

WORCESTER CHAMBER MUSIC SOCIETY, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

WORCESTER CHAMBER MUSIC SOCIETY, INC.

AUGUST 31, 2016

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DANIEL J. FINS

CERTIFIED PUBLIC ACCOUNTANT

92 Barry Road
Worcester, MA 01609

Phone (508) 756-1341
Fax (508) 752-5959

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, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

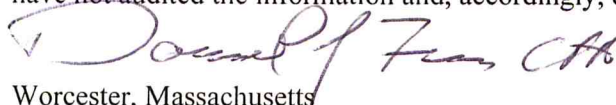
My responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

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.

Supplementary Information

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. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on such information.



Worcester, Massachusetts
September 30, 2016

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statements of Financial Position
August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Cash	\$ 83,302	\$ 80,829
Accounts receivable	1,843	4,600
Prepaid expenses	5,052	4,084
Beneficial interest in trust	81,725	46,221
Total Assets	<u>\$ 171,922</u>	<u>\$ 135,734</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 1,806	\$ 5,531
Payroll taxes payable	6,396	3,663
Deferred Revenue	17,227	3,515
Total Liabilities	<u>25,429</u>	<u>12,709</u>
Net Assets		
Unrestricted	122,493	90,025
Temporarily restricted	24,000	33,000
Total Net Assets	<u>146,493</u>	<u>123,025</u>
Total Liabilities and Net Assets	<u>\$ 171,922</u>	<u>\$ 135,734</u>

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statement of Activities
Years Ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenue:		
Program revenue	\$ 99,267	\$ 79,714
Ticket sales	26,844	21,030
Public support		
Individual	107,520	114,284
Corporate	15,628	11,550
In kind	13,185	17,118
Grants/foundations	74,330	66,943
Advertising	3,960	5,406
Change in beneficial interest in trust	3,289	(2,778)
Other income	543	2,816
Total operating revenue	<u>344,566</u>	<u>316,083</u>
 Operating Expenses:		
Program expenses	246,740	230,358
Fundraising	39,493	11,949
Administrative	34,865	14,153
Total operating expenses	<u>321,098</u>	<u>256,460</u>
 Change in Net Assets	 23,468	 59,623
 Net Assets, Beginning	 123,025	 63,402
 Net Assets, Ending	 <u>\$ 146,493</u>	 <u>\$ 123,025</u>

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Statement of Cash Flows
Years Ended August 31, 2016 and 2015

	2016	2015
Cash Flow From Operating Activities:		
Change in net assets	\$ 23,468	\$ 59,623
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in:		
Accounts receivable	2,757	(1,155)
Prepaid expenses	(968)	1,900
Beneficial interest in trust	(35,504)	(19,222)
Increase (decrease) in:		
Accounts payable	(3,725)	5,111
Payroll taxes payable	2,733	(337)
Deferred revenues	13,712	(31,217)
	<u>2,473</u>	<u>14,703</u>
Net Cash Provided by Operating Activities		
	<u>2,473</u>	<u>14,703</u>
Net Increase in Cash		
	<u>80,829</u>	<u>66,126</u>
Cash, Beginning		
	<u>\$ 83,302</u>	<u>\$ 80,829</u>
Cash, Ending		
	<u>\$ 83,302</u>	<u>\$ 80,829</u>

See accompanying notes and independent accountant's review report.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Notes to Financial Statements
August 31, 2016

Summary of Significant Accounting Policies

Date of Management's Review

Management has evaluated subsequent events through September 30, 2016, 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. The restrictions on prior year temporarily restricted assets of \$33,000 have been reclassified. In the current period, restrictions of \$48,450 of a total of \$72,450 received have been included in unrestricted net assets. 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, 2016

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, 2016, the estimated value of the funds held by GWCF on behalf of the Organization is \$81,725. 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, 2016 and 2015 was \$60,293 and \$49,933 respectively.

WORCESTER CHAMBER MUSIC SOCIETY, INC.
Notes to Financial Statements
August 31, 2016

Rent

The Organization rents space in Worcester, Massachusetts as a tenant at will at approximately \$5,000 per year.

Property and Equipment

The Organization's policy is to capitalize expenditures for property and equipment with costs in excess of \$1,000, or as determined in specific instances. As of August 31, 2016, 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 and programming is recognized in the period in which the performance is given. As of August 31, 2016, revenues for future performances and programs, shown as deferred revenue, totaled \$17,227.

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, 2016

	<u>Programming</u>	<u>Fundraising</u>	<u>Administrative</u>	<u>Total</u>
Payroll expenses	\$ 112,800	\$ 5,122	\$ 14,205	\$ 132,127
Financial aid awards	6,240	-	-	6,240
Professional fees	-	-	9,831	9,831
Professional development	270	150	-	420
Insurance	1,998	240	1,045	3,283
Postage and delivery	1,162	768	377	2,307
Rent	3,815	954	1,911	6,680
Telephone	-	-	119	119
Utilities	-	-	633	633
Supplies	4,519	1,964	3,590	10,073
Program expense	1,067	-	-	1,067
Artist fees/contract labor	39,655	325	2,348	42,328
Advertising and marketing	50,726	7,440	636	58,802
Venue Rental	21,818	-	-	21,818
Credit card processing fees	720	294	2	1,016
Fundraising	1,412	22,236	-	23,648
Filing fees	75	-	144	219
Travel	453	-	-	453
Other expenses	10	-	24	34
	<u>\$ 246,740</u>	<u>\$ 39,493</u>	<u>\$ 34,865</u>	<u>\$ 321,098</u>

See independent accountant's review report.

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.