

Lake Charles Symphony, Inc.

**FINANCIAL STATEMENTS AND
ACCOUNTANTS' COMPILATION REPORT**

As of and for the years ended May 31, 2011 and 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 02 2011

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Stulb & Associates, APAC

Certified Public Accountants

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ACCOUNTANTS' COMPILATION REPORT

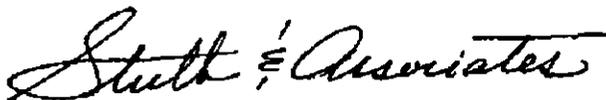
To the Board of Directors
Lake Charles Symphony, Inc.
Lake Charles, LA

We have compiled the accompanying statement of financial position of Lake Charles Symphony, Inc. (a nonprofit organization) as of May 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. We have not audited or reviewed the 2011 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying 2010 financial statements of Lake Charles Symphony, Inc. were previously reviewed by us, and we stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated August 25, 2010, but we have not performed any procedures in connection with that review engagement since that date.



September 20, 2011

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Lake Charles Symphony, Inc.
STATEMENT OF FINANCIAL POSITION
May 31, 2011 (Compiled) and 2010 (Reviewed)

ASSETS

CURRENT ASSETS	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 15,283.84	\$ 72,280.05
Accounts receivable	12,636.29	13,581.74
Inventory	2,716.00	-
Prepaid expenses	<u>2,625.00</u>	<u>-</u>
Total Current Assets	33,261.13	85,861.79
 ENDOWMENT INVESTMENTS		
Endowment funds	515,049.96	500,105.98
 PROPERTY AND EQUIPMENT, at cost		
Property and equipment	55,897.00	55,897.00
Less: Accumulated Depreciation	<u>(41,480.41)</u>	<u>(38,351.41)</u>
Net Property and Equipment	14,416.59	17,545.59
 TOTAL ASSETS	 <u>\$ 562,727.68</u>	 <u>\$ 603,513.36</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Payroll liabilities	\$ <u>669.59</u>	\$ <u>136.00</u>
Total Current Liabilities	669.59	136.00
 NET ASSETS		
Unrestricted	32,302.03	62,009.83
Temporarily restricted	14,706.10	41,261.55
Permanently restricted	<u>515,049.96</u>	<u>500,105.98</u>
Total Net Assets	<u>562,058.09</u>	<u>603,377.36</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 562,727.68</u>	 <u>\$ 603,513.36</u>

See accompanying notes and accountants' report

Lake Charles Symphony, Inc.
STATEMENT OF ACTIVITIES
For the year ended May 31, 2011 (Compiled)
With comparative totals for the year ended 2010 (Reviewed)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
REVENUES, GAINS, AND OTHER SUPPORT					
Ticket Sales:					
Memberships	\$ 105,482.00	\$ -	\$ -	\$ 105,482.00	\$ 85,415.00
Gate sales	2,960.00	-	-	2,960.00	4,200.00
Discovery	2,330.00	-	-	2,330.00	2,000.00
Concessions	2,993.60	-	-	2,993.60	2,960.00
Contributions	47,977.00	-	2,525.00	50,502.00	59,863.00
Grants	-	23,309.51	-	23,309.51	52,674.24
Fundraising activities	70,043.00	-	-	70,043.00	33,109.00
Program advertising	12,650.00	-	-	12,650.00	18,505.00
Net appreciation	-	-	7,905.53	7,905.53	30,813.43
Investment income	-	-	25,164.56	25,164.56	24,522.84
Net assets released from restriction	66,338.96	(49,864.96)	(16,474.00)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	310,774.56	(26,555.45)	19,121.09	303,340.20	314,062.51
EXPENSES					
Program expenses	268,501.56	-	-	268,501.56	236,176.04
Management and general	50,880.90	-	-	50,880.90	40,291.40
Fundraising	17,970.90	-	-	17,970.90	12,975.89
Depreciation	3,129.00	-	-	3,129.00	3,143.00
Fiduciary fees	-	-	4,177.11	4,177.11	3,890.15
TOTAL EXPENSES	340,482.36	-	4,177.11	344,659.47	296,476.48
Change in Net Assets	(29,707.80)	(26,555.45)	14,943.98	(41,319.27)	17,586.03
Net Assets at Beginning of Year	62,009.83	41,261.55	500,105.98	603,377.36	585,791.33
Net Assets at End of Year	<u>\$ 32,302.03</u>	<u>\$ 14,706.10</u>	<u>\$ 515,049.96</u>	<u>\$ 562,058.09</u>	<u>\$ 603,377.36</u>

See accompanying notes and accountants' report

Lake Charles Symphony, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2011 (Compiled)
With Comparative Totals for the Year Ended 2010 (Reviewed)

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2011 Total</u>	<u>2010 Total</u>
Advertising	\$ 18,239.20	\$ -	\$ 3,175.65	\$ 21,414.85	\$ 15,368.51
Auction	-	-	6,141.25	6,141.25	-
Concessions	1,682.00	-	-	1,682.00	2,352.30
Credit card fees	2,698.17	-	-	2,698.17	1,932.57
Dues	901.00	-	-	901.00	1,729.27
Insurance	1,131.50	1,131.50	-	2,263.00	2,874.03
Licenses	1,125.81	-	-	1,125.81	1,339.86
Music and production	17,355.95	-	675.77	18,031.72	18,791.40
Office expense	3,668.54	4,585.68	917.14	9,171.36	10,747.31
Occupancy	10,552.60	2,527.60	800.00	13,880.20	14,580.00
Other	1,513.17	-	766.50	2,279.67	3,859.30
Payroll taxes and benefits	8,304.68	2,178.55	510.32	10,993.55	6,828.94
Postage	3,788.78	-	-	3,788.78	3,043.36
Professional fees	-	7,491.53	-	7,491.53	2,005.78
Printing	12,294.07	-	354.25	12,648.32	11,721.63
Salaries	150,443.84	32,966.04	4,233.02	187,642.90	173,794.89
Security	1,035.00	-	-	1,035.00	1,275.00
Telephone	3,498.92	-	-	3,498.92	3,809.28
Travel	30,268.33	-	397.00	30,665.33	13,389.90
Total	\$ 268,501.56	\$ 50,880.90	\$ 17,970.90	\$ 337,353.36	\$ 289,443.33

See accompanying notes and accountants' report

Lake Charles Symphony, Inc.
STATEMENT OF CASH FLOWS
For the years ended May 31, 2011 (Compiled) and 2010 (Reviewed)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2011</u>	<u>2010</u>
Change in Net Assets	\$ (41,319.27)	\$ 17,586.03
Adjustments to reconcile change in Net Assets:		
Depreciation	3,129.00	3,143.00
Decrease (Increase) in operating assets:		
Accounts receivable	945.45	(10,626.91)
Inventory	(2,716.00)	-
Prepaid expenses	(2,625.00)	-
Increase (Decrease) in operating liabilities:		
Payroll liabilities	<u>533.59</u>	<u>(537.96)</u>
Total adjustments	<u>(732.96)</u>	<u>(8,021.87)</u>
Net Cash Provided (Used) By Operating Activities	(42,052.23)	9,564.16
 CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Permanently Restricted Endowment Funds	<u>(14,943.98)</u>	<u>(36,788.47)</u>
Net Cash Used By Investing Activities	(14,943.98)	(36,788.47)
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(56,996.21)	(27,224.31)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>72,280.05</u>	<u>99,504.36</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 15,283.84</u>	<u>\$ 72,280.05</u>

See accompanying notes and accountants' report

LAKE CHARLES SYMPHONY, INC.
Notes to Financial Statements
As of and For the Years Ended May 31, 2011 and 2010

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Lake Charles Symphony, Inc. (Symphony) was originally organized for the purpose of promoting education in and appreciation for music and other fine arts, and to organize and maintain the Lake Charles Symphony orchestra. The Symphony is primarily funded by memberships, contributions from the general public, and grants.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Income Tax Status

The Symphony is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. There are provisions in the Internal Revenue Code regulations for income taxes on the income of unrelated business activities. The Symphony does not believe any of its activities are unrelated business activities as defined by the applicable regulations.

Financial Statement Presentation

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

Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets consist of donor-restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose are recognized as revenue when received and such amounts are reported as temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are those net assets subject to donor-imposed stipulations that they be maintained permanently by the Symphony. Generally, the donors of these assets permit the Symphony to use all or part of the income earned on any related investments for general or specific purposes.

Advertising Expense

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended May 31, 2011 and 2010 was \$21,415 and \$15,369, respectively.

LAKE CHARLES SYMPHONY, INC.
Notes to Financial Statements
As of and For the Years Ended May 31, 2011 and 2010

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Public Support and Revenue

Contributions are generally available for unrestricted use when received unless specifically restricted by the donor. Unconditional promises to give are recorded as received.

Grants and other contributions of cash and other assets are reported as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted. Investment earnings available for distribution are recorded in unrestricted net assets.

Inventory

Inventory is stated at lower of cost or market using the first-in, first-out method. As part of the fundraising efforts, Gators on the Geaux are purchased for resale. Gators that are not sold are held in inventory for future sales.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

The Symphony considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted 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 statement of financial position. Investment income and gains restricted by a donor are reported as increases in permanently restricted net assets in the reporting period in which the income and gains are recognized. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, permanently restricted net assets are reclassified to unrestricted assets and reported in the statement of activities as net assets released from restrictions.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

LAKE CHARLES SYMPHONY, INC.
Notes to Financial Statements
As of and For the Years Ended May 31, 2011 and 2010

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are capitalized at cost or at estimated fair value at date of gift, if donated. Depreciation is provided for in an amount sufficient to relate the cost of depreciable assets to operations over their estimated service lives on the straight-line basis. Depreciation expense for the years ended May 31, 2011 and 2010 amounted to \$3,129 and \$3,143, respectively.

NOTE B DONATED SERVICES AND MATERIALS

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

NOTE C ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due from various governmental and non-profit agencies and are deemed to be fully collectible by management.

NOTE D LEASING ARRANGEMENTS

The Symphony renewed its lease agreement on January 1, 2010 with the City of Lake Charles for the Old Central School Arts and Humanities Center. The lease extends from January 1, 2010 through July 31, 2012. The Symphony has agreed to pay \$427.20 for each month.

The future minimum lease payments are as follows:

Year ending May 31, 2012	5,126
Year ending May 31, 2013	854

Rent expense for the years ending May 31, 2011 and 2010 was \$5,055 and \$4,628.

LAKE CHARLES SYMPHONY, INC.
Notes to Financial Statements
As of and For the Years Ended May 31, 2011 and 2010

NOTE E FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. This requires the allocation of certain cost between programs and supporting services based on estimates made by management.

NOTE F TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2011</u>	<u>2010</u>
Board restricted	\$1,220	\$31,220
Periods after May 31, 2011	<u>13,486</u>	<u>10,042</u>
Total temporarily restricted net assets	<u>\$14,706</u>	<u>\$41,262</u>

Temporarily restricted net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or time restrictions specified by donors/grantors. The total amount released from restrictions during the years ended May 31, 2011 and 2010 was \$66,339 and \$87,337, respectively.

NOTE G PERMANENTLY RESTRICTED ASSETS – ENDOWMENT FUND

Permanently restricted net assets consist of endowment fund investments that will be held in perpetuity, the income from which is expendable to support the Symphony's activities without restrictions.

Investments are summarized as follows:	May 31, 2011		May 31, 2010	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Permanently Restricted:				
Federated Cash Reserves	\$ 8,391	\$ 8,391	\$ 11,190	\$ 11,190
Certificates of Deposit	75,000	77,690	75,000	80,064
US Government Agencies	94,883	94,032	74,750	75,570
Mutual Funds – Fixed Income	<u>309,583</u>	<u>334,937</u>	<u>319,096</u>	<u>333,281</u>
Total Investments	<u>\$ 487,857</u>	<u>\$ 515,050</u>	<u>\$ 480,036</u>	<u>\$500,105</u>

The changes in endowment net assets are as follows:

	<u>2011</u>	<u>2010</u>
Endowment net assets, beginning	\$500,105	\$463,317
Contributions	2,525	2,800
Investment income	25,165	24,522
Net appreciation	7,124	30,813
Realized gains	782	-
Program expenditures	(16,474)	(17,457)
Fiduciary Fees	<u>(4,177)</u>	<u>(3,890)</u>
Endowment net assets, ending	<u>\$515,050</u>	<u>\$500,105</u>

LAKE CHARLES SYMPHONY, INC.
Notes to Financial Statements
As of and For the Years Ended May 31, 2011 and 2010

NOTE H FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 157, *Fair Value Measurements*, now referred to as ASC 820-10 and subsections, defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The investments for the year ended May 31, 2011 were all level 1, quoted at prices in active markets for identical securities.

NOTE I CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash accounts in commercial banks and money market funds. Accounts at the commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of FDIC coverage at May 31, 2011 were \$0. Cash equivalents maintained by the financial institution in money market funds are insured by Securities Investor Protection Corporation.

NOTE J EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 20, 2011, the date which the financial statements were available to be issued.