

WORCESTER CHAMBER MUSIC SOCIETY, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

WORCESTER CHAMBER MUSIC SOCIETY, INC.

AUGUST 31, 2015

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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, 2015 and 2014, 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.

My reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basis financial statements, and I did not become aware of any material modifications that should be made to such information.


Worcester, Massachusetts

October 7, 2015

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statements of Financial Position
August 31, 2015 and 2014

	2015	2014
Assets:		
Cash	\$ 80,829	\$ 66,126
Accounts receivable	4,600	3,445
Prepaid expenses	4,084	5,984
Beneficial interest in trust	46,221	26,999
Total Assets	\$ 135,734	\$ 102,554
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 5,531	\$ 420
Payroll taxes payable	3,663	4,000
Deferred Revenue	3,515	34,732
Total Liabilities	12,709	39,152
 Net Assets		
Unrestricted	90,025	63,402
Temporarily restricted	33,000	0
Total Net Assets	123,025	63,402
 Total Liabilities and Net Assets	\$ 135,734	\$ 102,554

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statement of Activities
Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenue:		
Program revenue	\$ 79,714	\$ 56,229
Ticket sales	21,030	23,678
Public support		
Individual	114,284	53,571
Corporate	11,550	8,700
In kind	17,118	-
Grants/foundations	66,943	39,637
Advertising	5,406	3,585
Change in beneficial interest in trust	(2,778)	3,114
Other income	2,816	86
Total operating revenue	<u>316,083</u>	<u>188,600</u>
 Operating Expenses:		
Program expenses	230,358	166,942
Fundraising	11,949	2,938
Administrative	14,153	10,110
Total operating expenses	<u>256,460</u>	<u>179,990</u>
 Change in Net Assets	 59,623	 8,610
 Net Assets, Beginning	 63,402	 54,792
 Net Assets, Ending	 <u>\$ 123,025</u>	 <u>\$ 63,402</u>

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statement of Cash Flows
Years Ended August 31, 2015 and 2014

	2015	2014
Cash Flow From Operating Activities:		
Change in net assets	\$ 59,623	\$ 8,610
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in:		
Accounts receivable	(1,155)	(2,199)
Prepaid expenses	1,900	(5,284)
Beneficial interest in trust	(19,222)	(2,164)
Increase (decrease) in:		
Accounts payable	5,111	(7,037)
Payroll taxes payable	(337)	695
Deferred revenues	(31,217)	12,357
	14,703	4,978
Net Cash Provided by Operating Activities	14,703	4,978
Net Increase in Cash	14,703	4,978
Cash, Beginning	66,126	61,148
Cash, Ending	\$ 80,829	\$ 66,126

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Notes to Financial Statements
August 31, 2015

Summary of Significant Accounting Policies

Date of Management's Review

Management has evaluated subsequent events through October 7, 2015, 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 cultivate an appreciation for chamber music in Worcester County, Massachusetts through concerts and community events and to nurture young musicians through comprehensive educational programs.

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. Resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by fund group. Fund balances are classified on the statement of financial position as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions.

Its primary sources of revenues are ticket sales, contracted performances and recordings, educational programs, advertising, public contributions, sponsorships, and grants. Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets depending upon the existence and/or nature of donor restrictions. When a restriction has been satisfied or has expired, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the statements of activities as net assets released from restrictions. Unconditional promises to give are recognized in the period received. Donated assets and services are recorded as contributions at their estimated fair market value on the date of the donation.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Notes to Financial Statements
August 31, 2015

Cash

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

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, 2015, the estimated value of the funds held by GWCF on behalf of the Organization is \$46,221. 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, 2015 and 2014 was \$49,933 and \$12,002 respectively.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Notes to Financial Statements
August 31, 2015

Rent

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

Property and Equipment

The Organization's policy is to capitalize expenditures for property and equipment with costs in excess of \$1,000. As of August 31, 2015, no acquisitions in excess of that amount have been made. The Organization purchases musical instruments for the use of its students. Individually, the instruments do not exceed \$1,000 and are treated as expenses. As a result, no allowance for depreciation or amortization has been recorded.

Deferred Revenue

Income from ticket sales is recognized in the period in which the performance is given. As of August 31, 2015, revenues for future performances, shown as deferred revenue, totaled \$3,515.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances from grants, awards, ticket sales, and programming.

See independent accountant's review report.

SUPPLEMENTARY INFORMATION

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statement of Functional Expenses
August 31, 2015

	<u>Programming</u>	<u>Fundraising</u>	<u>Administrative</u>	<u>Total</u>
Payroll expenses	\$ 90,673	\$ 10,303	\$ 3,434	\$ 104,410
Financial aid awards	2,685	-	-	2,685
Professional fees	-	-	1,965	1,965
Professional development	110	-	-	110
Insurance	2,853	-	110	2,963
Postage and delivery	1,703	156	394	2,253
Rent	3,600	-	1,200	4,800
Telephone	-	-	119	119
Supplies	3,550	-	710	4,260
Program expense	3,024	-	3	3,027
Artist fees	26,760	-	-	26,760
Contract labor	22,069	-	2,461	24,530
Advertising and marketing	48,279	335	1,319	49,933
Venue Rental	22,062	580	-	22,642
Credit card processing fees	895	-	380	1,275
Fundraising	1,237	575	1,476	3,288
Filing fees	-	-	89	89
Travel	858	-	431	1,289
Other expenses	-	-	62	62
	<u>\$ 230,358</u>	<u>\$ 11,949</u>	<u>\$ 14,153</u>	<u>\$ 256,460</u>

See independent accountant's review report.