

**THE LAKE PLACID SINFONIETTA, INC.**

Financial Statements

September 30, 2015

# BARBARA S. DWYER

*Certified Public Accountant*

*P.O. Box 775*

*5694 Cascade Road*

*Lake Placid, NY 12946*

*518-523-9892*

## Table of Contents

	Exhibit	Page
Independent Auditor's Report		1-2
Statement of Financial Position	Exhibit A	3
Statement of Activities	Exhibit B	4
Statement of Cash Flows	Exhibit C	5
Notes to Financial Statements		6-11
Schedule of Functional Expenses		12

# BARBARA S. DWYER

*Certified Public Accountant*

*P.O. Box 775*

*5694 Cascade Road*

*Lake Placid, NY 12946*

*518-523-9892*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Lake Placid Sinfonietta, Inc.

I have audited the accompanying financial statements of The Lake Placid Sinfonietta, Inc. (a nonprofit organization) which comprise the statement of financial position as of September 30, 2015 and September 30, 2014, and the related statements of activities and cash flows for the years then ended.

### **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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lake Placid Sinfonietta, Inc. as of September 30, 2015 and September 30, 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is 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, 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Barbara S. Dwyer, CPA

Lake Placid, New York  
January 4, 2016

LAKE PLACID SINFONIETTA, INC.  
Statement of Financial Position

	Year ended September 30, 2015		Year ended September 30, 2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Current Assets				
Cash	\$ 134,152	7,622		141,754
Accounts receivable	3,108			3,108
Prepaid expenses	3,775			3,775
Total Current Assets	<u>141,015</u>	<u>7,622</u>		<u>148,637</u>
Investments	76,568	250,000	282,718	609,286
Music Equipment, net of accumulated depreciation	16,853	-	-	16,853
<b>TOTAL ASSETS</b>	<u>\$ 234,436</u>	<u>257,622</u>	<u>282,718</u>	<u>\$ 774,776</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	1,334			1,334
<b>TOTAL LIABILITIES</b>	<u>1,334</u>			<u>1,334</u>
NET ASSETS				
Unrestricted	233,102			233,102
Temporarily Restricted		257,622		257,622
Permanently Restricted			282,718	282,718
<b>TOTAL NET ASSETS</b>	<u>233,102</u>	<u>257,622</u>	<u>282,718</u>	<u>773,442</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 234,436</u>	<u>257,622</u>	<u>282,718</u>	<u>774,776</u>
				<u>637,795</u>

LAKE PLACID SINFONIETTA, INC.  
Statement of Activities

	Year ended September 30, 2015			Total	Year Ended September 30 2014
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		
<b>PROGRAM SUPPORT</b>					
Admissions	\$ 36,635			36,635	35,239
Program advertising	15,140			15,140	15,675
Education program events	2,413			2,413	1,776
Raffles	2,148			2,148	2,580
Other	930			930	633
Total Program Support	<u>57,266</u>			<u>57,266</u>	<u>55,903</u>
<b>ORGANIZATIONAL SUPPORT</b>					
Fundraising events	48,504			48,504	31,890
Private contributions	87,086	26,000	63,175	176,261	477,258
Business contributions	5,900			5,900	5,850
Estate Bequests	66,369			66,369	
Foundation grants	32,500			32,500	21,000
Government grants		21,375		21,375	21,650
Total Grants and Gifts	<u>240,359</u>	<u>47,375</u>	<u>63,175</u>	<u>350,909</u>	<u>557,648</u>
<b>OTHER INCOME</b>					
Interest and dividend income	14,246			14,246	9,576
Second Century Fund Grant	3,500			3,500	3,500
Unrealized gain (loss) on investments	(1,136)		(12,812)	(13,948)	13,096
Total Other Income (Loss)	<u>16,610</u>	<u>-</u>	<u>(12,812)</u>	<u>3,798</u>	<u>26,172</u>
<b>TOTAL SUPPORT, GRANTS, GIFTS AND INCOME</b>	<u>\$ 314,235</u>	<u>47,375</u>	<u>50,363</u>	<u>\$ 411,973</u>	<u>639,723</u>
<b>FUNCTIONAL EXPENSES</b>					
Orchestra Personnel expenses	149,577			149,577	152,939
Orchestra Performance expenses	34,997			34,997	30,789
Educational Program expenses	1,296			1,296	705
Administrative Personnel expenses	35,570			35,570	32,570
Administrative expenses	15,856		1,948	17,804	20,291
Fundraising expenses	37,019			37,019	38,157
TOTAL FUNCTIONAL EXPENSES	<u>274,315</u>	<u>-</u>	<u>1,948</u>	<u>276,263</u>	<u>275,451</u>
Transfers	69,381	(39,753)	(29,628)	-	-
<b>CHANGE IN NET ASSETS</b>	109,301	7,622	18,787	135,710	364,272
Net assets, beginning of year	<u>123,801</u>	<u>250,000</u>	<u>263,931</u>	<u>637,732</u>	<u>273,460</u>
Net assets, end of year	<u>\$ 233,102</u>	<u>257,622</u>	<u>282,718</u>	<u>773,442</u>	<u>637,732</u>

See accompanying notes to financial statements

LAKE PLACID SINFONIETTA, INC.  
Statement of Cash Flows

	Year ended September 30	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 135,710	361,977
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash provided by operating activities		
Unrealized (gain) loss on marketable equity securities	13,948	(13,096)
(Increase) decrease in assets-		
Accounts receivable	16,692	(2,756)
Prepaid expenses	1,282	(2,762)
Increase (decrease) in liabilities -		
Accounts payable	1,271	(212)
Accrued expenses		(14)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>168,903</u>	<u>343,137</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
Reinvestment of dividends	(7,126)	(9,576)
Transfer of cash to operations (investments), net	<u>22,342</u>	<u>23,000</u>
Net cash provided by Financing Activities	<u>15,216</u>	<u>13,424</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>		
Purchase of musical equipment	(18,726)	-
Anonymous donation of closely held stock		(250,000)
Investment of permanently restricted donations, net	<u>(63,175)</u>	<u>(104,351)</u>
Net cash used by investing activities	<u>(81,901)</u>	<u>(354,351)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	102,218	2,210
<b>CASH, BEGINNING OF YEAR</b>	<u>39,536</u>	<u>37,326</u>
<b>CASH, END OF YEAR</b>	<u>\$ 141,754</u>	<u>39,536</u>

See accompanying notes to financial statements

**LAKE PLACID SINFONIETTA**  
Notes to Financial Statements  
September 30, 2015 and September 30, 2014

**NOTE 1: ORGANIZATION**

Lake Placid Sinfonietta, Inc. (“the Sinfonietta”) was incorporated on December 23, 1981 to present musical performances and concerts in the Lake Placid and surrounding areas and for education purposes. The Sinfonietta is composed of twenty professional chamber musicians.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Sinfonietta have been prepared on the accrual basis of accounting.

The Sinfonietta records unconditional promises to give as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. The Sinfonietta reports external financial reporting by not-for-profit organizations resources classified for accounting and reporting purposes into three net asset categories according to donor imposed restrictions.

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

- **Unrestricted net assets** include net assets that are not subject to donor or Board imposed stipulations.
- **Temporarily restricted net assets** include net assets subject to donor or Board imposed stipulations that may or will lapse either by actions of the Sinfonietta and/or the passage of time.
- **Permanently restricted net assets** include net assets subject to donor imposed restrictions with the intent that the Sinfonietta maintains the net assets permanently. Generally, the donors of these assets permit the Sinfonietta to use all of the income earned or realized on related investments for general or specific purposes.

Revenues and Expenses

Revenues are reported as increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Investment Income

Interest and dividend income, realized net gains and losses and unrealized net gains and losses are included in the statement of activities for the net asset category holding the related investment.

Cash and Cash Equivalents

The Sinfonietta considers cash and any appropriate investment with the initial maturity date of the three months or less to be cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the balance sheet. Unrealized gains and losses are included in the statement of activities for the net asset category holding the investment. The fair values of investments are based on quoted market prices.



**LAKE PLACID SINFONIETTA**  
Notes to Financial Statements  
September 30, 2015 and September 30, 2014

**NOTE 2: CONTINUED**

Deferred Revenue and Prepaid Expenses

Deposits of grants relating to the following fiscal year are reported as deferred revenue on the statement of financial position and are recognized as revenue during the following year. Payments made for expenses related to the following year are shown as prepaid expenses on the statement of financial position and reported as expense in the following year.

Summarized Prior-Year Comparative Information

The financial statements included certain prior-year summarized comparative information in total but not net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

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 and applicable disclosures at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3: EXEMPTION FROM FEDERAL INCOME TAXES**

The Sinfonietta is exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code as a charitable organization, not as a private foundation. There are no years under audit.

**NOTE 4: EQUIPMENT**

The Sinfonietta owns office equipment which is fully depreciated. The items were recorded at cost and have been depreciated using the straight-line method. This means that equal amounts of depreciation expense are charged against operations each year during the estimate useful life of each item. The useful life employed for computing depreciation on office equipment and computers is ten years and five years, respectively.

**NOTE 5: MUSIC LIBRARY**

The Sinfonietta owns an extensive music library of compositions for small orchestras. The library is currently insured for \$110,000.

**NOTE 6: INVESTMENTS AND FAIR VALUE MEASUREMENT**

The Sinfonietta accounts for investments in marketable equity or fixed income securities at readily determinable fair values in the balance sheet. All dividends, interest and capital gains earned are reinvested.

Investments stated at fair market value, are composed of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Closely held corporate stock	\$250,000	250,000
Adirondack Foundation	150,906	150,648
Vanguard Mutual Funds	<u>208,380</u>	<u>172,754</u>
Total Investments	<u>\$609,286</u>	<u>573,402</u>

**LAKE PLACID SINFONIETTA**  
Notes to Financial Statements  
September 30, 2015 and September 30, 2014

**NOTE 6: CONTINUED**

The Lake Placid Sinfonietta's financial assets, carried at fair value, have been classified, for disclosure purposes, based on a hierarchy defined by the Financial Accounting Standards Board. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of the fair value hierarchy are as follows.

*Level 1*-Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

*Level 2*- Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

*Level 3*-Certain inputs are unobservable (supported by little or no market activity) significant to the fair value measurement. Unobservable inputs reflect the Center's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

As of September 30, 2015, the investments held in the Vanguard mutual funds are Level 1 investments and the gifted closely held corporate stock and the investments at the Adirondack Foundation are Level 3 investments.

Activity in the investment accounts can be summarized as follows for each fiscal year:

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Balance, beginning of year	\$573,402	219,329
Dividend income	14,246	9,576
Grant operations	(3,500)	(3,500)
Contributions	63,175	354,351
Unrealized appreciation (decline)	(13,948)	13,096
Transfer to/from operating accounts	(22,141)	(18,203)
Investment fees	(1,948)	(1,247)
Balance, end of year	<u>\$609,286</u>	<u>573,402</u>

**NOTE 7: MUSIC EQUIPMENT**

During the 2015 fiscal year, stage risers, sound shells, and a harpsichord were purchased for \$18,726. Depreciation expense is being recognized on the straight-line basis over ten years. The depreciation expense was \$1,873 for the fiscal year ended September 30, 2015.

**LAKE PLACID SINFONIETTA**  
Notes to Financial Statements  
September 30, 2015 and September 30, 2014

**NOTE 8: GOVERNMENT GRANTS**

The Sinfonietta received government grants for support as follows:

	<u>2015</u>	<u>2014</u>
Park Concerts	\$ 6,375	6,650
Operations	<u>15,000</u>	<u>15,000</u>
Total	<u>\$21,375</u>	<u>21,650</u>

**NOTE 9: FUND RAISING EVENTS**

The Sinfonietta hosts a major fund-raising event each year. The board has designated the net proceeds of this fund-raising event for the board designated Orchestra Fund. The event is the annual gala. Total revenue and expenditures relating to the gala are as follows:

	Year ended September 30	
	<u>2015</u>	<u>2014</u>
Gala Revenue:		
Ticket sales	\$12,865	13,189
Contributions in lieu of ticket sales	5,690	4,625
Auction sales	12,921	10,426
Raffle	<u>1,415</u>	<u>1,515</u>
Total Gala revenue	<u>\$32,891</u>	<u>29,755</u>
Gala expenditures:		
Food and beverage	\$8,482	8,096
Return of raffle	720	758
Printing and postage	692	691
Other	<u>600</u>	<u>400</u>
Total Gala expenditures	<u>\$10,494</u>	<u>9,945</u>
Excess of revenue over expenditures, Gala	\$22,397	19,810

Other fund-raising events which were held are as follows:

	<u>2015</u>	<u>2014</u>
Fall Wine Tasting	\$1,698	1,776
Other Programs	<u>715</u>	<u>2,135</u>
Total Net Revenues	<u>\$2,413</u>	<u>3,911</u>

**NOTE 10: FUNDS DESIGNATED BY THE BOARD FOR INVESTMENT  
(QUASI - ENDOWMENT)**

In March 2014 the Board formally adopted a new financial plan, which designated that the orchestra fund be used for long-term support of musicians' salaries, guest artists and general operating expenses with the expectation that annual income is to be used regularly to support the Sinfonietta. Principal funds can be withdrawn with approval by a two-

**LAKE PLACID SINFONIETTA**  
Notes to Financial Statements  
September 30, 2015 and September 30, 2014

thirds vote of the full Board of Directors. The Board also adopted a formal investment policy for these funds, which concentrates on the preservation of principal and maximizing return.

**NOTE 11: UNRESTRICTED NET ASSETS**

Unrestricted net assets consist of the following at September 30:

	<u>2015</u>	<u>2014</u>
Unrestricted	<u>\$233,102</u>	<u>123,801</u>

**NOTE 12: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were increased \$260,972 during the 2014 fiscal year by contributions restricted to orchestra personnel, centennial events, and other operating expenses, \$10,972 of the funds were spent during the fiscal year, ended September 30, 2014. The Sinfonietta received an anonymous stock gift of a closely held corporation valued at \$250,000. This gift is to be the foundation of a sustainability fund. Although ownership transferred to The Sinfonietta, the organization must respect certain conditions of the gift which restrict the gift's conversion to cash. Given the conditions attached to the gift, it cannot be considered endowment nor is its value available for operations, so it is considered temporarily restricted. Therefore, the temporarily restricted fund has a value of \$250,000 as of September 30, 2014

During the 2015 fiscal year, temporarily restricted gifts totaling \$19,000 were received to purchase stage risers and a harpsichord. All but \$622 of the funds were spent during the 2015 fiscal year. The temporarily restricted fund as of September 30, 2015 has value as follows:

Closely Held Stock	\$250,000
Seventh Violin	7,000
Music Equipment	<u>622</u>
Temporarily Restricted Net Assets	<u>\$257,622</u>

**Note 13: PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets as of September 30, 2015 are \$282,718, all committed to the Second Century Fund, providing income to sustain the orchestra of which \$150,905 is held at the Adirondack Foundation and \$131,813 is held at Vanguard.

Income earned by these assets at will be retained in the funds. Restricted gifts totaling \$63,175 and \$105,799 were received for this fund in the fiscal years ended September 30, 2015 and September 30, 2014 respectively. Endowment gifts to this fund have totaled \$312,915 since inception.

From the funds invested at Adirondack Foundation, the Sinfonietta is allowed to draw 5% of the three immediate years' average fair market value as a grant for operations. The investment committee will review the available grant to be drawn annually to determine if the Sinfonietta will accept the grant. The Sinfonietta received grants of \$3,500 and \$3,500 during the fiscal years ended September 30, 2015 and September 30, 2014, respectively.

Earnings and unrealized/realized gains and losses earned at Vanguard related to the Second Century Fund are recognized as unrestricted income.

**LAKE PLACID SINFONIETTA**  
Notes to Financial Statements  
September 30, 2015 and September 30, 2014

The investment policy of the Organization follows the New York Prudent Management of Institutional Funds Act which has been effective since September 17, 2010. Under this act, withdrawals are restricted to a percentage, not to exceed 7% of the fair market value of the account over a rolling average of five years. The Organization has currently determined that withdrawals will not be made if the market value of the investments is less than the historical cost value.

**NOTE 14: FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain cost have been allocated among the programs and supporting services benefited.

**NOTE 15: UNCERTAINTY IN INCOME TAXES**

The Organization follows the Accounting for Uncertainty in Income Taxes, which provides guidance on accounting for uncertainty income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2015 the Organization has no uncertain tax positions that require either recognition or disclosure in the organization's financial statements. Generally, the tax years before fiscal year 2012 are no longer subject to examination by federal and state authorities.

**NOTE 16: SUBSEQUENT EVENTS**

The Sinfonietta has evaluated events and transactions between September 30, 2015 and January 4, 2016, which is the date the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

LAKE PLACID SINFONIETTA, INC.  
Schedule of Functional Expenses - Traditional Presentation

	Year ended September 30	
	<u>2015</u>	<u>2014</u>
<b>ORCHESTRA PERSONNEL EXPENSES</b>		
Orchestra compensation	\$ 122,848	126,130
Production employee/librarian	5,600	5,000
Guest artists' fees	5,250	5,050
Conductors expenses	6,004	5,120
Guests artists' travel expenses	700	2,287
Payroll taxes	9,175	9,352
Total Orchestra Personnel Expenses	<u>149,577</u>	<u>152,939</u>
<b>ORCHESTRA PERFORMANCE EXPENSES</b>		
Advertising and promotion	9,749	6,752
Cartage	2,972	2,462
Equipment/music rental	3,150	6,208
Hall rental	5,200	4,950
Orchestra extras	1,900	2,970
Other production costs	8,949	6,322
Depreciation expense	1,873	-
Musicians travel expenses	1,204	1,125
Total Orchestra Performance Expenses	<u>34,997</u>	<u>30,789</u>
EDUCATIONAL PROGRAM EXPENSES	1,296	705
<b>ADMINISTRATIVE PERSONNEL EXPENSES</b>		
Executive Director	29,550	29,550
Payroll taxes	2,260	2,260
Administor benefits	3,760	3,460
Total Administrative Performance Expenses	<u>35,570</u>	<u>35,270</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Dues and membership	939	963
Insurance	3,798	6,813
Staff/Board development	700	156
Miscellaneous	1,620	1,051
Office supplies and expenses	2,729	2,851
Postage	1,828	2,379
Receptions	465	374
Telephone	2,002	2,007
Professional fees	1,775	2,450
Investment fees	1,948	1,247
Total Administrative Expenses	<u>17,804</u>	<u>20,291</u>
<b>DEVELOPMENT EXPENSES</b>		
Gala	10,494	9,945
Development salary	14,786	16,640
Centennial project expense	2,840	5,992
Payroll taxes	1,131	1,272
Development office expense	709	869
Development expenses	7,059	3,439
Total Fundraising Expenses	<u>37,019</u>	<u>38,157</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>276,263</u></u>	<u><u>278,151</u></u>

See accompanying notes to financial statements