

HARMONY FOUNDATION INTERNATIONAL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2020 AND 2019

HARMONY FOUNDATION INTERNATIONAL, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Harmony Foundation International, Inc.
Nashville, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Harmony Foundation International, Inc., which comprise the statements of financial position as of September 30, 2020 and 2019, the related statements of activities, functional expenses 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 audit 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 Harmony Foundation International, Inc. as of September 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.

Kraft CPAs PLLC

Nashville, Tennessee
June 10, 2021

HARMONY FOUNDATION INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ 563,096	\$ 207,962
Contributions receivable, net:		
Due in less than one year	638,832	804,799
Due in one to five years	128,280	210,028
Prepaid expenses and other assets	65,709	55,026
Investments:		
Endowment funds	3,252,709	2,819,804
Held for the Barbershop Harmony Society	-	357,436
Operations	100,299	58,195
Property and equipment, net	-	25,982
Beneficial interests in charitable remainder trusts	384,500	377,000
Cash surrender value of life insurance	<u>191,000</u>	<u>187,000</u>
 TOTAL ASSETS	 <u>\$ 5,324,425</u>	 <u>\$ 5,103,232</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 80,357	\$ 73,032
Accounts payable - Barbershop Harmony Society	-	5,165
Due to Barbershop Harmony Society chapters and districts	69,109	98,071
Notes payable	379,625	-
Funds held for Barbershop Harmony Society	<u>-</u>	<u>357,436</u>
 TOTAL LIABILITIES	 <u>529,091</u>	 <u>533,704</u>
<u>NET ASSETS</u>		
Net assets without donor restrictions	632,614	822,679
Net assets with donor restrictions	<u>4,162,720</u>	<u>3,746,849</u>
 TOTAL NET ASSETS	 <u>4,795,334</u>	 <u>4,569,528</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,324,425</u>	 <u>\$ 5,103,232</u>

See accompanying notes to financial statements.

HARMONY FOUNDATION INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions, net:			
Annual giving programs	\$ 1,848,632	\$ 233,020	\$ 2,081,652
In-kind support	155,330	-	155,330
Endowment funds	-	78,254	78,254
Special events	100	-	100
Investment income, net	13,777	457,950	471,727
Investment income on endowment funds available for spending	108,155	(108,155)	-
Administrative fees	11,029	(10,431)	598
Miscellaneous	18,244	-	18,244
Net assets released from restrictions	<u>234,767</u>	<u>(234,767)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>2,390,034</u>	<u>415,871</u>	<u>2,805,905</u>
EXPENSES			
Program Services:			
Connect.	200,088	-	200,088
Enrich.	753,554	-	753,554
Sing.	<u>281,006</u>	<u>-</u>	<u>281,006</u>
Total Program Services	<u>1,234,648</u>	<u>-</u>	<u>1,234,648</u>
Supporting Services:			
Management and administration	572,383	-	572,383
Fundraising	<u>773,068</u>	<u>-</u>	<u>773,068</u>
Total Supporting Services	<u>1,345,451</u>	<u>-</u>	<u>1,345,451</u>
TOTAL EXPENSES	<u>2,580,099</u>	<u>-</u>	<u>2,580,099</u>
CHANGE IN NET ASSETS	(190,065)	415,871	225,806
NET ASSETS - BEGINNING OF YEAR	<u>822,679</u>	<u>3,746,849</u>	<u>4,569,528</u>
NET ASSETS - END OF YEAR	<u>\$ 632,614</u>	<u>\$ 4,162,720</u>	<u>\$ 4,795,334</u>

See accompanying notes to financial statements.

HARMONY FOUNDATION INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions, net:			
Annual giving programs	\$ 2,107,732	\$ 222,755	\$ 2,330,487
Endowment funds	-	134,318	134,318
Special events	1,440	-	1,440
Investment income (loss), net	(1,076)	94,823	93,747
Investment income on endowment funds available for spending	69,715	(69,715)	-
Administrative fees	14,027	(13,333)	694
Miscellaneous	1,578	-	1,578
Net assets released from restrictions	<u>357,751</u>	<u>(357,751)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>2,551,167</u>	<u>11,097</u>	<u>2,562,264</u>
EXPENSES			
Program Services:			
Connect.	251,940	-	251,940
Enrich.	849,429	-	849,429
Sing.	<u>335,093</u>	<u>-</u>	<u>335,093</u>
Total Program Services	<u>1,436,462</u>	<u>-</u>	<u>1,436,462</u>
Supporting Services:			
Management and administration	401,560	-	401,560
Fundraising	<u>875,666</u>	<u>-</u>	<u>875,666</u>
Total Supporting Services	<u>1,277,226</u>	<u>-</u>	<u>1,277,226</u>
TOTAL EXPENSES	<u>2,713,688</u>	<u>-</u>	<u>2,713,688</u>
CHANGE IN NET ASSETS	(162,521)	11,097	(151,424)
NET ASSETS - BEGINNING OF YEAR	<u>985,200</u>	<u>3,735,752</u>	<u>4,720,952</u>
NET ASSETS - END OF YEAR	<u>\$ 822,679</u>	<u>\$ 3,746,849</u>	<u>\$ 4,569,528</u>

See accompanying notes to financial statements.

HARMONY FOUNDATION INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services			Total Program Services	Supporting Services			Total
	Connect.	Enrich.	Sing.		Management and Administration	Fundraising	Total Supporting Services	
Salaries	\$ 67,838	\$ 135,065	\$ 29,074	\$ 231,977	\$ 168,409	\$ 502,288	\$ 670,697	\$ 902,674
Contract labor	-	-	-	-	1,920	-	1,920	1,920
Payroll taxes	5,801	8,838	2,486	17,125	11,659	37,333	48,992	66,117
Employee benefits	15,129	22,073	6,484	43,686	38,199	100,896	139,095	182,781
Total personnel costs	88,768	165,976	38,044	292,788	220,187	640,517	860,704	1,153,492
Grants to Barbershop Harmony Society programs	77,687	30,405	222,304	330,396	-	-	-	330,396
Grants to Barbershop Harmony Society chapters and districts from donor choice contributions	-	382,792	-	382,792	-	-	-	382,792
Grants to Barbershop Harmony Society chapters and districts from Associates Funds	13,847	56,455	12,800	83,102	-	-	-	83,102
Conventions	-	-	-	-	-	21,976	21,976	21,976
Cultivation, stewardship and related donor costs	-	158	-	158	-	6,954	6,954	7,112
Engagement and impact activities	372	104,463	-	104,835	-	-	-	104,835
Facilities and equipment	-	-	-	-	24,954	26,986	51,940	51,940
Governance	-	-	-	-	6,318	-	6,318	6,318
Legal filings	-	-	-	-	5,171	-	5,171	5,171
Marketing	-	-	-	-	-	23,251	23,251	23,251
Miscellaneous	-	-	-	-	7,107	411	7,518	7,518
Office expenses, supplies, postage, shipping and printing	41	627	-	668	41,714	12,276	53,990	54,658
Planned giving premium expense	-	-	-	-	-	3,812	3,812	3,812
Professional and contract fees	-	108	-	108	99,976	999	100,975	101,083
Professional and contract fees - in-kind	-	-	-	-	155,330	-	155,330	155,330
Singing awareness and education events	12,026	-	-	12,026	-	-	-	12,026
Singing participation activities	211	6,806	-	7,017	-	-	-	7,017
Staff recruitment and development	-	-	-	-	7,331	59	7,390	7,390
Travel and meeting expenses	7,136	5,764	2,963	15,863	2,056	35,827	37,883	53,746
Total other operating expenses	111,320	587,578	238,067	936,965	349,957	132,551	482,508	1,419,473
Depreciation	-	-	4,895	4,895	2,239	-	2,239	7,134
Total functional expenses	\$ 200,088	\$ 753,554	\$ 281,006	\$ 1,234,648	\$ 572,383	\$ 773,068	\$ 1,345,451	\$ 2,580,099

See accompanying notes to financial statements.

HARMONY FOUNDATION INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services				Supporting Services			Total
	Connect.	Enrich.	Sing.	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	
Salaries	\$ 82,777	\$ 117,820	\$ 27,592	\$ 228,189	\$ 176,935	\$ 493,391	\$ 670,326	\$ 898,515
Contract labor	-	3,239	-	3,239	32,317	-	32,317	35,556
Payroll taxes	6,157	8,708	2,052	16,917	13,152	36,753	49,905	66,822
Employee benefits	17,467	22,534	5,822	45,823	29,636	106,311	135,947	181,770
Total personnel costs	106,401	152,301	35,466	294,168	252,040	636,455	888,495	1,182,663
Grants to Barbershop Harmony Society programs	129,505	200,000	290,000	619,505	-	-	-	619,505
Grants to Barbershop Harmony Society chapters and districts from donor choice contributions	-	429,692	-	429,692	-	-	-	429,692
Grants to Barbershop Harmony Society chapters and districts from Associates Funds	-	16,231	-	16,231	-	-	-	16,231
Harmony Fellows Award event	-	7,581	-	7,581	-	-	-	7,581
Bad debt expense	-	-	-	-	6,500	-	6,500	6,500
Conventions	3,798	-	-	3,798	-	53,418	53,418	57,216
Cultivation, stewardship and related donor costs	-	-	-	-	-	7,000	7,000	7,000
Engagement and impact activities	71	-	-	71	-	-	-	71
Facilities and equipment	-	4,727	-	4,727	22,689	24,476	47,165	51,892
Governance	-	-	-	-	27,374	-	27,374	27,374
Legal filings	-	-	-	-	4,833	-	4,833	4,833
Marketing	-	2,505	-	2,505	-	35,360	35,360	37,865
Miscellaneous	-	866	-	866	1,144	616	1,760	2,626
Office expenses, supplies, postage, shipping and printing	-	7,846	-	7,846	41,673	15,748	57,421	65,267
Planned giving premium expense	-	-	-	-	-	4,236	4,236	4,236
Professional and contract fees	-	2,523	-	2,523	25,167	-	25,167	27,690
Singing awareness and education events	57	3,584	-	3,641	-	-	-	3,641
Singing participation activities	-	-	3,135	3,135	-	-	-	3,135
Staff recruitment and development	-	1,859	-	1,859	15,734	2,813	18,547	20,406
Travel and meeting expenses	12,108	19,258	4,036	35,402	2,310	95,544	97,854	133,256
Total other operating expenses	145,539	696,672	297,171	1,139,382	147,424	239,211	386,635	1,526,017
Depreciation	-	456	2,456	2,912	2,096	-	2,096	5,008
Total functional expenses	\$ 251,940	\$ 849,429	\$ 335,093	\$ 1,436,462	\$ 401,560	\$ 875,666	\$ 1,277,226	\$ 2,713,688

See accompanying notes to financial statements.

HARMONY FOUNDATION INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 225,806	\$ (151,424)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Provision for bad debt	(26,600)	(25,000)
Depreciation	7,134	5,008
Gain on sale of property and equipment	(6,367)	-
Realized and unrealized gain on investments	(406,819)	(33,812)
Increase in beneficial interests in charitable remainder trusts	(7,500)	(6,400)
Increase in cash surrender value of life insurance	(4,000)	(10,857)
Contributions - with donor restrictions	(78,254)	(134,318)
(Increase) decrease in:		
Contributions receivable, net	251,728	296,464
Prepaid expenses and other assets	(10,683)	2,483
Increase (decrease) in:		
Accounts payable and accrued expenses	7,325	(4,770)
Accounts payable to Barbershop Harmony Society	(5,165)	4,187
Due to Barbershop Harmony Society chapters and districts	(28,962)	7,099
TOTAL ADJUSTMENTS	<u>(308,163)</u>	<u>100,084</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(82,357)</u>	<u>(51,340)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from liquidation of life insurance policy	-	7,857
Purchase of property and equipment	-	(9,301)
Proceeds from sale of property and equipment	25,215	-
Proceeds from sales and maturities of investments	769,932	308,025
Purchase of investments	(480,686)	(436,112)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>314,461</u>	<u>(129,531)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	379,625	-
(Decrease) increase in funds held for Barbershop Harmony Society	(357,436)	11,818
Contributions restricted for endowment funds	78,254	134,318
Proceeds from pledges receivable in endowment funds	22,587	30,660
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>123,030</u>	<u>176,796</u>
NET INCREASE (DECREASE) IN CASH	355,134	(4,075)
CASH - BEGINNING OF YEAR	<u>207,962</u>	<u>212,037</u>
CASH - END OF YEAR	<u>\$ 563,096</u>	<u>\$ 207,962</u>

See accompanying notes to financial statements.

HARMONY FOUNDATION INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE 1 - GENERAL

Harmony Foundation International, Inc. (the “Foundation”) was incorporated as a not-for-profit organization in 1959, founded by the Society for the Preservation and Encouragement of Barber Shop Quartet Singing in America, Incorporated (the “Society” or “Barbershop Harmony Society”). The Foundation is designed to connect people and enrich lives through charitable giving in support of community singing because its core value is that singing in community with others transforms lives. Those who experience the joy of singing do better in school, in their jobs, and family and social relationships. Through its Connect and Enrich Educational Programs, the Foundation educates and promotes these individual and societal benefits to both singers and non-singers. The Foundation raises awareness and connects resources to initiatives of organizations to financially enable exceptional programs that stimulate interest in, share, nurture, and perpetuate the love of lifelong singing. The Foundation's goal is to be the most powerful influencer of singing in the world, envisioning stronger communities when individuals engage with others to create something greater together when they connect in harmony.

The Foundation’s Board of Trustees consists of members which were elected by the Board of Directors of the Barbershop Harmony Society and the organizations historically have been considered to be financially interrelated. On March 22, 2020, actions were taken that resulted in an ongoing dispute related to the governance of the Foundation. The resolution of the disagreement could impact whether the Foundation is considered financially interrelated with the Barbershop Harmony Society in the future.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of the Foundation on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Resources are classified as net assets without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

The Foundation recognizes contributions when cash, other assets or an unconditional promise to give is received.

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

The Foundation records noncash contributions and corresponding expenses for contributed services that require specialized skills and would be purchased if not provided by the donor at the estimated fair value of the services received. Noncash goods are recorded at the estimated fair value at the date of the gift.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Cash

Cash consists principally of checking account balances and money funds. Cash held in brokerage accounts are classified as investments.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. The discount rate was 2.5% for the years ended September 30, 2020 and 2019.

An allowance for doubtful accounts is provided based on management's estimate of uncollectible receivables and historical trends. Contributions receivable deemed to be uncollectible are charged off against the allowance in the period of determination.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Money market funds are carried at cash value plus accrued interest. Mutual funds are carried at the quoted market value of the securities on the last business day of the reporting period. Changes in unrealized gains and losses are recognized in the current period in the statement of activities.

Charitable Remainder Trusts

The Foundation has remainder interests in certain charitable trusts. A charitable remainder trust is a split-interest agreement in which the charitable beneficiary receives its beneficial interest in the donated assets after the noncharitable beneficiary has received benefits for a specified time period. At the termination of the agreement, the remaining assets in the trust pass to the charitable beneficiary for its use. A contribution and the related asset are recognized in the period the trust is established based on the fair value at the date of the gift and is adjusted annually for the change in the present value discount. The present value of the charitable remainder trusts is based on the actuarial life expectancy of the life income recipient using the discount rate in existence at the time of notification by the trustee of the Foundation's remainder interest. A discount rate of 5% was used for all trusts. Corresponding changes in the value of split interest agreements are recognized in the current period and included in contributions with donor restrictions, until such time that the underlying assets are received, and the donor restricted purpose has been fulfilled (if any).

Endowment Funds

The Foundation has established several endowment funds. Distributions from the General Endowment and the Foundation's Program-Restricted Endowments benefit the music/music education, outreach, scholarship or youth programs. In addition, the Program-Restricted heritage funds benefit preservation projects of the Barbershop genre and historical collections. Distributions from the Associates Funds provide grants to the Associates of the Foundation that relate to the Foundation's mission. The Foundation's Program-Restricted Endowments and Associates Funds are based on signed donor agreements which outline the spending policies and classification of the investment earnings (losses). The donor agreements provide that investment income (loss) increases (decreases) the endowment corpus (principal balance). In the absence of such donor restrictions, the Foundation would follow the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and Tennessee's State Uniform Prudent Management of Institutional Funds Act ("SUPMIFA").

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds (Continued)

Investment return objective, risk parameters and strategies - The Foundation has adopted investment policies, approved by the Board of Trustees, to establish asset allocation targets, investment objectives and guidelines and the degree of investment risk the Board deems acceptable. The goal of the investment program is to achieve a rate of return that will allow the Foundation to respond to current needs while also maintaining long-term growth to respond to future needs. Allocation targets are set for those assets not expected to be withdrawn within twelve months to broadly diversify the funds held and reduce the impact of losses in individual investments. Investment allocations are spread between U.S. Fixed Income Portfolios, U.S. Equity Portfolios, International Equity and Emerging Markets Portfolios and Cash Equivalents.

Spending policy - The Foundation has formally adopted an endowment spending policy to be used, unless the signed donor agreements outline a different policy. The annual allowable distribution from each of the endowment funds under this policy is based on 5% of the average fair value of the Endowment investments for the prior 3 years. If the maximum allowable distribution is not made for any year, the balance remains in the corpus of that endowment fund. The Foundation charges each endowment fund an annual administrative fee equal to 5% of each contribution received for the year, subject to a maximum charge of \$3,000 per contribution, plus 5% of all interest and dividend income and net realized gains or losses.

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the Foundation. The Foundation's policy is to capitalize purchases with a cost of \$1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from two to ten years for equipment and furniture.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services

The Foundation's core belief is that singing enriches lives and communities, transforming voices from many backgrounds into one harmonious voice.

Connect. Enrich. Sing. are the Foundation's programs that raise awareness, hope, and voices.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Program Services (Continued)

Connect. - Raising Awareness

The Foundation's Connect program invests in awareness, education, and scholarship opportunities for educators and singers, choral directors and coaches, provides resource materials for and engages with local communities of singers. Through its Connect program, the Foundation raises awareness and educates singer and non-singer populations to the benefits of singing in harmony with others. By raising awareness and encouraging people from all backgrounds to participate in singing with one another, the Foundation is encouraging all generations to break down barriers and actively engage and include people in an activity that creates not only harmony with their voices, but a step toward more harmony in their neighborhoods, schools, workplaces, homes and world. By providing education opportunities, we encourage perpetuation of arts and culture in communities and the disciplines and benefits that further enhance the skills, techniques, and knowledge to promote lifelong singing participation.

Enrich. - Raising Hope

The Foundation's Enrich program invests in providing opportunities for lives to be enriched through singing-both to singers and non-singers through performances, community engagements, programs and events, conventions, and celebrations. The Foundation supports sharing the gift of singing as an extraordinary means of self-expression and self-actualization, making lives more enjoyable, satisfying, meaningful and purposeful. Investments in the Enrich program include providing financial and other services to local communities of singers, including Society chapters, districts and other singing organization groups, to encourage participation to singers and audiences, as well as added value to community events with staff participation. Both in good times and in times of dire circumstances, singing can help provide strength, hope and inspiration to persevere.

Sing. - Raising Voices

The Foundation's Sing program invests in the art-form of singing, with a significant emphasis on four-part vocal harmony known as Barbershop harmony. The Foundation provides grant and scholarship funding for singing participation activities to encourage programs throughout the country that promote, develop and advance opportunities for lifelong singing to people of all ages and background.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Program Services (Continued)

In addition to direct grants (Note 14), the Foundation provides program services expenses for outreach and enrichment programs including Association of International Champions' This is the Moment Program, Power of Harmony Juvenile program and other Community Engagement.

Supporting Services

Management and Administration - relates to the overall direction of the Foundation. These expenses are not identifiable with a particular program but are indispensable to the conduct of those activities and are essential to the Foundation's mission. Such activities include organization oversight, business management, recordkeeping, budgeting, financing and other administrative activities.

Fundraising - consists of costs of activities directed toward appeals for financial support, including special events. Other activities include creation and distribution of fundraising materials.

Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. The expenses that are allocated include personnel costs, conventions, facilities and equipment, marketing, miscellaneous, office expenses, supplies, postage, shipping and printing, professional and contract fees, staff recruitment and development, travel and meetings, and depreciation. These allocations are based on estimates of time and effort.

Income Taxes

The Foundation qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation files a U.S. Federal Form 990 for organizations exempt from income tax.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Foundation's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Fair Value Measurements

The Foundation classifies its investments measured at fair value based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available) and Level 3 (securities valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments:

Mutual funds - Investments in these funds are valued using the net asset value per unit as quoted in active markets at the valuation date and are classified within Level 1 of the valuation hierarchy.

No changes in the valuation methodologies have been made since the prior measurement date.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

On October 1, 2019, the Foundation adopted Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, as amended, as management believes the standard improves the usefulness and understandability of the Foundation’s financial reporting. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improved guidance to better distinguish between conditional and unconditional contributions. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation 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.

Recent Authoritative Accounting Guidance

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 one year and in June 2020, in response to the COVID-19 pandemic, the FASB issued ASU 2020-05, allowing certain entities to defer implementation of ASU 2014-09 for an additional year. As a result of the issuance of ASU 2020-05, the Foundation deferred the implementation of ASU 2014-09 until October 1, 2020. The adoption of this guidance is not expected to have a material impact on the financial statements.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard, which will be effective for the Foundation on October 1, 2022, provides a number of practical expedients. The adoption of this guidance is not expected to have a material impact on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Foundation beginning on October 1, 2021. The Foundation is currently evaluating the impact of this new guidance on its financial statements.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred between September 30, 2020 and June 10, 2021, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Reclassification

Certain amounts have been reclassified for comparative purposes to conform to current year presentation. This reclassification was recorded to better align program expenses with their appropriate area of impact. The reclassifications had no effect on prior year's change in net assets or classification of ending net assets.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 3 - LIQUIDITY

The Foundation's financial assets available for general expenditures within one year of September 30 are as follows:

	2020	2019
Financial assets at year end:		
Cash	\$ 563,096	\$ 207,962
Contributions receivable, net	767,112	1,014,827
Other assets	10,454	-
Investments	3,353,008	3,235,435
	4,693,670	4,458,224
Endowment spending-rate distributions and appropriations to be received in the next twelve months	46,090	45,000
Less amounts not available to be used within one year:		
Multi-year contributions receivable, due after one year, net	(128,280)	(171,180)
Contributions receivable for endowment, net	(22,966)	(41,253)
Investments held for endowment	(3,252,709)	(2,819,805)
Funds held for Barbershop Harmony Society	-	(357,436)
Amounts received or receivable for specific purposes	(285,703)	(251,601)
	(3,689,658)	(3,641,275)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,050,102	\$ 861,949

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use.

Additionally, the Foundation has the availability to draw from a line of credit to meet cash flow needs.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash, investments and contributions receivable. Credit risk with respect to promises to give is limited because the Foundation deals with a large number of donors throughout a wide geographic area. There were no significant concentrations of contributions receivable at September 30, 2020 and 2019.

HARMONY FOUNDATION INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 4 - CONCENTRATION OF CREDIT RISK (CONTINUED)

The Foundation maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to statutory limits. The Foundation's cash balances may, at times, exceed statutory limits. The Foundation has not experienced any losses in such accounts and management considers this to be a normal business risk.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Foundation's securities is covered by the Securities Investor Protection Corporation ("SIPC"), which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. The SIPC does not insure against market risk.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 708,612	\$ 897,587
Less allowance for doubtful accounts	<u>(69,780)</u>	<u>(92,788)</u>
	<u>638,832</u>	<u>804,799</u>
Due in one to five years	266,400	354,240
Less allowance for doubtful accounts	(118,620)	(122,212)
Less discount to present value	<u>(19,500)</u>	<u>(22,000)</u>
	<u>128,280</u>	<u>210,028</u>
Contributions receivable, net	<u>\$ 767,112</u>	<u>\$ 1,014,827</u>

NOTE 6 - INVESTMENTS

Investments consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 3,288,599	\$ 3,152,369
Cash and money funds	<u>64,409</u>	<u>83,066</u>
Total	<u>\$ 3,353,008</u>	<u>\$ 3,235,435</u>

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 7 - FAIR VALUE MEASUREMENTS

Financial assets measured at fair value on a recurring basis include the following at September 30:

	2020			
	Level 1	Level 2	Level 3	Total
<u>Investments measured at fair value:</u>				
Mutual funds:				
Real Estate Fund	\$ 101,511	\$ -	\$ -	\$ 101,511
Midcap Fund	574,511	-	-	574,511
Foreign Large Blend Fund	604,461	-	-	604,461
Emerging Markets Fund	203,577	-	-	203,577
Corporate Bond	213,730	-	-	213,730
World Bond	98,333	-	-	98,333
Intermediate Government Fund	447,438	-	-	447,438
Small Growth Fund	242,154	-	-	242,154
Large Blend Fund	761,176	-	-	761,176
High Yield Bond Fund	41,708	-	-	41,708
Total mutual funds	<u>3,288,599</u>	<u>-</u>	<u>-</u>	<u>3,288,599</u>
Total investments measured at fair value	<u>\$ 3,288,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,288,599</u>
2019				
	Level 1	Level 2	Level 3	Total
<u>Investments measured at fair value:</u>				
Mutual funds:				
Real Estate Fund	\$ 97,079	\$ -	\$ -	\$ 97,079
Midcap Fund	459,205	-	-	459,205
Foreign Large Blend Fund	636,001	-	-	636,001
Emerging Markets Fund	189,838	-	-	189,838
Corporate Bond	250,545	-	-	250,545
World Bond	112,777	-	-	112,777
Intermediate Government Fund	443,244	-	-	443,244
Small Growth Fund	220,074	-	-	220,074
Large Blend Fund	700,328	-	-	700,328
High Yield Bond Fund	43,278	-	-	43,278
Total mutual funds	<u>3,152,369</u>	<u>-</u>	<u>-</u>	<u>3,152,369</u>
Total investments measured at fair value	<u>\$ 3,152,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,152,369</u>

HARMONY FOUNDATION INTERNATIONAL, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 8 - BENEFICIAL INTERESTS IN CHARITABLE REMAINDER TRUSTS

The Foundation is beneficiary of three irrevocable charitable remainder trusts, established in 2003, 2005 and 2009. Two of the trusts were funded with real estate valued at \$427,000 and \$123,500. The third trust provides for a cash distribution of \$50,000 upon the termination of the agreement.

The Foundation's beneficial interests in these trusts consist of the following at September 30:

	2020	2019
Promises to give receivable	\$ 600,500	\$ 600,500
Less unamortized discount	(216,000)	(223,500)
Total	\$ 384,500	\$ 377,000

A reconciliation of changes in beneficial interests in charitable remainder trusts follows for the years ended September 30:

	2020	2019
Balance, beginning of year	\$ 377,000	\$ 370,600
Change in value of beneficial interests	7,500	6,400
Balance, end of year	\$ 384,500	\$ 377,000

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2020	2019
Equipment and furniture	\$ -	\$ 211,427
Less: accumulated depreciation	-	(185,445)
Property and equipment, net	\$ -	\$ 25,982

Prior to September 11, 2020, the Foundation's offices were located at the Society's headquarters and were provided at no rental cost to the Foundation. Currently, all employees are working remotely.

HARMONY FOUNDATION INTERNATIONAL, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 10 - LINE OF CREDIT

The Foundation has a revolving line of credit agreement with a bank that provides for borrowings up to a maximum outstanding amount of \$200,000. The line of credit requires monthly interest payments based on the lender's index rate plus 1.00% (4.25% at September 30, 2020). The principal and unpaid accrued interest is due on September 30, 2021. Borrowings under the line of credit agreement are collateralized by substantially all of the assets of the Foundation. At September 30, 2020 and 2019, there were no borrowings outstanding under the line of credit.

NOTE 11 - NOTES PAYABLE

The Foundation obtained an Economic Injury Disaster Loan ("EIDL") in June 2020 for \$150,000 requiring monthly principal and interest payments of \$641. In March 2021, the lender deferred the first payment due date for an additional 12 months resulting in payments commencing in July 2022. The loan bears interest at 2.75% and matures May 10, 2050. The outstanding balance on the EIDL loan was \$150,000 at September 30, 2020.

The Foundation entered into a Paycheck Protection Program ("PPP") loan of \$229,625 in April 2020, which is fully forgivable if at least 60% of the funds are used for payroll costs, and if certain other terms are met. If the loan is fully forgiven, the Foundation will not be responsible for any payments, and the balance of the loan will be reclassified to other income on the statements of activities at the time forgiveness is granted. If only a portion of the loan is forgiven, or if the forgiveness application is denied, any remaining balance due on the loan must be repaid on or before the maturity date of the loan, including accrued interest. The loan bears interest at a fixed rate of 1% and matures on April 15, 2022. As of the date these financial statements were available to be issued, the Foundation has not applied for forgiveness of the loan. As the amount of the forgiveness has not yet been determined, no amounts have been included in the schedule of required principal maturities of long-term borrowings that follows.

Future maturities of notes payable, excluding the PPP loan, based on the outstanding balance at September 30, 2020 are as follows:

Year ending September 30,

2021	\$	-
2022		596
2023		3,635
2024		3,736
2025		3,840
Thereafter		<u>138,193</u>
		<u>\$ 150,000</u>

Subsequent to September 30, 2020, the Foundation received a second PPP loan in the amount of \$214,335 with substantially the same terms noted above.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 12 - NET ASSETS

Net assets consist of the following at September 30:

	2020	2019
Net assets without donor restrictions	\$ 632,614	\$ 822,679
Specific Purpose:		
Net assets with donor restrictions:		
Contributions for Next Gen Barbershop Junior and Varsity Chorus Programs	110,167	200,000
AIC Christmas and Outreach programs	60,930	-
Queens College campaign	44,570	-
Power of Harmony	27,350	-
Outreach programs	20,000	20,000
Harmony, Inc./Directors First Harmony University Scholarship program	10,442	8,842
Mission related programs	8,069	18,834
Contributions for Jim Miller memorial scholarship	4,025	3,925
Henrico County Schools	150	-
	285,703	251,601
Passage of Time:		
Beneficial interest in charitable remainder trusts	384,500	377,000
Multi-year contributions receivable, net	145,842	189,191
	530,342	566,191
Endowments:		
Investments	3,252,709	2,819,804
Cash surrender value of life insurance	71,000	68,000
Contributions receivable, net	22,966	41,253
	3,346,675	2,929,057
Total net assets with donor restrictions	4,162,720	3,746,849
Total	\$ 4,795,334	\$ 4,569,528

The Foundation satisfied donor restrictions of \$355,020 and \$358,701 during the year ending September 30, 2020 and 2019, respectively, in accordance with donor-imposed purpose restrictions or the passage of time.

Subsequent to year end, certain donors requested that \$75,000 of contributions previously received for the Next Gen Barbershop Junior and Varsity Chorus Programs to be used for AIC Christmas and Outreach Programs.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 13 - ENDOWMENT FUNDS

A summary of changes in endowment net assets for the years ended September 30 follows:

	<u>2020</u>	<u>2019</u>
Endowment funds - beginning of period	\$ 2,929,057	\$ 2,782,964
Contributions, net	78,254	134,318
Investment income, less related fees	457,950	94,823
Annual allowable distributions	(108,155)	(69,715)
Administrative fees	<u>(10,431)</u>	<u>(13,333)</u>
Endowment funds - end of period	<u>\$ 3,346,675</u>	<u>\$ 2,929,057</u>

Endowment funds consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Endowments:		
General Endowment Fund	\$ 1,009,628	\$ 906,516
Other Endowments:		
Associates Funds	1,558,210	1,347,607
Program-Restricted Endowments:		
Scholarship Funds	397,435	342,519
Outreach Funds	165,059	142,252
Barbershop Preservation and Heritage Projects Funds	119,261	102,782
Youth Funds	84,182	75,793
Music Funds	<u>12,900</u>	<u>11,588</u>
	<u>\$ 3,346,675</u>	<u>\$ 2,929,057</u>

Endowment funds are all considered perpetual in nature at September 30, 2020 and 2019.

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 14 - GRANTS

The Foundation provided grants to benefit programs that stimulate interest in, share, nurture, and perpetuate the love of lifelong singing for years ended September 30:

	<u>2020</u>	<u>2019</u>
<u>Barbershop Harmony Society</u>		
Next Generation Barbershop Junior Chorus Invitational	\$ 220,000	\$ 220,000
Harmony University scholarships	68,800	110,000
Outreach grants	25,000	100,000
Other programs	9,191	9,505
Chapter initiative programs	5,405	100,000
Partnership and advocacy	2,000	-
Next Generation Barbershop Varsity Quartet Contest	-	70,000
Music for schools	-	10,000
	<u>330,396</u>	<u>619,505</u>
Total Barbershop Harmony Society	330,396	619,505
Donor Choice Grants Program	382,792	429,692
Grants to other singing groups and organizations	83,102	16,231
Harmony Fellows Award event	-	7,581
	<u>-</u>	<u>7,581</u>
Total Grants	<u>\$ 796,290</u>	<u>\$ 1,073,009</u>

HARMONY FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

NOTE 15 - RETIREMENT PLAN

The Foundation sponsors a Section 401(k) plan (the “Plan”) which allows for employer matching contributions and employer profit sharing contributions, both of which vest on a pro rata (20%) basis each year of service. An employee must work at least 1,000 hours in a calendar year to receive credit for a year of service. The Plan covers substantially all employees. For the year ended September 30, 2020, amounts contributed to the Plan totaled \$100,664 (\$98,711 for the year ended September 30, 2019).

NOTE 16 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, Foundation and Society board members may make substantial contributions to the Foundation in support of its mission. The Foundation received donations from Foundation and Society board members totaling approximately \$242,000 and \$155,000 during the period ending September 30, 2020 and 2019, respectively.