

# **Friends of the Minnesota Sinfonia**

Minneapolis, Minnesota

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Financial Statements  
Independent Accountant's Review Report  
For the Years Ended  
September 30, 2020 and 2019



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, 2020 and 2019, 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  
May 24, 2021

FRIENDS OF THE MINNESOTA SINFONIA  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions	\$ 260,972	\$ 135,800	\$ 396,772	\$ 326,175	\$ 106,000	\$ 432,175
Government Grants	11,103	16,194	27,297	10,000	108,945	118,945
Program Service Fees	9,175	-	9,175	3,675	-	3,675
Other Income	13	-	13	10	-	10
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	80,843	(80,843)	-	46,711	(46,711)	-
Satisfaction of Program Restrictions	247,160	(247,160)	-	75,598	(75,598)	-
Total Support and Revenue	609,266	(176,009)	433,257	462,169	92,636	554,805
Expense:						
Program Services	379,471	-	379,471	427,687	-	427,687
Support Services:						
Management and General	19,588	-	19,588	20,250	-	20,250
Fundraising	9,546	-	9,546	10,501	-	10,501
Total Support Services	29,134	-	29,134	30,751	-	30,751
Total All Services	408,605	-	408,605	458,438	-	458,438
Change in Net Assets	200,661	(176,009)	24,652	3,731	92,636	96,367
Net Assets - Beginning of Year	144,259	233,747	378,006	140,528	141,111	281,639
Net Assets - End of Year	\$ 344,920	\$ 57,738	\$ 402,658	\$ 144,259	\$ 233,747	\$ 378,006

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, 2020  
WITH COMPARATIVE TOTALS FOR 2019

	2020				2019	
	Support Services					
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 45,730	\$ 5,782	\$ 1,051	\$ 6,833	\$ 52,563	\$ 57,964
Payroll Taxes and Employee Benefits	3,834	485	88	573	4,407	5,279
Total Personnel Costs	49,564	6,267	1,139	7,406	56,970	63,243
Artistic Contract Services	282,431	-	-	-	282,431	316,884
Professional Fees and Contract Services	5,370	9,155	5,943	15,098	20,468	30,475
Rent	13,895	389	71	460	14,355	16,401
Printing, Postage and Office Supplies	10,725	1,356	247	1,603	12,328	19,984
Travel	11,213	-	-	-	11,213	1,701
Insurance	3,671	464	84	548	4,219	1,831
Other	-	1,957	2,062	4,019	4,019	2,062
Advertising and Public Relations	2,602	-	-	-	2,602	5,857
Total Expense	<u>\$ 379,471</u>	<u>\$ 19,588</u>	<u>\$ 9,546</u>	<u>\$ 29,134</u>	<u>\$ 408,605</u>	<u>\$ 458,438</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, 2019

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

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

FRIENDS OF THE MINNESOTA SINFONIA  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 400,229	\$ 310,473
Grants Receivable	2,429	63,882
Prepaid Expenses	-	3,651
Total Current Assets	<u>402,658</u>	<u>378,006</u>
Property and Equipment - Net	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 402,658</u></u>	<u><u>\$ 378,006</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
None	\$ -	\$ -
Net Assets:		
Without Donor Restrictions:		
Board Designated - Operating Reserve	34,031	34,031
Undesignated	310,889	110,228
Total Net Assets Without Donor Restrictions	<u>344,920</u>	<u>144,259</u>
With Donor Restrictions	57,738	233,747
Total Net Assets	<u>402,658</u>	<u>378,006</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 402,658</u></u>	<u><u>\$ 378,006</u></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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 24,652	\$ 96,367
Adjustments to Reconcile Change in Net Assets to		
Cash Provided (Used) by Operating Activities:		
Decreases (Increases) in Current Assets:		
Grants Receivable	61,453	10,890
Prepaid Expenses	3,651	11,169
Increases (Decreases) in Current Liabilities:		
None	-	-
Net Cash Provided by Operating Activities	<u>89,756</u>	<u>118,426</u>
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash	89,756	118,426
Cash and Cash Equivalents - Beginning of Year	<u>310,473</u>	<u>192,047</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 400,229</u></u>	<u><u>\$ 310,473</u></u>

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



FRIENDS OF THE MINNESOTA SINFONIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

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, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

The Sinfonia has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* as management believes the standards improve the usefulness and understandability of the The Sinfonia's financial reporting.

The Sinfonia has also adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Analysis of various provisions of this standard resulted in no significant changes in the way the The Sinfonia recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Both ASU's have been applied retrospectively for the periods ended September 30, 2020 and 2019.

Net Assets

Net Assets, revenues, gains, and losses are classified based on the existence or absence of donor-or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-or grantor-imposed restrictions. The board has designated, from net assets without donor restrictions, net assets for Board Designated – Operating Reserve.

Net Assets with Donor Restrictions – Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Sinfonia reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 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.

FRIENDS OF THE MINNESOTA SINFONIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

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.

Revenue and Revenue Recognition

The Sinfonia recognizes program service revenue from performances when the specific performance obligations in the specific contracts and agreements are met. Amounts received for performances in advance are recorded as deferred revenue. The Sinfonia recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. A portion of the The Sinfonia's revenue is derived from cost-reimbursable government grants, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The Sinfonia received a PPP loan in the year ended September 30, 2020 and recorded it as a conditional grant. The Sinfonia met the conditions of the grant and is included as part of the government grants.

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.

FRIENDS OF THE MINNESOTA SINFONIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

The Sinfonia has evaluated the effect that subsequent events would have on the financial statements through May 24, 2021, which is the date financial statements were available to be issued.

2. Significant Concentrations of Credit Risk

The Sinfonia provides services primarily 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</u>
	<u>2020</u>	<u>2019</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, 2020 and 2019.

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>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
St. Paul Concerts	\$ 25,000	\$ 50,000
Arts Access	17,994	-
New Works	10,000	35,000
Future Concerts	4,000	-
Music in the Schools	-	53,695
Touring	-	13,465
Subject to passage of time:		
Future Operating Support	744	81,587
	<u>\$ 57,738</u>	<u>\$ 233,747</u>

FRIENDS OF THE MINNESOTA SINFONIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

5. Leased Facilities and Equipment

Rental commitments under noncancelable leases for office space and equipment in effect at September 30, 2020, total \$7,761. The future annual rental commitments are as follows:

<u>Due in the Year Ending September 30,</u>	
2021	\$ 6,226
2022	<u>1,535</u>
	<u>\$ 7,761</u>

Rental expense for the office space was \$3,536 and \$3,688 for the years ended September 30, 2020 and 2019, respectively.

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:

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
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. Grants Receivable

The outstanding balance of \$2,429 for grants receivable at September 30, 2020, 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.

9. Advertising Costs

The Sinfonia uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the years ended September 30, 2020 and 2019 was \$2,602 and \$5,857, respectively.

FRIENDS OF THE MINNESOTA SINFONIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

10. Liquidity and Availability

The following represents The Sinfonia's financial assets as of:

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 400,229	\$ 310,473
Grants Receivable	<u>2,429</u>	<u>63,882</u>
Total Financial Assets	402,658	374,355
Less amounts not available to be used within one year:		
Board Designated - Operating Reserve	34,031	34,031
Net Assets with Donor Restrictions	57,738	233,747
Net Assets with Restrictions to be met within a year	<u>(57,738)</u>	<u>(233,747)</u>
Total Amounts not available within one year	<u>34,031</u>	<u>34,031</u>
Financial Assets available for general expenditures		
Within one year	<u>\$ 368,627</u>	<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.