

**Youth Orchestra of Greater Fort Worth, Inc.**

**Financial Statements  
and Independent Auditors' Report  
for the Year Ended  
June 30, 2018**

**Catlin, Lillard & Co. PC**  
**Certified Public Accountants**

**S. Brian Catlin**  
**Ralph W. Lillard**



**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Youth Orchestra of Greater Fort Worth, Inc.

We have audited the accompanying financial statements of Youth Orchestra of Greater Fort Worth, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 auditors' 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 Youth Orchestra of Greater Fort Worth, Inc. as of June 30, 2018, 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of functional expenses on page 13 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 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.

**Established**  
**1977**

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**Report on Summarized Comparative Information**

We have previously audited the Youth Orchestra of Greater Fort Worth, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Cashin, R. L. & Co. PC*

Fort Worth, Texas  
March 26, 2019

**Youth Orchestra of Greater Fort Worth, Inc.**  
**Statement of Financial Position**  
**as of June 30, 2018 with Comparative Totals for 2017**

	2018	2017
<b>Assets</b>		
<b>Current Assets:</b>		
Cash & cash equivalents	\$ 56,993	\$ 23,115
Accounts receivable	-	266
Contributions receivable	10,000	10,750
Promised funding	2,308	9,725
Mutual funds	3,069	3,055
Total current assets	72,370	46,911
<b>Endowment Investment</b>	164,377	163,734
<b>Property and Equipment:</b>		
Land	25,424	25,424
Building and improvements	1,159,229	1,148,250
Furniture, fixtures and equipment	115,158	115,158
Instruments	64,209	64,209
Total	1,364,020	1,353,041
Accumulated depreciation	(761,877)	(729,647)
Net property and equipment	602,143	623,394
<b>Other Assets:</b>		
Prepaid expenses	1,650	-
<b>Total Assets</b>	<b>\$ 840,540</b>	<b>\$ 834,039</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 4,561	\$ 7,671
Prepaid tuition	42,000	33,550
Payroll liabilities	-	2,889
Total current liabilities	46,561	44,110
<b>Net Assets:</b>		
Net assets without donor restrictions	636,754	629,159
Net assets with donor restrictions	157,225	160,770
Total net assets	793,979	789,929
<b>Total Liabilities and Net Assets</b>	<b>\$ 840,540</b>	<b>\$ 834,039</b>

See accompanying notes to financial statements and independent auditors' report.

**Youth Orchestra of Greater Fort Worth, Inc.**  
**Statement of Activities**  
**for the Year Ended June 30, 2018 with Comparative Totals for 2017**

	2018			2017
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Total
<b>Contributions, Revenues, Other Income and Reclassification:</b>				
Contributions	\$ 296,416	\$ 6,300	\$ 302,716	\$ 286,220
Investment interest	43	-	43	6
Mutual fund dividend	3,165	-	3,165	3,309
Short-term capital gain distribution	62	-	62	-
Long-term capital gain distribution	7,904	-	7,904	-
Realized gain (loss) on investments	-	-	-	(1,338)
Unrealized gain (loss) on investments	(79)	(982)	(1,061)	15,027
Orchestra Hall rental	41,300	-	41,300	42,700
Verizon rent income	27,773	-	27,773	24,150
Royalties	151	-	151	149
Special project income	3,307	-	3,307	1,938
Ticket sales	33,442	-	33,442	40,910
Program ads	10,350	-	10,350	9,150
Tuition	197,623	-	197,623	240,818
Youth Orchestra Parents' Guild income	21,602	-	21,602	33,254
Net assets reclassified from restrictions	6,300	(6,300)	-	-
<b>Total contributions, revenues, other income and reclassification</b>	<b>649,359</b>	<b>(982)</b>	<b>648,377</b>	<b>696,293</b>
<b>Expenses:</b>				
Program services	339,451	-	339,451	412,740
Building services	111,711	-	111,711	111,576
Fundraising	9,326	-	9,326	3,222
Management & administration expenses	181,276	2,563	183,839	168,713
<b>Total expenses</b>	<b>641,764</b>	<b>2,563</b>	<b>644,327</b>	<b>696,251</b>
<b>Change in Net Assets</b>	<b>7,595</b>	<b>(3,545)</b>	<b>4,050</b>	<b>42</b>
Net Assets, Beginning of Year	629,159	160,770	789,929	789,887
<b>Net Assets, End of Year</b>	<b>\$ 636,754</b>	<b>\$ 157,225</b>	<b>\$ 793,979</b>	<b>\$ 789,929</b>

See accompanying notes to financial statements and independent auditors' report.

**Youth Orchestra of Greater Fort Worth, Inc.**  
**Statement of Cash Flows**  
**for the Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities:</b>		
Increase in net assets	\$ 4,050	\$ 42
Adjustments to reconcile (increases) decreases in net assets to net cash provided by operating activities:		
Depreciation	32,231	27,391
Realized and unrealized (gain) loss on investment account assets	1,061	(13,689)
Reinvested investment account income net of expenses	(8,611)	(783)
(Increase) decrease in:		
Accounts receivable	267	5,274
Contributions receivable	750	(10,750)
Promised funding	7,418	(1,379)
Prepaid expenses	(1,650)	3,105
Increase (decrease) in:		
Accounts payable	(3,109)	(4,471)
Accrued liabilities	-	-
Payroll liabilities	(2,889)	142
Prepaid tuition	8,450	17,469
<b>Net Cash provided by operating activities</b>	<b>37,968</b>	<b>22,351</b>
<b>Cash Flows from Investing Activities:</b>		
Appropriation of endowment assets for expenditure	6,889	7,044
Proceeds from sales of investments	-	30,000
Purchase of building improvements	(10,979)	(207,680)
<b>Net Cash provided / (used) by investing activities</b>	<b>(4,090)</b>	<b>(170,636)</b>
Cash at Beginning of Year	23,115	171,400
<b>Cash at End of Year</b>	<b>56,993</b>	<b>23,115</b>
<b>Supplemental Disclosures:</b>		
Interest Expense	-	-
Schedule of noncash investing transactions:		
Unrealized gain (loss) on investments, net	(1,061)	15,027
Realized gain (loss) on sale of investments	-	(1,338)
Mutual fund dividend	3,165	3,309
Short-term capital gain distribution	62	-
Long-term capital gain distribution	7,904	-
Interest income	43	6
Investment advisory fees	(2,563)	(2,532)

See accompanying notes to financial statements and independent auditors' report.

**YOUTH ORCHESTRA OF GREATER FORT WORTH, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Youth Orchestra of Greater Fort Worth, Inc. (The “Organization”) is a not-for-profit corporation organized under the Texas Non-Profit Corporation Act. The Organization’s purpose is to provide an important music activity for young people in Fort Worth and surrounding areas. The Organization provides musical education to youth through public concerts and other activities. Concerts to the public assist in the development of cultural awareness and enhance the public’s appreciation of classical music by providing free or low-cost concerts and music events. In addition, the Organization serves as a feeder system for adult symphony orchestras. The programs of the Organization are as follows:

Program Services – represents the portion of expendable funds that are available to support the development of young musicians through the study and performance of challenging orchestral and symphonic repertoire.

Building Services (Orchestra Hall) – represents resources used to maintain and operate the land and building. In addition, available resources are used to acquire additional equipment for the building and make improvements when necessary.

Youth Services (Parents’ Guild) – represents resources raised by a volunteer group for the benefit of the Organization. Resources provide funding to reduce the cost of travel expenses for the Organization’s musicians when they tour, and for other musician activities.

Financial Statement Presentation

The Organization’s financial statements are presented on the accrual basis of accounting and have been presented based on donor-imposed restrictions and are prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. All cash and cash equivalents for purposes of the statement of cash flow are unrestricted.

Accounts Receivable

Accounts receivable consist of short-term receivables that arrive in the normal course of business. The Organization’s accounts receivable are generally uncollateralized. Management closely monitors outstanding receivables and charges off to expense any balances that are determined to be uncollectable. As of June 30, 2018 and 2017, the Organization considered its accounts receivable to be fully collectable; accordingly, no allowance for doubtful accounts was recorded.

**YOUTH ORCHESTRA OF GREATER FORT WORTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Investments

Investments are carried at estimated fair value based on quoted market prices. Unrealized gains and losses resulting from changes in fair value are recognized in the period in which such fluctuations occur. Income is recorded in accordance with donor stipulation.

Fair Value of Financial Instruments

The carrying amounts of the Organization's cash, promised funding, receivables and current liabilities approximate their fair value based on their short-term nature.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated at cost using the straight-line method as follows:

	<u>Years</u>
Building	27
Building Improvements	10-15
Furniture, fixtures and equipment	5-7
Instruments	5-7

Depreciation expense for the year ended June 30, 2018 and 2017 was \$32,231 and \$27,391, respectively.

Donor Restricted Net Assets

Net assets with donor restricted net assets of the Organization are the net assets of endowment fund and other restricted amounts received from donors with stipulated use or designation which has not yet occurred.

Contributions

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



**YOUTH ORCHESTRA OF GREATER FORT WORTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Promised Funding

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

The Organization receives contributed goods and professional services from time to time. The fair market value of these goods and services are reported as expenses and offset by contribution income. Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Contributed goods and services for the year ended June 30, 2018 and 2017 totaled \$2,150 and \$1,209, respectively.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC). As such, the Organization is not taxed on income derived from its exempt functions. However, the Organization is subject to tax on unrelated business income which is generated from the Organization's non-exempt activities. The Organization had no significant deferred income tax assets or liabilities as of June 30, 2018 or 2017.

The Organization has evaluated its tax positions for all open years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2015, 2016, and 2017 tax years. However, the Organization is not currently under audit, nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal years ended June 30, 2018 and 2017.

Functional Allocation of Expenses

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

Advertising

The Organization expenses all advertising cost when incurred.

**YOUTH ORCHESTRA OF GREATER FORT WORTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Concentrations of Credit Risks

Concentrations of credit risks consist of cash and investments. The Organization places its financial assets with multiple financial institutions in order to limit the amount of exposure to any one financial institution. The bank assets of the Organization are insured by the Federal Deposit Insurance Corporation (FDIC), and the investments of the Organization are valued at fair market value with some investments subject to market risks, and are not insured by the FDIC.

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 those estimates.

Comparative Financial Information

The financial statements include certain summarized comparative information as of and for the year ended June 30, 2017, presented in total but not by 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 June 30, 2017, from which the summarized financial information was derived.

Recent Accounting Pronouncements

The Organization believes it has implemented the accounting pronouncements with material impact on its financial statements and does not believe there are any new or pending announcements that will materially impact its financial position or results of operations.

Subsequent Events

Subsequent events have been evaluated through March 26, 2019, which is the date the financial statements were available to be issued.

**NOTE B – ASSETS HELD FOR ENDOWMENT**

Permanently restricted net assets at June 30, 2018 and 2017 consist of an endowment fund established in 1974 to support the Organization's program services. Currently held endowment funds, and future contributions to the endowment fund are subject to trust document restrictions imposed by the original donor that stipulate the original principal of the gift is to be held in trust and distributions from the fund are to be expended for program services. There are no other donor restricted funds included in the endowment fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

**YOUTH ORCHESTRA OF GREATER FORT WORTH, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B – ASSETS HELD FOR ENDOWMENT (continued)**

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to moderate investment risk and provide its program activities with current income. Endowment assets are invested in a JP Morgan balanced fund. As mentioned in Note D, the Organization currently receives required distributions from the Endowment Fund.

Changes in the Organization’s endowment net assets are as follows:

June 30, 2018:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,964	\$ 160,770	\$ 163,734
Investment return:			
Interest income	43	0	43
Mutual fund dividends	3,072	0	3,072
Short-term capital gain distributions	62	0	62
Long-term capital gain distributions	7,904	0	7,904
Realized gains	0	0	0
Unrealized gains	0	(982)	(982)
Advisory fees	0	(2,563)	(2,563)
Appropriation of endowment assets for expenditure	(6,893)	0	(6,893)
Endowment net assets, end of year	\$ 7,152	\$ 157,225	\$ 164,377

**YOUTH ORCHESTRA OF GREATER FORT WORTH, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B – ASSETS HELD FOR ENDOWMENT (continued)**

June 30, 2017:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 7,033	\$ 149,751	\$ 156,784
Investment return:			
Interest income	6	0	6
Mutual fund dividends	2,588	0	2,588
Short-term capital gain distributions	0	0	0
Long-term capital gain distributions	0	0	0
Realized gains	380	0	380
Unrealized gains	0	13,551	13,551
Advisory fees	0	(2,532)	(2,532)
Appropriation of endowment assets for expenditure	(7,043)	0.00	(7,043)
Endowment net assets, end of year	\$ 2,964	\$ 160,770	\$ 163,734

**NOTE C – PROMISED FUNDING**

Unconditional promised funding at June 30, 2018 and 2017, is as follows:

	2018	2017
Unrestricted promises receivable in less than one year	\$ 2,308	\$ 9,725
Total unconditional promised funding	\$ 2,308	\$ 9,725

**NOTE D – FAIR VALUE MEASUREMENTS**

The Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available. The inputs levels are as follows:

**YOUTH ORCHESTRA OF GREATER FORT WORTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D – FAIR VALUE MEASUREMENTS (continued)**

June 30, 2018:

Descriptions	Fair Value	Level 1
Mutual Funds:		
Lord Abbot Short Duration Income Fund	\$ 3,069	\$ 3,069
Total Mutual Funds	\$ 3,069	\$ 3,069
Endowment Investment:		
JP Morgan Access Balanced Fund	\$ 163,061	\$ 163,061
Cash and Money Market	1,316	1,316
Total Endowment Investment	\$ 164,377	\$ 164,377

June 30, 2017:

Descriptions	Fair Value	Level 1
Mutual Funds:		
Lord Abbot Short Duration Income Fund	\$ 3,055	\$ 3,055
Total Mutual Funds	\$ 3,055	\$ 3,055
Endowment Investment:		
JP Morgan Access Balanced Fund	\$ 162,513	\$ 162,513
Cash and Money Market	1,221	1,221
Total Endowment Investment	\$ 163,734	\$ 163,734

**NOTE E – LEASE AGREEMENTS**

The Organization leases space in its building to tenants under operating lease agreements. At June 30, 2018 and 2017, property subject to such leases had a cost of \$1,159,229 and \$1,148,250, respectively, and allowances for depreciation of \$589,561 and \$536,123, respectively. Leases are currently month to month. Tenants are expected to pay the Organization approximately \$64,950 in rental income for the fiscal year ending June 30, 2018.

**SUPPLEMENTAL INFORMATION**

**Youth Orchestra of Greater Fort Worth, Inc.**  
**Supplemental Statement of Functional Expenses**  
**for the Year Ended June 30, 2018 with Comparative Totals for 2017**

	2018				2017	
	Program Services	Building Services	Fundraising	Management & Administration	Total	Total
Bank Charges	-	-	-	6,531	\$ 6,531	\$ 3,677
Concert expenses	48,339	-	-	-	48,339	19,668
Contract labor	19,968	7,620	-	-	27,588	24,474
Depreciation	-	29,475	-	2,756	32,231	27,391
Employee benefits	-	-	-	-	-	2,946
Insurance	-	13,522	-	4,250	17,772	35,606
Investment fees	-	-	-	2,563	2,563	2,532
Marketing	73,245	-	-	-	73,245	10,923
Merchandise	-	-	9,326	-	9,326	3,222
Music	3,430	-	-	-	3,430	4,860
Office expenses	-	-	-	13,935	13,935	12,944
Parents' Guild expenses	-	-	-	11,004	11,004	11,420
Postage	-	-	-	3,748	3,748	1,341
Professional fees	-	-	-	11,977	11,977	10,633
Programs	8,822	-	-	-	8,822	18,395
Repairs & maintenance	3,745	17,788	-	-	21,533	13,712
Salaries & wages	168,975	14,718	-	107,302	290,995	347,699
Supplies	-	-	-	1,220	1,220	1,380
Taxes & fees	12,927	4,964	-	8,209	26,100	28,536
Telephone	-	-	-	4,248	4,248	3,326
Travel	-	-	-	1,767	1,767	-
Tour expenses	-	-	-	-	-	85,684
Training	-	-	-	-	-	1,406
Utilities	-	23,624	-	-	23,624	22,748
Website	-	-	-	4,329	4,329	1,728
<b>Total</b>	<b>\$ 339,451</b>	<b>\$ 111,711</b>	<b>\$ 9,326</b>	<b>\$ 183,839</b>	<b>\$ 644,327</b>	<b>\$ 696,251</b>

See accompanying notes to financial statements and independent auditors' report.