

WORCESTER CHAMBER MUSIC SOCIETY, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2014 AND 2013

WORCESTER CHAMBER MUSIC SOCIETY, INC.

AUGUST 31, 2014

Contents

Independent Accountant’s Review Report.....1

Statements of Financial Position.....2

Statements of Activities.....3

Statements of Cash Flows.....4

Notes to Financial Statements.....5

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Worcester Chamber Music Society, Inc.
Worcester, MA

I have reviewed the accompanying statements of financial position of Worcester Chamber Music Society, Inc. (a nonprofit organization) as of August 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Worcester, Massachusetts
September 22, 2014

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statements of Financial Position
August 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 66,126	\$ 61,148
Accounts receivable	3,445	1,246
Prepaid expenses	5,984	700
Beneficial interest in trust	26,999	24,835
Total Assets	<u>\$ 102,554</u>	<u>\$ 87,929</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 420	\$ 7,457
Payroll taxes payable	4,000	3,305
Deferred Revenue	34,732	22,375
Total Liabilities	<u>39,152</u>	<u>33,137</u>
Unrestricted net assets	<u>63,402</u>	<u>54,792</u>
Total Liabilities and Net Assets	<u>\$ 102,554</u>	<u>\$ 87,929</u>

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statement of Activities
Years Ended August 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenue:		
Program revenue	\$ 56,229	\$ 80,939
Ticket sales	23,678	15,899
Public support		
Individual	53,571	64,995
Corporate	8,700	1,500
Grants/foundations	39,637	47,218
Advertising	3,585	860
Change in beneficial interest in trust	3,114	(165)
Other income	86	61
Total operating revenue	<u>188,600</u>	<u>211,307</u>
 Operating Expenses:		
Artist fees	22,125	27,758
Summer Festival program costs	45,760	35,929
Neighborhood Strings program costs	25,353	5,978
Venue costs	8,525	10,899
Advertising	9,091	15,067
Administrative expenses	5,392	10,806
Payroll and taxes	46,797	58,713
Insurance	2,029	1,445
Office expense	7,615	3,859
Printing and postage	7,303	6,532
Total operating expenses	<u>179,990</u>	<u>176,986</u>
 Change in Net Assets	 8,610	 34,321
 Unrestricted Net Assets, Beginning	 54,792	 20,471
 Unrestricted Net Assets, Ending	 <u>\$ 63,402</u>	 <u>\$ 54,792</u>

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statement of Cash Flows
Years Ended August 31, 2014 and 2013

	2014	2013
Cash Flow From Operating Activities:		
Change in net assets	\$ 8,610	\$ 34,321
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in:		
Accounts receivable	(2,199)	(1,009)
Prepaid expenses	(5,284)	-
Beneficial interest in trust	(2,164)	(24,835)
Increase (decrease) in:		
Accounts payable	(7,037)	(8,549)
Payroll taxes payable	695	677
Deferred revenues	12,357	18,168
	<u>4,978</u>	<u>18,773</u>
Net Cash Provided by Operating Activities		
	<u>4,978</u>	<u>18,773</u>
Net Increase in Cash		
	<u>61,148</u>	<u>42,375</u>
Cash, Beginning		
	<u>61,148</u>	<u>42,375</u>
Cash, Ending	<u>\$ 66,126</u>	<u>\$ 61,148</u>

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Notes to Financial Statements
August 31, 2014

Summary of Significant Accounting Policies

Date of Management's Review

Management has evaluated subsequent events through September 22, 2014, the date on which the financial statements were available to be issued.

Organization and Purpose

Worcester Chamber Music Society, Inc. is a nonprofit corporation, established in 2010 to perform chamber music and to make performances accessible to the greater Worcester, Massachusetts community. It seeks to foster an appreciation for classical chamber music and a connection to the Greater Worcester Community through its performance and outreach programs. It is committed to the nurturing of young musicians by providing educational programs, performance opportunities, training, and scholarships for the advanced study of music.

The Corporation is exempt from Federal income taxes as an organization (not a private foundation) under Section 501(c)(3) of the Internal Revenue Code. There are no uncertain tax positions or open tax years.

Basis of Accounting and Revenue Recognition

The Organization's policy is to prepare its financial statements on the accrual basis of accounting. It records revenues when earned. Its primary sources of revenues are ticket sales, contracted performances and recordings, educational programs, advertising, public contributions, sponsorships, and grants. All grant income is unrestricted.

Certain items in the previous year's financial statements have been combined for presentation purposes.

Cash

For the purpose of the statement of cash flows, cash consists of a general checking account and a savings account.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Notes to Financial Statements
August 31, 2014

Beneficial Interest

The Organization established an endowment fund with the Greater Worcester Community Foundation (GWCF). This fund encourages donations from individuals, other organizations, estates and trusts in addition to contributions by the Organization. GWCF acts as custodian of the endowment fund, and funds can only be expended by the Organization if approved by both the Organization's Board of Directors and GWCF's Board of Directors.

The Organization does not have control over, or legal ownership of, these funds. However, an asset representing the estimated present value of the expected future receipts has been recorded in unrestricted assets.

As of August 31, 2014, the estimated value of the funds held by GWCF on behalf of the Organization is \$26,999. Changes in the estimated present value of the funds are included in the statement of activities.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Related Party Transactions

Manager employees of the Organization, paid for their administrative work, are also compensated for performances and educational activities as employees. Other performers are compensated as independent contractors.

Advertising and Marketing

The Organization expenses advertising and marketing costs as they are incurred. Advertising and marketing expenses for the year ended August 31, 2014 and 2013 was \$12,002 and \$17,683 respectively.

Rent

The Organization rents space in Worcester, Massachusetts as a tenant at will at approximately \$4,800 per year, and is included in office expense.

See independent accountant's review report.