come from family farms and dense urban areas and everything in between, and they represent more than 150 schools.

The Milwaukee Children's Choir is Southeastern Wisconsin's premiere children's choir. Its commitment to excellence leads to strong performance demand. During the 06-07 Season MCC had more than 40 performances, most of them as guest artist. MCC's senior choirs perform regularly with the area's finest musical ensembles. It is the children's choir of choice for the Milwaukee Symphony Orchestra, considered one of the finest orchestras in the United States and Wisconsin's largest cultural organization. Each November MCC is featured in a world premiere with Milwaukee's internationally proclaimed Present Music. Other recent guest appearances include Joseph and the Amazing Technicolor Dreamcoat (National Tour performances at Uihlein Hall), The Nutcracker (with Milwaukee Ballet), Festival City Symphony's Holiday Pajama Jamboree, and Mequon's Gathering on the Green (Main Stage Guest Artist).

Farther afield, performance requests have taken Milwaukee Children's Choir to the Toronto International Choral Festival in Ontario, Carnegie Hall in New York, St. Peter's Basilica in the Vatican City, Canterbury and Westminster Cathedrals in England, and Wisconsin's sister city Chiba in Japan. MCC's most recent tour was to the 2007 Rhapsody Prague Children's Music Festival.

The Milwaukee Children's Choir also presents several concerts of its own each year. Each concert has a theme carried out with musical selections guaranteed not only to please audiences but also to teach choir members. Repertoire is challenging, diverse, rich and rewarding. It is drawn from the classical masters (Bach, Mozart, Schubert), from more contemporary choral masters (Rutter, Hogan, Parker, Crocker), and from diverse cultures and a wide variety of musical styles including classical, popular, folk, and patriotic music.

The Milwaukee Children's Choir records on a regular basis. It is featured in Macmillan McGraw-Hill's Spotlight on Music school series, performing songs from around the world (in native tongue) on over 100 tracks of vocal music.

The Milwaukee Children's Choir has demonstrated a strong commitment to urban at-risk youth

MILWAUKEE CHILDREN'S CHOIR, INC.
Notes to Financial Statements
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and diversity. It has choir sites throughout the Milwaukee Metropolitan area including underserved urban areas. MCC's diversity adds richness to its programming, enhances its educational value, and has led Wisconsin's arts community to recognize MCC as an institution leading the way to diversification.

Artistic Director Emily Crocker is recognized nationally as a leading expert in children's choirs and is a popular guest conductor. She is also a respected composer. The recipient of several ASCAP awards, she is well known for her work in developing choral instructional materials and is an author of *Experiencing Choral Music*, a choral textbook series for grades 6-12 published by McGraw-Hill/Glencoe. Ms. Crocker also developed "Essential Musicianship", a curriculum used throughout the world to teach vocal technique, music theory, and sight singing. In addition to her MCC work, Ms. Crocker is Vice-President of Choral Publications at Hal Leonard Corporation, the world's largest music publishing house. Her dedication to Milwaukee's youth garnered her the Excellence in Youth Music award from Milwaukee's Civic Music Association.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The accompanying financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, revenue is recognized as received and expenditures are recognized when payments are made.

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.

MILWAUKEE CHILDREN'S CHOIR, INC.
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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 the final year of 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.