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**BRYAN SYMPHONY  
ORCHESTRA ASSOCIATION**

**FINANCIAL STATEMENTS**

**For the year ended**

**June 30, 2017**

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**DUNCAN, WHEELER  
& WILKERSON, P.C.**  
*Certified Public Accountants*

## **Independent Auditor's Report**

To the Board of Directors of  
Bryan Symphony Orchestra Association

We have audited the accompanying financial statements of Bryan Symphony Orchestra Association at Tennessee Technological University (Bryan Symphony Orchestra Association), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

The Association's 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 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 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 Bryan Symphony Orchestra Association as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Duncan, Wheeler & Wilkerson, P.C.*

March 30, 2018  
Cookeville, TN

**BRYAN SYMPHONY ORCHESTRA ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2017**

**Assets**

Current assets:

Cash and cash equivalents	\$ 112,768
Certificates of deposit	79,230
Accounts receivable	-
Investments	151,202
Total current assets	<u>343,200</u>

Noncurrent assets:

Deposits	<u>300</u>
	<u>300</u>

Total assets	<u><u>\$ 343,500</u></u>
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**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$ 6,254
Accrued payroll liabilities	1,325
Deferred revenue	33,412
Total current liabilities	<u>40,991</u>

Net assets:

Unrestricted	132,329
Temporarily restricted	149,270
Permanently restricted	20,910
Total net assets	<u>302,509</u>

Total liabilities and net assets	<u><u>\$ 343,500</u></u>
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The accompanying notes are an integral part of these financial statements.

**BRYAN SYMPHONY ORCHESTRA ASSOCIATION**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temp. Restricted</u>	<u>Perm. Restricted</u>	<u>Total</u>
Revenues and support:				
Program revenue				
Contributions and sponsors	\$ 85,129	\$ 68,896	\$ -	\$ 154,025
Grant income	18,750	-	-	18,750
Ticket sales	50,942	-	-	50,942
Dues and membership fees	506	-	-	506
Luncheons and socials	3,158	-	-	3,158
Miscellaneous support income	2,047	-	-	2,047
Wine on the WestSide	23,638	-	-	23,638
Total program revenue	184,170	68,896	-	253,066
Other revenue				
Interest and investment income	9,523	-	65	9,588
Total revenues and support	193,693	68,896	65	262,654
Expenses:				
Program services	104,589	11,000	-	115,589
Administrative	57,483	-	-	57,483
Total expenses	162,072	11,000	-	173,072
Change in net assets	31,621	57,896	65	89,582
Net assets, beginning of year	100,708	91,374	20,845	212,927
Net assets, end of year	\$ 132,329	\$ 149,270	\$ 20,910	\$ 302,509

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

**BRYAN SYMPHONY ORCHESTRA ASSOCIATION**

**STATEMENT OF CASH FLOWS**

**For the year ended June 30, 2017**

Cash flows from operating activities:	
Change in net assets	\$ 89,582
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts receivable	12,500
Increase in accounts payable	5,954
(Decrease) in accrued payroll liabilities	(174)
Increase in deferred revenue	13,084
Net cash provided by operating activities	<u>120,946</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	(9,664)
Purchase of investments	<u>(69,387)</u>
Net cash (used in) investing activities	<u>(79,051)</u>
Net increase in cash and cash equivalents	41,895
Cash and cash equivalents, beginning of year	<u>70,873</u>
Cash and cash equivalents, end of year	<u>\$ 112,768</u>

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

## **BRYAN SYMPHONY ORCHESTRA ASSOCIATION**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Bryan Symphony Orchestra Association (the Association) is a nonprofit organization whose purpose is to promote and support the Bryan Symphony Orchestra. The mission of the Association is to provide an orchestra at the highest artistic standards, to perform regularly a broad range of repertoire for a wide and diverse audience, to provide quality educational experiences for all ages, and to serve as a leader and a continuing force in the Upper Cumberland region. The Association's support comes primarily from donor contributions and special productions.

#### **Tax-exempt status**

The Organization is a tax-exempt organization under Section 501 (C) (3) of the Internal Revenue Code. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2015, 2016, and 2017 are subject to examination by the IRS.

#### **Financial Statement Presentation**

The financial statements have been prepared in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*. Under these statements, the Association is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

#### **Basis of Accounting**

The accounts are maintained on the accrual basis whereby revenues are recognized when earned and expenses recognized when incurred. The Association uses fund accounting in recording its assets, liabilities, revenues and expenses. All activity has been recorded in three funds: permanently restricted, temporarily restricted and unrestricted.

#### **Statement of Cash Flows**

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in time and demand deposits in banks with original maturities of less than ninety days.

## **Receivables**

Accounts receivable are stated at the amount management expects to collect from outstanding balances, and all doubtful accounts have been written off. Management has elected to record bad debts using the direct write-off method. The effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. Accounts are written off when they are deemed uncollectible by management. Accounts are considered past due if they have not been collected according to contractual terms.

## **Donations**

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

## **Property and equipment**

Property and equipment are capitalized at cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets, which range from three to five years.



### **Subsequent Events**

The Company has evaluated events for recognition and disclosure through March 30, 2018, which is the date the financial statements were available to be issued.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates in the near term.

### **NOTE 2 – DEFERRED REVENUE:**

Deferred revenue was comprised of the following at June 30, 2017:

Advance season ticket sales	\$	33,412
Contributions for next year		-
	\$	<u>33,412</u>

### **NOTE 3 – PERMANENTLY RESTRICTED NETS ASSETS:**

Net assets of \$20,910 were permanently restricted for the purpose of funding the Ayers Scholarship Endowment at June 30, 2017.

### **NOTE 4 – TEMPORARILY RESTRICTED NETS ASSETS:**

Temporarily restricted net assets of \$11,000 were released to fund designated expenses, and temporarily restricted net assets of \$149,270 are available for education program services and support for the outdoor concert series at June 30, 2017.

**NOTE 5 – CERTIFICATES OF DEPOSIT:**

Items classified as certificates of deposit have original maturities of more than three months. These assets totaled \$79,230 at June 30, 2017. Certificates of deposit with maturities greater than one year at June 30, 2017 are considered to be short-term because management has the ability to convert these assets to cash at their discretion.

The Association maintains its cash balances in a number of financial institutions in Cookeville, Tennessee. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000, and the Association did not have any uninsured cash as of June 30, 2017.

**NOTE 6 – DONATED MATERIALS, SERVICES AND FACILITIES:**

There are no amounts reflected in the financial statements for donated services although the entity has had a significant number of volunteers who have assisted in the operations of the Association. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958, *Not-for-Profit Entities* have not been satisfied.

**NOTE 7 - FUNCTIONAL EXPENSES:**

The cost of providing various program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

	<u>Concert</u>	<u>Education</u>	<u>Cultivation &amp; Outreach</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Administrative</u>	<u>Total</u>
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238	\$ 238
Bank and credit card fees	-	-	-	-	-	6	6
Board expense	-	-	-	-	-	2,294	2,294
Brochures	8,104	-	-	8,104	-	-	8,104
Contract management fees	2,780	480	344	3,604	-	-	3,604
Dues and subscriptions	-	-	-	-	-	1,880	1,880
Education	-	1,500	-	1,500	-	-	1,500
Instrument storage/rental	1,698	-	-	1,698	-	-	1,698
Insurance	-	-	-	-	-	1,619	1,619
Luncheons and socials	550	-	2,844	3,394	-	-	3,394
Miscellaneous	3,424	1,870	-	5,294	-	769	6,063
Music director	-	-	-	-	-	4,750	4,750
Musicians' cartage/drivers	-	531	-	531	-	-	531
Orchestra personnel	70,169	8,267	-	78,436	-	33,540	111,976
Postage	2,168	-	-	2,168	-	-	2,168
Printing	-	-	1,447	1,447	-	-	1,447
Professional fees	-	-	-	-	-	7,232	7,232
Programs	5,279	-	-	5,279	-	-	5,279
Rent	-	-	-	-	-	3,645	3,645
Supplies	3,201	933	-	4,134	-	-	4,134
Utilities	-	-	-	-	-	1,510	1,510
	<u>\$ 97,373</u>	<u>\$ 13,581</u>	<u>\$ 4,635</u>	<u>\$ 115,589</u>	<u>\$ -</u>	<u>\$ 57,483</u>	<u>\$ 173,072</u>