

Friends of the Minnesota Sinfonia
Minneapolis, Minnesota

Financial Statements
Independent Accountant's Review Report
For the Years Ended
September 30, 2010 and 2009

Carpenter *Evert*
Certified Public Accountants



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Carpenter *Evert*

Independent Accountant's Review Report

Board of Directors
Friends of the Minnesota Sinfonia
Minneapolis, Minnesota

We have reviewed the accompanying statement of financial position of the Friends of the Minnesota Sinfonia as of September 30, 2010 and 2009, and the related statements of activities, functional expense and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Friends of the Minnesota Sinfonia.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Certified Public Accountants

Minneapolis, Minnesota
November 22, 2010

FRIENDS OF THE MINNESOTA SINFONIA
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 116,182	\$ 105,653	\$ 221,835	\$ 212,398	\$ 54,400	\$ 266,798
Government Grants	31,173	-	31,173	15,333	-	15,333
Individuals	41,021	-	41,021	38,007	-	38,007
Program Service Fees	11,675	-	11,675	13,144	-	13,144
Other Income	964	-	964	1,313	-	1,313
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	104,553	(104,553)	-	80,000	(80,000)	-
Total Support and Revenue	305,568	1,100	306,668	360,195	(25,600)	334,595
Expense:						
Program Services	269,420	-	269,420	287,515	-	287,515
Support Services:						
Management and General	41,254	-	41,254	35,027	-	35,027
Fundraising	19,792	-	19,792	10,195	-	10,195
Total Support Services	61,046	-	61,046	45,222	-	45,222
Total All Services	330,466	-	330,466	332,737	-	332,737
Change in Net Assets	(24,898)	1,100	(23,798)	27,458	(25,600)	1,858
Net Assets - Beginning of Year	64,696	54,400	119,096	37,238	80,000	117,238
Net Assets - End of Year	\$ 39,798	\$ 55,500	\$ 95,298	\$ 64,696	\$ 54,400	\$ 119,096

See accompanying Notes to Financial Statements
 and Accountant's Review Report.

EXHIBIT B

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2010				2009	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 40,628	\$ 27,032	\$ 16,162	\$ 43,194	\$ 83,822	\$ 62,880
Payroll Taxes and Employee Benefits	3,331	2,216	1,325	3,541	6,872	4,964
Total Personnel Costs	43,959	29,248	17,487	46,735	90,694	67,844
Artistic Contract Services	157,636	-	-	-	157,636	181,647
Advertising and Public Relations	26,964	-	-	-	26,964	20,724
Professional Fees and Contract Services	3,520	7,155	-	7,155	10,675	17,476
Printing, Postage and Office Supplies	12,859	1,068	639	1,707	14,566	14,597
Rent	11,282	1,673	1,001	2,674	13,956	12,864
Travel	11,297	163	-	163	11,460	10,182
Equipment Rental and Maintenance	700	158	-	158	858	4,301
Insurance	1,203	800	479	1,279	2,482	2,358
Other	-	193	186	379	379	253
Music Program Development	-	305	-	305	305	-
Depreciation	-	491	-	491	491	491
Total Expense	\$ 269,420	\$ 41,254	\$ 19,792	\$ 61,046	\$ 330,466	\$ 332,737

See accompanying Notes to Financial Statements
and Accountant's Review Report.

EXHIBIT C

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Total Program Services	Support Services			Total Support Services	Total All Services
		Management & General	Fund- raising			
	\$	\$	\$	\$	\$	\$
Salaries	36,440	17,608	8,832	26,440	62,880	
Payroll Taxes and Employee Benefits	3,078	1,241	645	1,886	4,964	
Total Personnel Costs	<u>39,518</u>	<u>18,849</u>	<u>9,477</u>	<u>28,326</u>	<u>67,844</u>	
Artistic Contract Services	181,647	-	-	-	181,647	
Advertising and Public Relations	20,724	-	-	-	20,724	
Professional Fees and Contract Services	7,326	10,150	-	10,150	17,476	
Printing, Postage and Office Supplies	13,740	564	293	857	14,597	
Rent	11,890	641	333	974	12,864	
Travel	10,010	113	59	172	10,182	
Equipment Rental and Maintenance	2,503	1,798	-	1,798	4,301	
Insurance	-	2,358	-	2,358	2,358	
Other	157	63	33	96	253	
Music Program Development	-	-	-	-	-	
Depreciation	-	491	-	491	491	
Total Expense	<u>\$ 287,515</u>	<u>\$ 35,027</u>	<u>\$ 10,195</u>	<u>\$ 45,222</u>	<u>\$ 332,737</u>	

See accompanying Notes to Financial Statements
and Accountant's Review Report.

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash	\$ 91,687	\$ 107,075
Prepaid Expenses	3,442	11,361
Total Current Assets	<u>95,129</u>	<u>118,436</u>
Property and Equipment - Net	<u>169</u>	<u>660</u>
TOTAL ASSETS	<u>\$ 95,298</u>	<u>\$ 119,096</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ -	\$ -
Net Assets:		
Unrestricted	39,798	64,696
Temporarily Restricted	55,500	54,400
Total Net Assets	<u>95,298</u>	<u>119,096</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 95,298</u>	<u>\$ 119,096</u>

See accompanying Notes to Financial Statements
and Accountant's Review Report.

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (23,798)	\$ 1,858
Total Adjustments	<u>8,410</u>	<u>(12,956)</u>
Net Cash (Used) by Operating Activities	(15,388)	(11,098)
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net (Decrease) in Cash	(15,388)	(11,098)
Cash - Beginning of Year	<u>107,075</u>	<u>118,173</u>
Cash - End of Year	<u>\$ 91,687</u>	<u>\$ 107,075</u>

See accompanying Notes to Financial Statements
and Accountant's Review Report.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

1. Summary of Significant Accounting Policies

Organizational Purpose

Friends of the Minnesota Sinfonia (The Sinfonia) is a Minnesota nonprofit corporation. The Sinfonia is a nonprofit professional chamber orchestra that provides concerts and informal performances for people of all ages, social and economic backgrounds and degrees of familiarity with music as well as educational services for our inner-city public schools. The Sinfonia is dedicated to offering free, accessible concerts and informational education programs that foster and nurture the enjoyment of music. To accomplish this mission, the Sinfonia participates in the following programs:

Music in the Schools – Performances for students in the Minneapolis and St. Paul public elementary schools. This program is curriculum-based and relates the orchestra presentation to core academics. The programs integrate classroom studies of math, literature, science, social studies and/or history with the music, and demonstrate mutual influences. The programs are sensitive to the multi-cultural makeup of the student population, and to the particular needs of the children.

Community Concerts – Free concerts at various settings, such as parks, malls and public buildings. The programs contain a wide variety of repertoire, ranging from ragtime to light classics, and include Broadway show tunes, waltzes and marches. The programs are designed as family entertainment, and often are the first exposure many children have to quality concert music.

The Great Musical Festival – Comprised of two series – *The Great Winter Festival* and *The Great Summer Festival*. Winter/spring performances take place on Saturday or Sunday afternoons at the Basilica of Saint Mary in Minneapolis, Friday evenings at Metropolitan State University in St. Paul, as well as additional other neighborhood sites– locations that accessible and convenient for the targeted audiences. Summer venues are outdoor settings in two or the Twin Cities most appealing and picturesque public parts. These concerts make up the major “classical” series of The Sinfonia. The music is selected to appeal to a broad spectrum of the community. These concerts are designed for the entire family. Children are welcome and their attendance is encouraged.

The Young Artist Competition – A regional string competition for music students up to age 21. It affords young musicians the chance to compete in a true, yet friendly, environment with rewards to those who do well. The senior division winner receives a \$500 cash prize and a solo performance with the orchestra during a Great Winter Festival concert series. The junior division winner is awarded solo performances during the orchestra's next set of Holiday concerts.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to The Sinfonia, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and purpose. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of The Sinfonia resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Cash and Cash Equivalents

The Sinfonia defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Property and Equipment

All major expenditures for property and equipment greater than \$250 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded when received and recognized as support in the period pledged. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statement of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Unconditional promises receivable are recorded as revenue in the period they are received. Conditional promises receivables are recorded in the period when the conditions on which they are based are met.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, The Sinfonia will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and estimates. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

Income Tax

The Sinfonia has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

Risks and Uncertainties

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.

Reclassifications

Certain expenses in prior year comparative totals have been reclassified to conform with the presentation for current year financial statements.

Subsequent Events

The Sinfonia has evaluated the effect that subsequent events would have on the financial statements through November 22, 2010, which is the date financial statements were available to be issued.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

2. Significant Concentrations of Credit Risk

The Sinfonia provides services within the Twin Cities area. Grants and contributions receivable are from local individuals or institutions.

3. Property and Equipment

The Sinfonia owned the following assets as of:

	<u>September 30,</u>		<u>Estimated Useful Lives</u>
	<u>2010</u>	<u>2009</u>	
Equipment	\$ 6,749	\$ 6,749	3 – 5 years
Less Accumulated Depreciation	<u>6,580</u>	<u>6,089</u>	
	<u>\$ 169</u>	<u>\$ 660</u>	

Depreciation expense of \$491 was recorded for the years ended September 30, 2010 and 2009.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts from the following grants and contributions as of:

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Winter Concert Series	\$ 30,000	\$ -
Music in the Schools	<u>25,500</u>	<u>54,400</u>
	<u>\$ 55,000</u>	<u>\$ 54,400</u>

5. Leased Facilities

Rental commitments under noncancelable leases for office space in effect at September 30, 2010, total \$1,135. The future annual rental commitments are as follows:

<u>Due in the Year Ending August 31,</u>	
2011	\$ 1,135

Rental expense was \$2,674 and \$2,564 for the years ended September 30, 2010 and 2009, respectively.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

6. In-kind Contributions

The Sinfonia records in-kind contributions at fair market value at date of donation. In-kind contributions included the following as of:

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Professional Services	\$ 15,302	\$ 4,800
Venue Rental	10,300	10,300
	<u>\$ 25,602</u>	<u>\$ 15,100</u>

7. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Depreciation Expense	\$ 491	\$ 491
Increases (Decreases) in Current Liabilities:		
Accrued Payroll Taxes	-	(2,086)
Decreases (Increases) in Current Assets:		
Prepaid Expenses	7,919	(11,361)
Total Adjustments	<u>\$ 8,410</u>	<u>\$ (12,956)</u>