

Friends of the Minnesota Sinfonia
Minneapolis, Minnesota

Financial Statements
Independent Accountant's Review Report
For the Years Ended
September 30, 2019 and 2018



CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Review Report

Board of Directors
Friends of the Minnesota Sinfonia
Minneapolis, Minnesota

We have reviewed the accompanying financial statements of Friends of the Minnesota Sinfonia, which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expense, 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, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, Ltd.

Certified Public Accountants

Minneapolis, Minnesota
January 15, 2020

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions	\$ 326,175	\$ 106,000	\$ 432,175	\$ 333,201	\$ 124,400	\$ 457,601
Government Grants	10,000	108,945	118,945	-	105,158	105,158
Program Service Fees	3,675	-	3,675	31,290	-	31,290
Other Income	10	-	10	10	-	10
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	46,711	(46,711)	-	-	-	-
Satisfaction of Program Restrictions	75,598	(75,598)	-	182,307	(182,307)	-
Total Support and Revenue	462,169	92,636	554,805	546,808	47,251	594,059
Expense:						
Program Services	427,687	-	427,687	501,529	-	501,529
Support Services:						
Management and General	20,250	-	20,250	32,970	-	32,970
Fundraising	10,501	-	10,501	13,567	-	13,567
Total Support Services	30,751	-	30,751	46,537	-	46,537
Total All Services	458,438	-	458,438	548,066	-	548,066
Change in Net Assets	3,731	92,636	96,367	(1,258)	47,251	45,993
Net Assets - Beginning of Year	140,528	141,111	281,639	141,786	93,860	235,646
Net Assets - End of Year	\$ 144,259	\$ 233,747	\$ 378,006	\$ 140,528	\$ 141,111	\$ 281,639

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

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

	2019				2018	
	Total Program Services	Support Services		Total Support Services	Total All Services	Total All Services
		Management & General	Fund- raising			
Salaries	\$ 50,429	\$ 6,376	\$ 1,159	\$ 7,535	\$ 57,964	\$ 91,047
Payroll Taxes and Employee Benefits	4,592	581	106	687	5,279	6,488
Total Personnel Costs	55,021	6,957	1,265	8,222	63,243	97,535
Artistic Contract Services	316,884	-	-	-	316,884	364,481
Professional Fees and Contract Services	13,324	10,488	6,663	17,151	30,475	24,744
Printing, Postage and Office Supplies	17,386	2,198	400	2,598	19,984	15,716
Rent	15,921	406	74	480	16,401	16,071
Advertising and Public Relations	5,857	-	-	-	5,857	3,917
Other	-	-	2,062	2,062	2,062	4,050
Insurance	1,593	201	37	238	1,831	2,249
Travel	1,701	-	-	-	1,701	19,303
Total Expense	<u>\$ 427,687</u>	<u>\$ 20,250</u>	<u>\$ 10,501</u>	<u>\$ 30,751</u>	<u>\$ 458,438</u>	<u>\$ 548,066</u>

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

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salaries	\$ 73,748	\$ 10,926	\$ 6,373	\$ 17,299	\$ 91,047
Payroll Taxes and Employee Benefits	5,255	779	454	1,233	6,488
Total Personnel Costs	79,003	11,705	6,827	18,532	97,535
Artistic Contract Services	364,481	-	-	-	364,481
Professional Fees and Contract Services	4,835	18,709	1,200	19,909	24,744
Printing, Postage and Office Supplies	12,730	1,886	1,100	2,986	15,716
Rent	15,438	400	233	633	16,071
Advertising and Public Relations	3,917	-	-	-	3,917
Other	-	-	4,050	4,050	4,050
Insurance	1,822	270	157	427	2,249
Travel	19,303	-	-	-	19,303
Total Expense	<u>\$ 501,529</u>	<u>\$ 32,970</u>	<u>\$ 13,567</u>	<u>\$ 46,537</u>	<u>\$ 548,066</u>

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

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash Equivalents	\$ 310,473	\$ 192,047
Grants Receivable	63,882	74,772
Prepaid Expenses	<u>3,651</u>	<u>14,820</u>
Total Current Assets	378,006	281,639
Property and Equipment - Net	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 378,006</u>	<u>\$ 281,639</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
None	\$ -	\$ -
Net Assets:		
Without Donor Restrictions:		
Board Designated - Operating Reserve	34,031	34,031
Undesignated	<u>110,228</u>	<u>106,497</u>
Total Net Assets Without Donor Restrictions	144,259	140,528
With Donor Restrictions	<u>233,747</u>	<u>141,111</u>
Total Net Assets	<u>378,006</u>	<u>281,639</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 378,006</u>	<u>\$ 281,639</u>

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

FRIENDS OF THE MINNESOTA SINFONIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 96,367	\$ 45,993
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:		
Decreases (Increases) in Current Assets:		
Grants Receivable	10,890	(15,701)
Prepaid Expenses	11,169	(10,772)
Increases (Decreases) in Current Liabilities:		
Payroll Tax Liabilities	-	(12,495)
Net Cash Provided by Operating Activities	<u>118,426</u>	<u>7,025</u>
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash	118,426	7,025
Cash and Cash Equivalents - Beginning of Year	<u>192,047</u>	<u>185,022</u>
Cash and Cash Equivalents - End of Year	<u>\$ 310,473</u>	<u>\$ 192,047</u>

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

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

1. Summary of Significant Accounting Policies

Organizational Purpose

Friends of the Minnesota Sinfonia (The Sinfonia) is a Minnesota nonprofit corporation. The Sinfonia is a professional chamber orchestra with its mission being to serve the musical and educational needs of the citizens of Minnesota with primary emphasis given to families with young children, seniors, those with limited financial means and inner-city youth. To further its goals of community service, all concerts are offered free of admission charges, and children are welcome and their attendance encouraged to all performances. To accomplish this mission, The Sinfonia participates in the following programs:

Music in the Schools – Music in the Schools (MIS) is a curriculum-based program that takes the entire 27 member professional Minnesota Sinfonia into inner-city Minneapolis and St. Paul public schools, all at no charge to the districts or students. MIS ties music content to the students' ongoing studies of core academics with a three-month pre-concert curriculum, and culminates with a "Sinfonia Day" that includes classroom visits from musicians to the classrooms and two concerts at each school. MIS uses state educational benchmarks to develop age-appropriate and culturally sensitive curriculums that are relevant to the children we serve, and actively involve them in learning their core subjects and music.

Community Concerts – Community Concerts take place during the holidays and summer months and are performed in a variety of readily accessible and familiar community locations. The repertoire is on the lighter side, and features Broadway show tunes, music from the movies, familiar classics, waltzes, polkas, marches and more. Community concerts are designed as family-friendly events that appeal to all ages and demographics, and are often the first exposure to quality concert music for many of our community's children.

Winter and Summer Concert Series – The Winter and Summer Concert Series are The Sinfonia's "classical" offerings, and the artistic focus of the organization. Performances take place in convenient and easily accessible Minneapolis and St. Paul neighborhood settings. These concerts feature great orchestral repertoire, and locally and internationally renowned soloists.

Programs for Talented Youth – Includes the Young Artist Competition and Young Composers' Contest both of which are regional contests for area students up to the age of 19 who compete to win cash prizes, solo appearances and have their works performed by The Sinfonia; and the Youth Outreach week for 50 students who rehearse and perform along side The Sinfonia musicians as part of the July Summer Concert Series Weekend.

Children's Concerts - Children's Concerts are exciting educational programs, where the children not only learn about great music, but also have great fun doing so. These concerts are offered at venues such as John A Johnson elementary school in St Paul, North Commons and Webber Parks in Minneapolis.

Greater Minnesota Touring - The Sinfonia brings classical and lighter concert programs and educational services to greater Minnesota communities, nearly all of which are not served by the region's other major professional orchestras.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Sinfonia has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for the periods ended September 30, 2019 and 2018, as required.

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:

Net Assets Without Donor Restrictions – Net assets that are not donor restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment are reported as net assets without donor restrictions.

Net Assets With Donor Restrictions – 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.

Promises-To-Give (Grants and Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Property and Equipment

All major expenditures for property and equipment greater than \$600 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.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

Grants and Contributions (including Government Grants)

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 with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net asset without donor restrictions 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 receivable are recorded in the period when the conditions on which they are based are met.

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 and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Sinfonia's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Sinfonia 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. In compliance with its exempt status, The Sinfonia annually files a Return of Organization Exempt From Income Tax (Form 990).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Sinfonia has evaluated the effect that subsequent events would have on the financial statements through January 15, 2020, which is the date financial statements were available to be issued.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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>		Estimated
	<u>2019</u>	<u>2018</u>	<u>Useful Lives</u>
Equipment	\$ 1,149	\$ 1,149	3 – 5 years
Less Accumulated Depreciation	<u>1,149</u>	<u>1,149</u>	
	<u>\$ -</u>	<u>\$ -</u>	

Depreciation expense of \$-0- was recorded for both the years ended September 30, 2019 and 2018.

4. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of:

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Music in the Schools	\$ 53,695	\$ 24,400
St. Paul Concerts	50,000	-
New Works	35,000	70,000
Touring	13,465	-
Subject to passage of time:		
Future Operating Support	<u>81,587</u>	<u>46,711</u>
	<u>\$ 233,747</u>	<u>\$ 141,111</u>

5. Leased Facilities and Equipment

Rental commitments under noncancelable leases for office space and equipment in effect at September 30, 2019, total \$15,173. The future annual rental commitments are as follows:

<u>Due in the Year Ending September 30,</u>	
2020	\$ 7,411
2021	6,226
2022	<u>1,536</u>
	<u>\$ 15,173</u>

Rental expense for the office space was \$3,688 and \$3,333 for the years ended September 30, 2019 and 2018, respectively.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

6. Board Designated Operating Reserve

The Board of Directors has established an operating reserve fund. The purpose of the fund is to ensure the stability of the mission, programs, employment, and ongoing operations of The Sinfonia.

7. 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:

	September 30,	
	2019	2018
Artistic Services	\$ 85,000	\$ 85,000
Venue Rental	<u>9,829</u>	<u>9,829</u>
	<u>\$ 94,829</u>	<u>\$ 94,829</u>

8. Liquidity and Availability

The following represents The Sinfonia's financial assets at September 30, 2019:

Financial Assets:	
Cash	\$ 310,473
Grants Receivable	<u>63,882</u>
Total Financial Assets	374,355
Less: Assets not available to be used within one year:	
Board Designated Reserve	34,031
Net Assets With Donor Restrictions	233,747
Net Assets With Restrictions to be met within a year	<u>(233,747)</u>
Total Assets not available to be used within one year	<u>34,031</u>
Financial assets available for general expenditures within one year	<u>\$ 340,324</u>

The Sinfonia has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. Although The Sinfonia does not intend to spend from the Board Designated Reserve, these amounts can be made available if necessary.

As part of The Sinfonia's liquidity plan, The Sinfonia has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

FRIENDS OF THE MINNESOTA SINFONIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

9. Grants Receivable

The outstanding balance of \$63,882 for grants receivable at September 30, 2019, is expected to be collected in the subsequent fiscal year.

The balance of grants receivable is due from a Foundation and Governmental Agency. All balances are considered collectable.

10. Advertising Costs

The Sinfonia uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the years ended September 30, 2019 and 2018 was \$5,857 and \$3,917, respectively.