

TALLAHASSEE SYMPHONY ORCHESTRA, INC.
Tallahassee, Florida

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended May 31, 2011

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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

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LINDA V. SIMPSON, C.P.A.
JOHN K. KIRK, C.P.A.

OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Tallahassee Symphony Orchestra, Inc.
Tallahassee, Florida

We have audited the accompanying statement of financial position of the Tallahassee Symphony Orchestra, Inc. (a nonprofit organization) as of May 31, 2011 and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Orchestra's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tallahassee Symphony Orchestra, Inc. as of May 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Thomson Brock Luger & Company

August 29, 2012

TALLAHASSEE SYMPHONY ORCHESTRA, INC.
STATEMENT OF FINANCIAL POSITION
May 31, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 302,517
Certificates of deposit	135,752
Accounts receivable	3,165
Prepaid assets	<u>2,140</u>
TOTAL CURRENT ASSETS	443,574

NON-CURRENT ASSETS

Property and equipment, net	3,959
Other assets	<u>1,200</u>
	<u>5,159</u>
	\$ <u>448,733</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,800
Deferred revenue - ticket sales	<u>87,323</u>
TOTAL CURRENT LIABILITIES	92,123

NET ASSETS

Unrestricted	<u>356,610</u>
	\$ <u>448,733</u>

See accompanying notes.

TALLAHASSEE SYMPHONY ORCHESTRA, INC.
STATEMENT OF ACTIVITIES
Year Ended May 31, 2011

OPERATING REVENUE	
Season subscriptions	\$ 164,900
Individual ticket sales	86,925
Underwriting	49,550
Advertising	11,101
Other operating income	4,833
Interest income	<u>697</u>
TOTAL OPERATING REVENUE	318,006
Operating expenses:	
Production costs	326,581
Supporting services:	
General and administrative	<u>143,201</u>
TOTAL OPERATING EXPENSES	<u>469,782</u>
LOSS FROM OPERATIONS	(151,776)
SUPPORT AND OTHER	
Contributions	119,945
Grants	<u>64,875</u>
	184,820
Fundraising income	25,072
Fundraising expenses	(<u>12,557</u>)
	<u>12,515</u>
CHANGE IN NET ASSETS	45,559
BEGINNING NET ASSETS	<u>311,051</u>
ENDING NET ASSETS	\$ <u><u>356,610</u></u>

See accompanying notes.

TALLAHASSEE SYMPHONY ORCHESTRA, INC.
STATEMENT OF CASH FLOWS
Year Ended May 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 45,559
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,303
(Increase) decrease in assets:	
Accounts receivable	8,720
Prepaid expenses	426
Increase (decrease) in liabilities:	
Accounts payable	3,317
Accrued liabilities	(727)
Deferred revenue	<u>37,442</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 96,040
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificates of deposit	(<u>3,851</u>)
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 (<u>3,851</u>)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 92,189
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>210,328</u>
 ENDING CASH AND CASH EQUIVALENTS	 \$ <u><u>302,517</u></u>

See accompanying notes.

TALLAHASSEE SYMPHONY ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2011

NOTE 1 - NATURE OF ACTIVITIES

Tallahassee Symphony Orchestra, Inc. (“the Orchestra”) is a not-for-profit organization formed in 1979 to maintain and develop a resident, professional symphony orchestra, to produce musical performances of the highest artistic quality, and to provide cultural and educational opportunities in the Tallahassee, north Florida, and south Georgia communities. The Orchestra operates at one primary facility and produces performances at several others, as well as operating various educational programs for members of the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Orchestra have been prepared on the accrual basis of accounting.

Basis of Presentation - The Orchestra is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Orchestra's program expenses are shown as production costs in the accompanying statement of activities.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions - Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property and Equipment - Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method.

Acquisitions of property and equipment in excess of \$500 are capitalized. Donated equipment is recorded at fair value at the date of the donation. Purchased equipment is recorded at cost.

TALLAHASSEE SYMPHONY ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue – Ticket Sales - Ticket sales received prior to the fiscal year to which they apply are deferred and not recognized as revenue until the year earned.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

NOTE 3 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less accumulated depreciation and amortization at May 31, 2011:

	Useful Lives		
Office furniture and equipment	5-7 years	\$	27,072
Accumulated depreciation		(23,113)
		\$	3,959

Depreciation expense for the year ending May 31, 2011 amounted to \$1,303.

NOTE 4 - ADVANCE COLLECTIONS OF TICKET SALES

The Orchestra had received \$87,323 at May 31, 2011, on advance ticket sales for the 2011-2012 season. As each production is presented, the portion of the advance sales collections that pertains to that production will be recognized as revenue.

NOTE 5 - INCOME TAX STATUS

The Orchestra is classified as a Section 501(c)(3) Organization under the Federal Internal Revenue Code. As a result, it has been determined to be exempt from federal income taxes.

NOTE 6 – CONCENTRATION OF CREDIT RISKS

The Orchestra maintains its deposits in several financial institutions located in Tallahassee, Florida, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for all accounts at each institution. As of May 31, 2011, the Orchestra has uninsured deposits in the amount of \$78,328.

NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS

The Orchestra has evaluated subsequent events through August 29, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Tallahassee Symphony Orchestra, Inc.
Tallahassee, Florida

We have audited the financial statements of Tallahassee Symphony Orchestra, Inc. as of and for the year ended May 31, 2011, and have issued our report thereon dated August 29, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thomson Brock Luger & Company

August 29, 2012

TALLAHASSEE SYMPHONY ORCHESTRA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended May 31, 2011

	<u>Production Costs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Artistic contract fees	\$ 211,635	\$ -	\$ -	\$ 211,635
Salaries, payroll taxes, and employee benefits	-	86,485	-	86,485
Concert production expenses	74,777	-	-	74,777
Office expenses	-	48,684	-	48,684
Concert program expenses	14,776	-	-	14,776
Performing artists	14,133	-	-	14,133
Publicity and advertising	11,260	-	-	11,260
Fundraising expenses	-	-	9,535	9,535
Bank charges	-	6,729	-	6,729
Season ticket drive	-	-	3,022	3,022
Depreciation expense	-	1,303	-	1,303
	<u>\$ 326,581</u>	<u>\$ 143,201</u>	<u>\$ 12,557</u>	<u>\$ 482,339</u>

See independent auditors' report on supplementary information.