

**BACH CHOIR
OF BETHLEHEM**

Financial Statements

June 30, 2021

**Kreischer
Miller**

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BACH CHOIR OF BETHLEHEM

June 30, 2021

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Independent Auditors' Report

The Board of Managers
Bach Choir of Bethlehem
Bethlehem, Pennsylvania

We have audited the accompanying financial statements of Bach Choir of Bethlehem, which comprise the statement of assets, liabilities and net assets – modified cash basis as of June 30, 2021, and the related statements of revenue, expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis for the year 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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Bach Choir of Bethlehem as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Kreischer Miller". The signature is written in a cursive style with a large, prominent 'K' and 'M'.

Horsham, Pennsylvania
September 23, 2021

BACH CHOIR OF BETHLEHEM

Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
June 30, 2021

	Without donor restrictions		With donor restrictions		Total All Funds
	Operating Fund	Endowment Fund	Operating Fund	Endowment Fund	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 470,520	\$ 154,311	\$ 90,000	\$ -	\$ 714,831
Inventories	51,610	-	-	-	51,610
Total current assets	522,130	154,311	90,000	-	766,441
Property and equipment:					
Leasehold improvements	66,404	-	-	-	66,404
Choir equipment	56,120	-	-	-	56,120
Office equipment	205,200	-	-	-	205,200
	327,724	-	-	-	327,724
Less: accumulated depreciation	326,548	-	-	-	326,548
	1,176	-	-	-	1,176
Cash surrender value of life insurance	-	22,521	-	-	22,521
Investments	-	5,653,987	-	4,309,022	9,963,009
	\$ 523,306	\$ 5,830,819	\$ 90,000	\$ 4,309,022	\$ 10,753,147
LIABILITIES AND NET ASSETS					
Long-term liabilities:					
Loan payable	\$ 110,146	\$ -	\$ -	\$ -	\$ 110,146
Net assets:					
Without donor restrictions	413,160	-	-	-	413,160
Without donor restrictions, board designated	-	5,830,819	-	-	5,830,819
With donor restrictions	-	-	90,000	4,309,022	4,399,022
	413,160	5,830,819	90,000	4,309,022	10,643,001
	\$ 523,306	\$ 5,830,819	\$ 90,000	\$ 4,309,022	\$ 10,753,147

See accompanying notes to financial statements.

BACH CHOIR OF BETHLEHEM

Statement of Revenue, Expenses and Changes in Net Assets - Modified Cash Basis Year Ended June 30, 2021

	Without donor restrictions		With donor restrictions		Total All Funds
	Operating Fund	Endowment Fund	Operating Fund	Endowment Fund	
Revenue:					
Contributions:					
Corporate contributions	\$ 60,250	\$ -	\$ -	\$ -	\$ 60,250
Foundation contributions	118,090	-	20,000	-	138,090
Individual contributions	450,136	45,527	25,000	276,051	796,714
Grants, government	90,180	-	-	-	90,180
In-kind contributions	18,754	-	-	-	18,754
European Tour 2021	9,830	-	-	-	9,830
Release from restrictions	-	-	-	-	-
	747,240	45,527	45,000	276,051	1,113,818
Earned revenue:					
Investment return, net	602	1,230,240	-	987,801	2,218,643
Performances and special events	2,306	-	-	-	2,306
European Tour 2021 refunds	438,236	-	-	-	438,236
Tuition	13,742	-	-	-	13,742
Recording and miscellaneous sales - net	190	-	-	-	190
	455,076	1,230,240	-	987,801	2,673,117
	1,202,316	1,275,767	45,000	1,263,852	3,786,935
Expenses:					
Program services	1,135,785	-	-	-	1,135,785
Management and general	305,130	-	-	-	305,130
Fundraising	151,705	-	-	-	151,705
	1,592,620	-	-	-	1,592,620
Changes in net assets before transfers	(390,304)	1,275,767	45,000	1,263,852	2,194,315
Transfers to operating fund due to spending policy release	430,369	(269,569)	-	(160,800)	-
Changes in net assets before other revenue	40,065	1,006,198	45,000	1,103,052	2,194,315
Other revenue:					
Forgiveness of loan	100,453	-	-	-	100,453
Changes in net assets	140,518	1,006,198	45,000	1,103,052	2,294,768
Net assets, beginning of year	272,642	4,824,621	45,000	3,205,970	8,348,233
Net assets, end of year	\$ 413,160	\$ 5,830,819	\$ 90,000	\$ 4,309,022	\$ 10,643,001

See accompanying notes to financial statements.

BACH CHOIR OF BETHLEHEM

Statement of Functional Expenses - Modified Cash Basis Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 352,333	\$ 143,743	\$ 151,705	\$ 647,781
Professional fees	-	25,105	-	25,105
Artistic fees	255,875	-	-	255,875
Advertising and promotion	122,741	-	-	122,741
Office expenses	-	48,363	-	48,363
Occupancy	-	39,735	-	39,735
Travel	-	3,473	-	3,473
European Tour 2021 refunds	342,099	-	-	342,099
Insurance	-	6,386	-	6,386
Depreciation	7,942	2,244	-	10,186
Production	37,941	-	-	37,941
Leadership transition	-	36,081	-	36,081
Miscellaneous	16,854	-	-	16,854
Total expenses	<u>\$ 1,135,785</u>	<u>\$ 305,130</u>	<u>\$ 151,705</u>	<u>\$ 1,592,620</u>

See accompanying notes to financial statements.

BACH CHOIR OF BETHLEHEM

**Statement of Cash Flows - Modified Cash Basis
Year Ended June 30, 2021**

	Without donor restrictions		With donor restrictions		Total
	Operating Fund	Endowment Fund	Operating Fund	Endowment Fund	
Cash flows from operating activities:					
Changes in net assets	\$ 140,518	\$ 1,006,198	\$ 45,000	\$ 1,103,052	\$ 2,294,768
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by (used in) operating activities:					
Realized gain on sale of investments	-	(21,743)	-	(17,475)	(39,218)
Unrealized gain on investments	-	(1,113,879)	-	(895,203)	(2,009,082)
Depreciation	10,186	-	-	-	10,186
Forgiveness of loan	(100,453)	-	-	-	(100,453)
Decrease in:					
Inventories	1,447	-	-	-	1,447
Net cash and cash equivalents provided by (used in) operating activities	51,698	(129,424)	45,000	190,374	157,648
Cash flows from investing activities:					
Proceeds from sale of investments	-	720,102	-	160,800	880,902
Purchase of property and equipment	(1,058)	-	-	-	(1,058)
Purchases of investments	-	(522,274)	-	(351,174)	(873,448)
Net cash and cash equivalents provided by (used in) investing activities	(1,058)	197,828	-	(190,374)	6,396
Cash flows from financing activities and net cash and cash equivalents provided by financing activities:					
Proceeds from loan payable	110,146	-	-	-	110,146
Net increase in cash and cash equivalents	160,786	68,404	45,000	-	274,190
Cash and cash equivalents, beginning of year	309,734	85,907	45,000	-	440,641
Cash and cash equivalents, end of year	\$ 470,520	\$ 154,311	\$ 90,000	\$ -	\$ 714,831

See accompanying notes to financial statements.

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(1) Nature of Organization

Bach Choir of Bethlehem (the Organization) is a nonprofit 501(c)(3) tax-exempt organization organized in the Commonwealth of Pennsylvania. The mission of Bach Choir of Bethlehem and its Bach Festival Orchestra is to perform the works of Johann Sebastian Bach and to promote and encourage appreciation of the aesthetic and spiritual value of Bach's music, while striving for the highest standards of musical excellence. This mission is achieved by engaging audiences - locally, nationally, and internationally - through education and performance, including works by composers who influenced Bach and were influenced by him, and through the programs of the Bel Canto Youth Chorus (Bel Canto). Together, the Organization and Bel Canto cultivate a lifelong passion for the choral arts.

Bel Canto provides an educational and artistic musical experience for children of diverse ethnic, religious, and cultural backgrounds, and nurtures a sense of accomplishment and community through the outstanding performance of diverse choral repertoire chosen specifically for the young voice.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This method differs from GAAP in that, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. GAAP requires that the fair value of split interest agreements be recognized on the balance sheet; the Organization recognizes split interest agreements upon receipt of proceeds.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Organization's Board of Managers may designate a portion of net assets without donor restrictions.

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has no net assets with donor restrictions required to be held in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents represent all checking and money market accounts plus investment instruments purchased with an initial maturity of three months or less.

Inventories

Inventories of compact discs, digital video discs, and other items are carried at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost unless donated. Donated assets are recorded at fair market value at the time of the donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets that range from 5 to 15 years. Depreciation expense was \$10,186 for the year ended June 30, 2021.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and investments in debt securities at their fair values in the statement of assets, liabilities, and net assets - modified cash basis. Investment sales and purchases are determined by the specific identification method. Interest and dividend income and realized and unrealized capital gains and losses, net of investment expenses are included in investment return, net in the accompanying statement of revenue, expenses and changes in net assets - modified cash basis.

Revenue Recognition

Earned revenue is recognized when received.

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the contribution as without donor restrictions.

Guarantors pledge amounts to the Organization to help cover expenses. A pledge drive is performed annually in July. Pledged amounts are recorded as contributions without donor restrictions when cash is received.

Donated Services

Donated services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services for the year ended June 30, 2021 were \$18,754.

Functional Expenses

The 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. The indirect expenses, other than those stated below, are allocated generally based on direct costs such as professional fees, artistic fees, production, and office expenses. The salaries, benefits, payroll taxes and other are allocated on the basis of time and effort. Depreciation is allocated on the basis of the use of each asset.

Income Taxes

Bach Choir of Bethlehem is an organization recognized as exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes. No provision for income taxes has been reflected in the accompanying financial statements.

For the year ended June 30, 2021, the Organization did not identify any uncertain tax positions taken or expected to be taken, which would require adjustments or disclosure in the financial statements. The Organization is potentially subject to federal, state and local examinations for years subsequent to June 30, 2017.

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Notes to Financial Statements

June 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

For the year ended June 30, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk include cash balances at financial institutions that exceeded the federal deposit insurance limit of \$250,000. At times, such cash balances may be in excess of the FDIC insurance limits. Money market balances are held by an investment banking/stock brokerage company and are not insured.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of assets, liabilities and net assets – modified cash basis.

Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07) which is intended to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The standard requires the Organization to present contributed nonfinancial assets as a separate line item or a separate column in the statement of activities and to disclose key information about contributed nonfinancial assets. ASU 2020-07 is effective for financial statements issued for fiscal years beginning after June 15, 2021, with early adoption permitted and retrospective application required. The Organization is currently evaluating the impact of adoption on its financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 23, 2021, the date the financial statements were available to be issued.

(3) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of assets, liabilities and net assets - modified cash basis date, comprise the following:

Cash and cash equivalents	\$ 714,831
Investments	<u>9,963,009</u>
	10,677,840
Contractual or donor imposed restrictions:	
Endowment funds	(4,136,122)
Purpose restricted	<u>(90,000)</u>
	<u>\$ 6,451,718</u>

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(3) Liquidity and Availability, Continued

The annual budget is carefully crafted from detailed program budgets. Regular forecasts are included at each Finance Committee and Board of Managers' meeting so that any cash flow risks can be assessed as the concert season progresses and budgets can be adjusted if necessary. The Organization has a Board of Managers' policy of maintaining the savings account and cash reserve at \$25,000. Board approved expenses from the reserve must be reimbursed from any fiscal year-end surpluses. The Organization's endowment fund spending policy allows for up to 5% of endowment assets, based on a three-year trailing average, to be transferred to the operating budget for donor imposed restrictions, board designated strategic purposes, and/or for general operating. However, the endowment fund is not used for cash flow emergencies.

As of June 30, 2021, the Board of Managers had designated \$5,830,819 of net assets without donor restrictions as an endowment fund to support the mission of the Organization.

(4) Investments and Fair Value Measurements - Endowment Funds

The Organization has a spending policy of appropriating for distribution each year no more than 5% of the endowment fund's average fair value for the prior three years. It also limits the increase in year to year distribution amounts to 20% of the prior year's distribution amount. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment fund to grow and to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the fund. The policy calls for a targeted asset class allocation of 60% equities and 40% fixed income investments. The Organization's goal is to have its endowment assets, over time, produce an average rate of return to fund the annual distribution and provide for growth in the fund. Actual returns and asset allocation in any given year may vary from these amounts.

Investments as of June 30, 2021 comprise of the following securities and the estimated fair value of the Organization's financial instruments measured on a recurring basis is as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds - equities	\$ 7,392,576	\$ -	\$ -	\$ 7,392,576
Corporate bonds	-	2,570,433	-	2,570,433
	<u>\$ 7,392,576</u>	<u>\$ 2,570,433</u>	<u>\$ -</u>	<u>\$ 9,963,009</u>

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(4) Investments and Fair Value Measurements - Endowment Funds, Continued

Mutual funds are valued based on quoted market prices for identical assets in active markets.

Corporate bonds are valued based on yields currently available on comparable securities for issuers with similar credit ratings.

Investment return, net for the year ended June 30, 2021 was as follows:

	Without Donor Restrictions Operating	Without Donor Restrictions Endowment	With Donor Restrictions Endowment	Total
Interest and dividends	\$ 602	\$ 113,598	\$ 90,375	\$ 204,575
Investment fees	-	(18,979)	(15,253)	(34,232)
Realized gain	-	21,743	17,475	39,218
Unrealized gain	-	1,113,878	895,204	2,009,082
	<u>\$ 602</u>	<u>\$ 1,230,240</u>	<u>\$ 987,801</u>	<u>\$ 2,218,643</u>

(5) Commitments

The Organization leases the office facility and office equipment under several operating leases. The office facility lease expires in December 2025. Total rental expenses were \$26,280 for the year ended June 30, 2021. The future payments due under the terms of these leases as of June 30, 2021 are as follows:

Year Ending June 30,	Amount
2022	\$ 33,651
2023	33,651
2024	34,311
2025	32,801
2026	15,206
	<u>\$ 149,620</u>

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(6) Net Assets With Donor Restrictions

The endowment fund includes an array of funds and contributions.

The following are some of the restricted funds for continuing support which are managed as part of the endowment:

- The Archives and History Fund: for support of the culturally rich and diverse archival collection of the Organization and for continuing collection, conservation, arrangement, cataloguing, and dissemination of recordings, films, and artifacts related to the Organization.
- The Artistic Director and Conductor Fund: for support of the salary of the artistic director and conductor of the Organization.
- The Joseph W. Ayers Maintenance Fund: for support of and the maintenance of the Organization's musical instruments (piano, portative organ and harpsichord) as well as for office improvements and equipment.
- The Bach at Noon Fund: for support of Bach at Noon free concert series in Bethlehem and Allentown.
- The Linda J. Dangelmajer Education Outreach Fund: for the support of the Organization's educational outreach programs including Bach to School, Bach at Noon, Bach Choir Choral Scholars Program, and Family Concerts.
- The David and Carol Beckwith and Jack and Betsy Jordan Choir Recognition Fund: established to support, encourage and affirm the Organization's most precious resource - its singers.
- The Ifor Jones Memorial Chamber Music Concert Fund: for support of the chamber music concert series at The Bethlehem Bach Festival featuring members of The Bach Festival Orchestra.
- The Creative and Media Collaborations Fund: A renaming of The Recordings and Broadcasts Fund: To support our creative, collaborative and media relationships
- The Research and Scholarship Fund: for support and continuing expansion of the Organization's research and scholarship activities.
- The Fairbairn Family Choir Development Fund: established to support additional training activities for the amazing volunteer singers of the Organization.

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(6) Net Assets With Donor Restrictions, Continued

- The Anthony R. Thompson and Vickie Ziegler Thompson Fund for Heckewelder House: for support of the costs of the Organization's headquarters (currently the Heckewelder House) including renovations and furnishings/equipment as well as annual costs including rent, utilities, and maintenance.
- The Festival Fund: provides support for The Bethlehem Bach Festival, which has been the core of the Organization's concert season for more than 100 years. The fund ensures that this treasure continues to delight and inspire future generations by sustaining and preserving cherished tradition, while bringing fresh perspective to The Bethlehem Bach Festival.
- The Bel Canto Youth Chorus Fund: for support of the programs of The Bel Canto Youth Chorus of Bach Choir of Bethlehem.
- The Greg Funfgeld Family Concert Fund: for support of The Bach Choir of Bethlehem's annual Family Concert for youth and adults.
- The Bethlehem Christmas Concert Fund: established through a gift from John and Carol Daniel to endow The Bach Choir's annual Bethlehem Christmas Concert, given in loving memory of the Reverend Dr. David Paul Daniel.

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(6) Net Assets With Donor Restrictions, Continued

Net assets with donor restrictions are available for the following purposes at June 30:

Endowment Fund:	
The Archives and History Fund	\$ 334
The Artistic Director and Conductor Fund	253,159
The Joseph W. Ayers Maintenance Fund	208,472
The Bach at Noon Fund	688,394
The David and Carol Beckwith and Jack and Betsy Jordan Choir Recognition Fund	133,700
The Linda J. Danglemajer Educational Outreach Fund	176,186
The Fairbairn Family Choir Development Fund	156,269
The Festival Fund	1,546,609
The Anthony R. Thompson and Vickie Ziegler Thompson Fund for Heckewelder House	560,162
The Ifor Jones Memorial Chamber Music Concert Fund	38,374
The Creative and Media Collaborations Fund	180,367
The Research and Scholarship Fund	66,952
The Bel Canto Youth Chorus Fund	123,949
The Greg Funfgeld Family Concert	80,324
The Bethlehem Christmas Concert	95,771
	<u>4,309,022</u>
Operating Fund:	
Special event	90,000
	<u>\$ 4,399,022</u>

(7) Contingent Assets

The Organization is a beneficiary of various split-interest agreements (principally charitable annuities) contributed to and held by a charitable foundation. These contracts provide income benefits upon the death of the contributor. No amounts have been reflected in the financial statements as of June 30, 2021, as the Organization does not have unconditional rights to receive these residual amounts and support.

(8) Loans Payable

In May 2020, the Organization received a loan in the amount of \$100,453 from its primary lender pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) and authorized by the Keeping American Workers Employed and Paid Act, which is part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), enacted on March 27, 2020. The Organization applied for forgiveness with the lender and received forgiveness of \$100,453 from the Small Business Administration (SBA) in November 2020. The amount of loan forgiveness is presented as other revenue on the accompanying statement of revenue, expenses and changes in net assets - modified cash basis.

BACH CHOIR OF BETHLEHEM

Notes to Financial Statements

June 30, 2021

(8) Loans Payable, Continued

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) became law. The Economic Aid Act extended the authority to make PPP loans through March 31, 2021 and revises certain PPP requirements. In February 2021, the Organization received a second draw PPP loan (PPP2 loan) in the amount of \$110,146. The PPP2 loan bears interest at a rate of 1% per annum, with the first 16 months of interest deferred, has a term of 5 years, is unsecured, and is guaranteed by the SBA. The principal amount of the PPP2 loan is forgivable subject to the Organization's request to the extent that the PPP2 loan proceeds were used to pay expenses permitted by the program. Subsequent to June 30, 2021, the Organization received full forgiveness of the loan and related interest which will be recorded as forgiveness of indebtedness in the year ending June 30, 2022.

(9) Operations

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19's effect on the Organization's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape.

As the pandemic continues as a worldwide health crisis, the disease could have a material adverse effect on the Organization's activities, results of operations, financial condition, and cash flow.