

**BRYAN SYMPHONY  
ORCHESTRA ASSOCIATION  
FINANCIAL STATEMENTS  
For the Year Ended  
June 30, 2013**



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, 2013, 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, 2013, 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.*

April 4, 2014  
Cookeville, TN

**BRYAN SYMPHONY ORCHESTRA ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2013**

**Assets**

Current assets:

Cash and cash equivalents	\$ 16,029
Certificates of deposit	145,610
Accounts receivable	17,065
Investments	11,266
Total current assets	<u>189,970</u>

Noncurrent assets:

Property and equipment, net	897
Deposits	<u>300</u>
	<u>1,197</u>

Total assets	<u>\$ 191,167</u>
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**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$ 10,088
Deferred revenue	<u>27,016</u>
Total current liabilities	<u>37,104</u>

Net assets:

Unrestricted	99,379
Temporarily restricted	33,839
Permanently restricted	<u>20,845</u>
Total net assets	<u>154,063</u>

Total liabilities and net assets	<u>\$ 191,167</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, 2013**

	<u>Unrestricted</u>	<u>Temp. Restricted</u>	<u>Perm. Restricted</u>	<u>Total</u>
Revenues and support:				
Program revenue				
Contributions and sponsors	\$ 80,281	\$ 19,723	\$ -	\$ 100,004
Grant income	14,150	-	-	14,150
Ticket sales	72,838	-	-	72,838
Dues and membership fees	1,178	-	-	1,178
Luncheons and socials	4,611	-	-	4,611
Program advertising	6,570	-	-	6,570
Reimbursements	2,750	-	-	2,750
Miscellaneous support income	5,165	-	-	5,165
Wine on the WestSide	34,687	-	-	34,687
Total program revenue	<u>222,230</u>	<u>19,723</u>	<u>-</u>	<u>241,953</u>
Other revenue				
Interest and investment income	<u>4,590</u>	<u>-</u>	<u>-</u>	<u>4,590</u>
Total revenues and support	<u>226,820</u>	<u>19,723</u>	<u>-</u>	<u>246,543</u>
Expenses:				
Program services	188,919	19,626	-	208,545
Fundraising	18,832	-	-	18,832
Administrative	<u>49,484</u>	<u>-</u>	<u>-</u>	<u>49,484</u>
Total expenses	<u>257,235</u>	<u>19,626</u>	<u>-</u>	<u>276,861</u>
Change in net assets	(30,415)	97	-	(30,318)
Net assets, beginning of year	<u>129,794</u>	<u>33,742</u>	<u>20,845</u>	<u>184,381</u>
Net assets, end of year	<u>\$ 99,379</u>	<u>\$ 33,839</u>	<u>\$ 20,845</u>	<u>\$ 154,063</u>

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, 2013**

Cash flows from operating activities:	
Change in net assets	\$ (30,318)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	468
(Increase) in accounts receivable	4,787
Increase in accounts payable	(8,708)
(Decrease) in deferred revenue	(16,377)
Net cash (used in) operating activities	<u>(50,148)</u>
Cash flows from investing activities:	
Proceeds from maturities of certificates of deposit	50,005
Purchase of investments	<u>(4,304)</u>
Net cash provided by investing activities	<u>45,701</u>
Net decrease in cash and cash equivalents	(4,447)
Cash and cash equivalents, beginning of year	<u>20,476</u>
Cash and cash equivalents, end of year	<u>\$ 16,029</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. The Association is exempt for federal income tax purposes under Section 501(c) (3) of the Internal Revenue Code.

#### **Financial Statement Presentation**

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made" and No. 117, "Financial Statements of Not-for-Profit Organizations." 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.

#### **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.

## **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.

## **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.

## **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.



### **Subsequent Events**

The Company has evaluated events for recognition and disclosure through April 4, 2014, which is the date the financial statements were available to be issued.

### **NOTE 2 – DEFERRED REVENUE:**

Deferred revenue was comprised of the following at June 30, 2013:

Advance ticket sales	\$	17,511
Contributions for next year		9,330
Dues and memberships		175
	\$	<u>27,016</u>

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

Net assets of \$20,845 were permanently restricted for the purpose of funding the Ayers Scholarship Endowment at June 30, 2013.

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

Temporarily restricted net assets of \$19,626 were released, and temporarily restricted net assets of \$33,839 are available for education program services at June 30, 2013.

### **NOTE 5 – CERTIFICATES OF DEPOSIT:**

Items classified as certificates of deposit have original maturities of more than three months. These assets totaled \$145,610 at June 30, 2013. Certificates of deposit with maturities greater than one year at June 30, 2013 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, 2013.

**NOTE 6 – PROPERTY AND EQUIPMENT:**

Property and equipment are comprised of the following at June 30, 2013:

Computer equipment	\$	1,404
Accumulated depreciation		<u>(507)</u>
Total accrued expenses	\$	<u>897</u>

Depreciation expense was \$468 for the year ended June 30, 2013.

**NOTE 7 – 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 SFAS No. 116 have not been satisfied.

## **NOTE 8 - 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>	Education	Cultivation & Outreach	Total Program Services	Fundraising	<u>Administrative</u>	<u>Total</u>
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000
Advertising	-	-	-	-	-	691	691
Bank and credit card fees	-	-	-	-	-	3,064	3,064
Board expense	-	-	-	-	-	3,014	3,014
Brochures	5,669	-	-	5,669	-	-	5,669
Contract management fees	14,263	15,195	12,732	42,190	-	12,732	54,922
Depreciation	-	-	-	-	-	468	468
Development	-	1,110	330	1,440	-	-	1,440
Dues and subscriptions	-	-	-	-	-	1,312	1,312
Education	-	2,166	-	2,166	-	-	2,166
Food	2,434	-	-	2,434	-	-	2,434
Instrument storage/rental	3,760	-	-	3,760	-	-	3,760
Librarian	1,000	-	-	1,000	-	-	1,000
Luncheons and socials	-	-	27,625	27,625	-	-	27,625
Miscellaneous	2,181	-	-	2,181	-	3,266	5,447
Music director	-	-	-	-	-	4,000	4,000
Musicians' cartage/drivers	4,113	696	-	4,809	-	-	4,809
Orchestra personnel	93,932	7,265	-	101,197	-	9,148	110,345
Postage	4,729	-	-	4,729	-	-	4,729
Printing	-	452	-	452	-	2,907	3,359
Programs	6,928	-	-	6,928	-	-	6,928
Rent	-	-	-	-	-	2,700	2,700
Scholarships	-	1,000	-	1,000	-	-	1,000
Supplies	778	187	-	965	-	1,090	2,055
Utilities	-	-	-	-	-	1,092	1,092
Wine on the WestSide	-	-	-	-	18,832	-	18,832
	<u>\$ 139,787</u>	<u>\$ 28,071</u>	<u>\$ 40,687</u>	<u>\$ 208,545</u>	<u>\$ 18,832</u>	<u>\$ 49,484</u>	<u>\$ 276,861</u>