

CHARLESTON SYMPHONY ORCHESTRA LEAGUE, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2019

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WELCH, ROBERTS, AMBURN & HUTTO, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Audit Report

Board of Directors
Charleston Symphony Orchestra League, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Charleston Symphony Orchestra League, Inc. which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charleston Symphony Orchestra League, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MEMBERS, AMERICAN INSTITUTE OF CPAS, SOUTH CAROLINA ASSOCIATION OF CPAS

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Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Special Events and Management and General Expenses are presented for 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.

Welch, Roberts, Amburn & Hutto, LLC

Welch, Roberts, Amburn & Hutto, LLC

Charleston, South Carolina

November 5, 2019

CHARLESTON SYMPHONY ORCHESTRA LEAGUE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

EXHIBIT A

Assets	
Current Assets	
Cash and cash equivalents	\$ 51,100
Accounts receivable	1,600
Inventory	<u>4,108</u>
Total Current Assets	<u>56,808</u>
Total Assets	<u><u>\$ 56,808</u></u>
Liabilities and Net Assets	
Net Assets	
Without donor restrictions	41,726
With donor restrictions	<u>15,082</u>
Total Net Assets	<u>56,808</u>
Total Liabilities and Net Assets	<u><u>\$ 56,808</u></u>

CHARLESTON SYMPHONY ORCHESTRA LEAGUE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Contributions	\$ 7,297	\$ 1,150	\$ 8,447
Special events, net costs of \$232,545	227,269	-	227,269
Memberships	9,350	-	9,350
Cookbook sales, net cost of goods sold of \$2,429	1,689	-	1,689
Interest income	24	-	24
Net assets released from restrictions	5,323	(5,323)	-
Total Revenue and Support	<u>250,952</u>	<u>(4,173)</u>	<u>246,779</u>
Expenses			
Program Services			
Contributions to Charleston Symphony Orchestra	185,000	-	185,000
Scholarships	33,755	-	33,755
Total Program Services	<u>218,755</u>	<u>-</u>	<u>218,755</u>
Supporting Services			
Management and general	41,207	-	41,207
Total Supporting services	<u>41,207</u>	<u>-</u>	<u>41,207</u>
Total Expenses	<u>259,962</u>	<u>-</u>	<u>259,962</u>
Change in Net Assets	(9,010)	(4,173)	(13,183)
Net Assets at Beginning of Year	<u>50,736</u>	<u>19,255</u>	<u>69,991</u>
Net Assets at End of Year	<u>\$ 41,726</u>	<u>\$ 15,082</u>	<u>\$ 56,808</u>

CHARLESTON SYMPHONY ORCHESTRA LEAGUE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C

Cash Flows From Operating Activities:	
Changes in Net Assets	\$ (13,183)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Accounts receivable	(1,600)
Inventory	6,985
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Net Cash Used in by Operating Activities	(7,798)
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Net Change in Cash	(7,798)
Cash, Beginning of Year	58,898
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Cash, End of Year	\$ 51,100
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CHARLESTON SYMPHONY ORCHESTRA LEAGUE, INC.
SUPPLEMENATRY INFORMATION ON SPECIAL EVENTS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT D

	2019
Designer Showcase	\$ 234,382
Less direct expenses	<u>(150,900)</u>
Total Designer Showcase	83,482
Car Sponsorship	86,606
Less direct expenses	<u>(42,555)</u>
Total Car Sponsorship	44,051
House Tour	62,815
Less direct expenses	<u>(13,141)</u>
Total House Tour	49,674
Pursuit of the Podium	2,151
Less direct expenses	<u>(1,037)</u>
Total Pursuit of the Podium	1,114
Gala	57,545
Less direct expenses	<u>(19,044)</u>
Total Gala	38,501
Revels	13,865
Less direct expenses	<u>(3,376)</u>
Total Revels	10,489
May Luncheon	2,450
Less direct expenses	<u>(2,492)</u>
Total May Luncheon	(42)
Net Special Event Revenue	459,814
Net Special Event Direct Expenses	<u>(232,545)</u>
Net Special Events	<u><u>\$ 227,269</u></u>

CHARLESTON SYMPHONY ORCHESTRA LEAGUE, INC.
SUPPLEMENATRY INFORMATION ON MANAGEMENT AND GENERAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT E

Management and General Expenses		
Bank and credit card fees	\$	10,725
Insurance		6,120
Supplies		5,972
Rent		5,293
Professional fees		3,914
Marketing		3,000
Printing		2,691
Miscellaneous		2,386
Postage		1,106
		<hr/>
Total Management and General Expenses		<u>41,207</u>

CHARLESTON SYMPHONY ORCHESTRA LEAGUE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies

- a. **Nature of Activities** – Charleston Symphony Orchestra League, Inc. is a nonprofit organization dedicated to supporting the Charleston Symphony Orchestra through music education programs, audience development, and financial assistance. The Organization raises funds primarily by holding fundraising events in the Charleston area of South Carolina.
- b. **Basis of Accounting** - The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.
- c. **Basis of Presentation** - The financial statements of the Organization have been prepared according to the FASB issued Accounting Standard Update 2016-14, Not-for Profit (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This was meant to improve the presentation of financial statements and disclosures of not-for-profit organizations by providing more relevant information about their resources and changes in those resources to their donors, grantors, creditors and other users. The new guidance requires not-for-profit entities to present the amount for each of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.

The Organization's financial statements have been prepared to reflect the new update by reporting information regarding its financial position and activities according to net assets without donor restrictions and net assets with donor restrictions. Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's board of directors.

- d. **Revenue Recognition** - Contributions are recognized as revenue when they are received or unconditionally pledged. All revenues received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

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 Statement of Activities as net assets released from restrictions. Donor-restricted support that is received and has the restriction expire in the same period is treated as an unrestricted contribution.

Membership dues are recognized as revenue when received and are recorded as unrestricted support.

Special event revenue is recognized when payments are received and the event has taken place. If the event has not taken place by the end of the fiscal year, the payments are classified as deferred revenue.

- e. **Income Taxes** – Charleston Symphony Orchestra League, Inc. was organized as a corporation under the laws of the State of South Carolina. The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and from State taxation under South Carolina Code of Laws, 1962, Section 65-222. The Organization is classified by the Internal Revenue Service as other than a private foundation.

The Organization follows accounting guidance with respect to how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. As of June 30, 2016, management has reviewed all open tax years and jurisdictions and concluded the accounting guidance resulted in no impact to the Organization's financial position or results of operations. The Organization's Form 990, *Return of an Exempt Organization from Income Tax*, for the years ending 2017, 2016 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

- f. **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.
- g. **Donated Services** - Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2019 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.
- h. **Cash Equivalents** – The Organization considers all investment instruments with maturity of three months or less to be cash equivalents.

CHARLESTON SYMPHONY ORCHESTRA LEAGUE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

- i. **Inventory** – Inventory consists of cookbooks available for sale. Inventory is stated at the lower of cost or market, with cost determined by the first-in, first-out method.
- j. **Accrued Liabilities** – Accrued liabilities are expenses related to special events that have already taken place, but the Organization has not received an invoice or paid the amount due by the end of the fiscal year.
- k. **Deferred Revenue** - Deferred revenue results from the Organization recognizing special event revenue in the period in which the special event takes place. Accordingly, advance ticket sales for a future special event are included in deferred revenue.
- l. **Expense Allocations** - The cost of providing the program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses are charged to the program and supporting services on the basis of time and allocable expense. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Organization.
- m. **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. Charleston Symphony Orchestra League, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the period presented.

Note 2. Restrictions on Net Assets

Funds Received for Future Purposes

Net assets with donor restrictions as of June 30, 2019 are related to contributions received for named scholarships.

Net assets with donor restrictions as of June 30, 2019 were restricted for the following purposes and periods:

For Scholarships	\$	15,082
Total Net Assets with Donor Restrictions	\$	15,082

Net Assets Released from Restrictions

Net assets were released by the use of funds as restricted by the donor. Net assets released from restrictions for the year ending June 30, 2019 are as follows:

Scholarships Given	\$	5,323
Total Net Assets Released from Restrictions	\$	5,323

Note 3. Fundraising

During the year ended June 30, 2019, the Organization directly allocated the fundraising expenses to the special events.

Note 4. Subsequent Events

The Organization has evaluated subsequent events through November 5, 2019, the date which the financial statements were available for issue.