

**Sounds Good Choir, NFP**

**Financial Statements**

**December 31, 2022 and 2021**

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# Costabile & Steffens P.C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors  
Sounds Good Choir, NFP  
Downers Grove, Illinois

### **Opinion**

We have audited the accompanying financial statements of Sounds Good Choir, NFP (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sounds Good Choir, NFP as of December 31, 2022 and 2021, 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.

### **Basis of Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sounds Good Choir, NFP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sounds Good Choir, NFP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Frank J. Costabile

Members  
American Institute  
of Certified Public  
Accountants  
and Illinois  
Society of CPAs



# Costabile & Steffens P.C.

## Certified Public Accountants

The Board of Directors  
Sounds Good Choir, NFP  
Downers Grove, Illinois

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sounds Good Choir, NFP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sounds Good Choir, NFP's ability to continue as a going concern for a reasonable period of time.



**Costabile & Steffens P.C.**  
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The Board of Directors  
Sounds Good Choir, NFP  
Hinsdale, Illinois

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Costabile & Steffens PC*

COSTABILE & STEFFENS PC  
Certified Public Accountants

Rolling Meadows, Illinois 60008  
May 26, 2023



**Costabile & Steffens P.C.**  
 Certified Public Accountants

**Sounds Good Choir, NFP**  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 184,219	\$ 89,001
Accrued Support	8,705	18,478
Prepaid Expenses	12,601	4,349
<b>PROPERTY AND EQUIPMENT</b>		
Equipment, Net of Accumulated Depreciation of \$934 and \$382, respectively	1,827	2,379
<b>OTHER ASSETS</b>		
Security Deposit	1,053	1,053
Investments - Equity Mutual Funds	1,014,338	2,226,561
Investments - Fixed Income Securities	646,138	-
Total Assets	<u>\$ 1,868,881</u>	<u>\$ 2,341,821</u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 29,231	\$ 20,576
Deferred Revenue and Program Income	24,495	36,956
Payroll Liabilities	955	868
Total Current Liabilities	<u>54,681</u>	<u>58,400</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	<u>1,814,200</u>	<u>2,283,421</u>
Total Net Assets	<u>1,814,200</u>	<u>2,283,421</u>
Total Liabilities and Net Assets	<u>\$ 1,868,881</u>	<u>\$ 2,341,821</u>

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



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**Sounds Good Choir, NFP**  
 STATEMENTS OF ACTIVITIES  
 Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS: SUPPORT, REVENUE AND INVESTMENT ACTIVITY		
Contributions	\$ 291,450	\$ 135,032
Program Service Fees	110,993	127,288
Forgiveness of PPP Loans and EIDL Advance	-	98,110
Other Revenues	-	209
Investment Return, net	<u>(284,735)</u>	<u>340,927</u>
Total Support, Revenue and Investment Activity	117,708	701,566
EXPENSES		
Program Services	440,226	302,652
Management and General	125,082	182,657
Fundraising	<u>21,621</u>	<u>19,620</u>
Total Expenses	<u>586,929</u>	<u>504,929</u>
Change in Net Assets Without Donor Restrictions	\$ (469,221)	196,637
Net Assets at Beginning of Year	<u>2,283,421</u>	<u>2,086,784</u>
Net Assets at End of Year	<u>\$ 1,814,200</u>	<u>\$ 2,283,421</u>

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



**Sounds Good Choir, NFP**  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 Years Ended December 31, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Auto Reimbursements	\$ 987	\$ -	\$ -	\$ 987	\$ -	\$ -	\$ -	\$ -
Bank Charges	-	128	-	128	-	125	-	125
Computer and Software	879	6,245	1,667	8,791	149	8,959	1,500	10,608
Credit Card Processing Fees	3,073	-	575	3,648	3,006	-	178	3,184
Depreciation	-	552	-	552	-	239	-	239
Dues and Subscriptions	-	482	-	482	618	1,675	-	2,293
Employee Benefits	4,970	1,141	304	6,415	3,583	1,164	129	4,876
Fees and Licenses	-	-	-	-	-	(83)	-	(83)
Fundraising Expenses	-	-	-	-	-	-	483	483
Health Insurance	12,277	2,819	750	15,846	4,741	5,071	494	10,306
Insurance	564	1,498	-	2,062	564	1,519	-	2,083
Investment Fees	-	4,073	-	4,073	-	-	-	-
Legal and Professional	14,519	23,930	-	38,449	-	22,617	-	22,617
Advertising and Marketing	1,484	3,979	1,127	6,590	-	4,276	1,202	5,478
Office and Supplies	5,040	4,450	340	9,830	-	2,830	-	2,830
Outside Contract Services	127,147	-	-	127,147	119,963	-	-	119,963
Other Operating Expenses	-	-	-	-	17	626	-	643
Payroll Taxes	16,588	3,809	1,014	21,411	11,129	8,882	988	20,999
Postage and Shipping	134	-	1,202	1,336	68	-	1,706	1,774
Recruitment	-	500	-	500	-	-	-	-
Rehearsal Supplies	-	-	-	-	27	-	-	27
Rents	15,810	12,090	-	27,900	-	6,694	-	6,694
Salaries and Wages	227,649	52,271	13,910	293,830	145,493	115,409	12,823	273,725
Sheet Music	8,373	-	-	8,373	12,522	-	-	12,522
Telephone and Internet	150	2,461	150	2,761	-	1,125	-	1,125
Travel and Meetings	582	4,654	582	5,818	772	1,529	117	2,418
<b>Total Expenses</b>	<b>\$ 440,226</b>	<b>\$ 125,082</b>	<b>\$ 21,621</b>	<b>\$ 586,929</b>	<b>\$ 302,652</b>	<b>\$ 182,657</b>	<b>\$ 19,620</b>	<b>\$ 504,929</b>

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



**Costabile & Steffens P.C.**  
 Certified Public Accountants

**Sounds Good Choir, NFP**  
 STATEMENT OF CASH FLOWS  
 Years Ended December 31, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	(469,221)	\$ 196,637
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	552	239
Forgiveness of Disaster Loan Assistance	-	(8,000)
Forgiveness of PPP Loans	-	(90,110)
Gain on Sale of Marketable Securities	(38,606)	(86,819)
Unrealized (Gain) Loss on Investments	604,691	(221,027)
(Increase) Decrease in Operating Assets		
Accrued Support	9,773	(14,871)
Prepaid Expenses and Deposits	(8,252)	(3,748)
Deferred Program Income	(12,461)	13,569
Increase (Decrease) in Accounts Payable and Accrued Expenses	8,742	10,518
Net Cash Provided by (Used in) Operating Activities	<u>95,218</u>	<u>(203,612)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Office Equipment	-	(2,352)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Second PPP Loan	<u>-</u>	<u>44,950</u>
Net Increase (Decrease) in Cash and Cash Equivalents	95,218	(161,014)
Cash and Cash Equivalents - Beginning of Year	89,001	250,015
Cash and Cash Equivalents - End of Year	<u>\$ 184,219</u>	<u>\$ 89,001</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	<u>\$ -</u>	<u>\$ -</u>
Cash Paid During the Year for Income Taxes	<u>\$ -</u>	<u>\$ -</u>

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



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**Sounds Good Choir, NFP**  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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NOTE 1 - ORGANIZATION

Sounds Good Choir, NFP (the Organization) is a non-profit Organization that was organized to be a fun, welcoming community where older adults enhance their well-being through the joy of singing. The Organization operates two primary programs, the Sounds Good Choir and the Good Memories Choir, and its primary sources of revenue are contributions and program fees.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Adoption of FASB ASC 842 - Effective January 1, 2022, the Organization adopted FASB ASC 842, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statement of Activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability, and the payments will be recognized into change in net assets on a straight-line basis over the lease term. For the purposes of its initial application, the Organization selected a method to retrospectively apply ASC 842 on a modified basis to January 1, 2022 with a cumulative-effect adjustment recognized as of January 1, 2022.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: a) relief from determination of lease contracts included in an existing or expiring leases at the point of adoption, b) relief from having to reevaluate the classification of leases in effect at the point of adoption, and c) relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right-of-use assets.



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**Sounds Good Choir, NFP**  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of FASB ASC 842 (Continued) - The adoption of FASB ASC 842, Leases, did not have an effect on the Organization's financial statements at December 31, 2022.

Revenue Recognition - Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Estimates - The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. The Organization maintains its cash balance at two financial institutions in the Chicago area.

Accrued Support and Promises to Give - The Organization's accrued support consists of grant(s) receivable from the State of Illinois and unconditional promises to give. Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. The Organization determines the allowance for uncollectible promises to give based on assessment of donor and economic conditions. As of December 31, 2022 and 2021 no allowance for uncollectible promises to give was deemed necessary by management.

Equipment - Equipment has been recorded at cost. However, if donated, it is recorded at fair value at the date of donation. The Organization capitalized all equipment purchases in excess of \$250. Depreciation is provided using straight-line methods over the estimated useful life of the related assets. Depreciation for the year ended December 31, 2022 and 2021 was \$552 and \$239, respectively.



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**Sounds Good Choir, NFP**  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - Investments, consisting of mutual funds and fixed income securities, are stated at fair value. Investments in mutual funds and fixed income securities with readily determinable values are valued based on quoted market prices in active markets in which the mutual funds are traded. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statement of activities as increases or decreases in net assets without donor restrictions.

Deferred Revenue and Program Income - Deferred balance at December 31, 2022 and 2021 consists of funds held for program fees and unearned grant revenue. These are deferred to the applicable period in which the related services are performed or expenditures are incurred. The two main components of the balance at December 31, 2022 are as follows: a) subsequent period program fees received in the amount of \$15,695, and b) an advance grant from the Illinois Arts Council in the amount of \$8,800. As of December 31, 2021 the main components are as follows: a) an advance grant from AgeOptions in the amount of \$4,817, b) an advance grant from the Illinois Arts Council in the amount of \$12,844, and c) \$19,295 of subsequent program fees.

Functional Allocation of Expenses - The accompanying financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Some expenses, including supplies and materials, are directly identifiable and are charged to programs and supporting services accordingly. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Allocation of significant costs, including compensation, payroll taxes and related expenses, contractors, and professional and consultant fees, are based on estimates of time and effort and other reasonable methods.

Income Taxes - The Organization received a determination from the Internal Revenue Service that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3), and that it will be treated as a publicly supported organization (and not as a private Organization) under Section 509(a) of the Code. Accordingly, no provision for income taxes has been included in the accompanying statement of activities.



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**Sounds Good Choir, NFP**  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI).

The tax benefits recognized in the financial statements from such position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for years ended December 31, 2022 and 2021.

The Organization files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Illinois. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2020.

Financial Instruments - Financial instruments include cash and cash equivalents, which approximate the fair value.

Advertising - the Organization expenses the costs of advertising and promotion as incurred.

NOTE 3 - PROPERTY AND EQUIPMENT

The Organization's property and equipment at December 31, 2022 and 2021 consisted of office equipment with a cost of \$2,761 and accumulated depreciation of \$943 and \$382, respectively.



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 Certified Public Accountants

**Sounds Good Choir, NFP**  
 NOTES TO FINANCIAL STATEMENTS  
 Years Ended December 31, 2022 and 2021

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The cost and estimated fair value, adjusted on a recurring basis based on quoted market prices in active markets for identical assets, of marketable equity and fixed income securities classified as trading securities are as follows as of December 31, 2022 and 2021:

<u>2022</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cumulative Unrealized Income (Loss)</u>
Equity Mutual Funds	\$1,085,428	\$1,014,338	\$ (71,090)
Fixed Income Securities	643,033	646,138	3,105
	<u>\$1,728,461</u>	<u>\$1,660,476</u>	<u>\$ (67,985)</u>
<u>2021</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cumulative Unrealized Income (Loss)</u>
Equity Mutual Funds	<u>\$1,947,787</u>	<u>\$2,226,561</u>	<u>\$ 278,774</u>

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash and cash equivalents in a depository institution account that may at times exceed federally insured limits. The Organization has not experienced any losses in such account. In management's opinion, risk retained to such concentrations is minimal.

The Organization has investments in mutual funds that are made and monitored by the management of the Organization pursuant to an investment policy adopted by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Organization.



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**Sounds Good Choir, NFP**  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 184,219
Accrued Support	8,705
Investments	<u>1,660,476</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,853,400</u>

NOTE 7 - OFFICE LEASE

On September 22, 2021 the Organization has entered into an office lease with an unrelated third party. The lease expires on September 30, 2023 and the future minimum annual lease payments are as follows:

	<u>December 31,</u>	
	2023	<u>\$ 9,270</u>

NOTES 8 - EMPLOYEE BENEFIT PLAN

The Organization established an employee retirement plan in which all eligible employees can participate. The Organization matches employee contributions either based on a set amount or a percentage of salary contributed by participants up to a maximum amount. Employee contributions are 100% vested immediately. The Organization's expense for the plan was \$6,415 and \$4,876 for the years ended December 31, 2022 and 2021, respectively.

NOTE 9 - SMALL BUSINESS ADMINISTRATION GRANT AND FORGIVENESS OF LOANS

In April, 2020, the Organization received proceeds in the amount of \$45,160 under the Paycheck Protection Program ("PPP") of the Small Business Administration. The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), that provides for loans to qualifying businesses for amounts up to two and a half times the average monthly payroll expenses of the qualifying businesses. In addition, during the year ended December 31, 2021 the Organization received its second PPP loan in the amount of \$44,950. Both loans, including any accrued interest, were fully forgiven as of December 31, 2021.



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**Sounds Good Choir, NFP**  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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NOTE 9 - SMALL BUSINESS ADMINISTRATION GRANT AND FORGIVENESS OF LOANS  
(CONTINUED)

In May, 2020, the Organization received proceeds in the amount of \$8,000 under the COVID-19 Economic Injury Disaster Loan Advance (EIDL Advance), calculated based on the number of employees of the Organization. The entire balance of the advance was converted to a grant at December 31, 2021. Both the forgiven PPP loans and the EIDL Advance are presented in the Statement of Activities as Government Grants in the amount of \$98,110 for the year ended December 31, 2021.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 26, 2023, the date on which the financial statements were available to be issued. No subsequent events were identified that would require accrual or disclosure in the financial statements.