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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
The New Haven Symphony Orchestra, Inc.
New Haven, Connecticut

We have audited the accompanying financial statements of The New Haven Symphony Orchestra, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2014, 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.

Auditor’s Responsibility
Our responsibility is the 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 The New Haven Symphony Orchestra, Inc. as of May 31, 2014, 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.

New Haven, Connecticut
September 17, 2014
THE NEW HAVEN SYMPHONY ORCHESTRA, INC.
STATEMENT OF FINANCIAL POSITION
MAY 31, 2014

Assets

Cash:
   Cash and cash equivalents $ 389,719
   Cash designated for operating reserve 330,576
                                       $ 720,295

Promises to give 36,543
Grants and other receivables 3,370
Prepaid expenses 25,221
Security deposit 3,000
Furniture, equipment and instruments, net 19,170
Total assets $ 807,599

Liabilities and Net Assets

Liabilities:
   Accounts payable and accrued expenses $ 105,739
   Deferred ticket revenue 107,114
   Deferred sponsorship and refundable advance 22,838
   Total liabilities $ 235,691

Net Assets:
   Unrestricted:
      Unrestricted 107,765
      Board designated for operating reserve 330,576
                                          438,341
   Temporarily restricted 133,567
   Total net assets 571,908
   Total liabilities and net assets $ 807,599

The accompanying notes are an integral part of the financial statements.
Unrestricted Net Assets:

Support:
- Gifts and contributions: $801,734
- Grants and sponsorships: 509,373
- Special events: 56,511
- Less - costs of direct benefit to donors: (40,251)
  Total support: 1,327,367

Revenue:
- Ticket sales: 350,153
- Contracted services: 138,772
- Advertising and other income: 35,450
- Total revenue: 524,375

Net assets released from restrictions: 116,150

Total unrestricted support and revenue: 1,967,892

Operating expenses:
- Program services:
  - Concert production: 1,507,396
  - Education: 117,240
  Total: 1,624,636

- Support services:
  - Administration: 128,171
  - Fundraising: 171,750
  Total: 299,921

Uncollectible promises to give: 5,000

Total expenses: 1,929,557

Change in unrestricted net assets: 38,335

Temporarily Restricted Net Assets:
- Contributions: 101,567
- Less - net assets released from restrictions: (116,150)
  Change in temporarily restricted net assets: (14,583)

Change in net assets: 23,752

Net assets, beginning: 548,156

Net assets, ending: $571,908

The accompanying notes are an integral part of the financial statements.
THE NEW HAVEN SYMPHONY ORCHESTRA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2014

Cash flows from operating activities:
Change in net assets $  23,752
Adjustments to reconcile change in net assets to
net cash provided by operating activities:
   Depreciation 7,319
   Decrease in operating assets:
      Promises to give 96,143
      Grants and other receivables 1,141
      Prepaid expenses 6,169
      Security deposit -
   Increase (decrease) in operating liabilities:
      Accounts payable 62,074
      Deferred revenue and refundable advance (21,283)
Net cash provided by operating activities 175,315

Cash flows from investing activities -
   Purchase of furniture, equipment and instruments (11,580)
Change in cash and cash equivalents 163,735
Cash and cash equivalents, beginning 556,560
Cash and cash equivalents, ending $  720,295

The accompanying notes are an integral part of the financial statements.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
The New Haven Symphony Orchestra, Inc., ("Organization") a non-profit organization, is organized for the purpose of promoting, fostering, and increasing the knowledge and appreciation of music.

Basis of Accounting and Presentation
The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports 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 Organization does not have any permanently restricted net assets.

Use of Estimates
The preparation of financial statements in conformity with U.S. 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.

Cash
Cash and cash equivalents include all unrestricted highly liquid investments with an initial maturity of three months or less.

Promises to Give
Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Promises to give are initially stated at the fair value management expects to collect from outstanding balances. If the value of the unconditional promise to give decreases after the contribution is initially recorded, the decline is recorded as bad debt expense. Increases in the value of the unconditional promise to give after the contribution is initially recorded are recorded as additional contribution revenue.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Furniture, Equipment and Instruments
Furniture, equipment and instruments are recorded at cost if purchased and at fair value if contributed. The Organization capitalizes all purchases over $1,000. Furniture, equipment and instruments are depreciated using the straight line method based on the estimates useful lives of the assets, which range from 3 to 10 years.

Restricted and Unrestricted Revenue
Contributions received are measured at fair value and are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is 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 and reported in the statement of activities as net assets released from restrictions.

State and federal grant awards are classified as exchange transactions and recorded as refundable advances until the related services are performed, at which time they are recognized as revenue.

Expense Allocation
The costs of providing various programs and other 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.

Donated Services
The Organization recognizes donated services that require specialized skills that were provided by individuals possessing those skills, and would need to be purchased if not provided by donation. The fair value of the donated materials less the amounts actually paid is recognized as a contribution and an expense.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Advertising Expense
Advertising expenses are expensed as incurred. For the year ended May 31, 2014, advertising expense was $50,866.

Net assets designated by Board for operating reserve
The Board has elected to hold designated cash in reserve accounts that can be used at the discretion of the Board for future cash operating needs. The goal is to hold enough cash in the reserve accounts to fund at least ninety days of expenses.

Income Taxes
The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization is currently open to audit for the years ended May 31, 2014 through 2013.

NOTE 2 – PROMISES TO GIVE
The Organization had unconditional promises to give of $36,543 as of May 31, 2014.

The Organization has a conditional promise to give of $15,000 from the Community Foundation of Greater New Haven.

NOTE 3 – FURNITURE, EQUIPMENT AND INSTRUMENTS
The Organization’s furniture, equipment and instruments at May 31, 2014, are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, equipment and instruments</td>
<td>$142,190</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(123,020)</td>
</tr>
<tr>
<td></td>
<td>$19,170</td>
</tr>
</tbody>
</table>

NOTE 4 – DONATED SERVICES AND ADVERTISING
The Organization receives donated advertising from various businesses. The fair value of the advertising received is recorded as advertising expense and sponsorship revenue. For the year ended May 31, 2014, donated advertising was $131,767.
NOTE 5 – ENDOWMENT FUNDS

The Organization is the beneficiary of income derived from various endowment funds from the NHSO Foundation, Inc. (Foundation) and the Community Foundation for Greater New Haven, Inc. (CFGNH). As the Foundation and CFGNH maintain variance power over these funds, the endowment funds are not recorded as assets on the Organization’s financial statements.

Community Foundation Invested Funds

For the year ended May 31, 2014, income generated from funds invested and administered by the CFGNH was $458,514 and is unrestricted. The values of the funds as of May 31, 2014, are as follows:

<table>
<thead>
<tr>
<th>Component fund</th>
<th>$ 9,954,016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other funds</td>
<td>1,764,652</td>
</tr>
<tr>
<td>Total</td>
<td>$11,718,668</td>
</tr>
</tbody>
</table>

Component Fund

The Organization has been designated as the charitable beneficiary of a component fund of CFGNH. The Organization had the option to select the fund distribution dates and selected the months of June and December. Due to the timing of when CFGNH received the funds, the Organization received two distributions for a total of $389,190 during the year ended May 31, 2014. The Organization has the right to change the distribution dates with a written request to the Foundation. If this right were exercised, it is possible to have three distributions in the year of the change.

NHSO Foundation Funds (Related Entity)

The Foundation bylaws mandate a majority of its board members be independent of the Organization’s board.
NOTE 5 – ENDOWMENT FUNDS

NHISO Foundation Funds (Related Entity) - (Continued)

The Foundation summarized financial data is as follows as of and for the year ended May 31, 2014:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$1,049,498</td>
</tr>
<tr>
<td>Net assets</td>
<td>$1,049,498</td>
</tr>
<tr>
<td>Total investment income</td>
<td>$140,537</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
</tr>
<tr>
<td>Distributions to the New Haven Symphony Orchestra, Inc.</td>
<td>$48,771</td>
</tr>
<tr>
<td>Other expenses</td>
<td>10,734</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$59,505</td>
</tr>
</tbody>
</table>

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Collective bargaining agreements

The Organization employs musicians and stage hands which are subject to collective bargaining agreements. The terms of the agreement with the musicians includes a guaranteed number of performances and a standard rate of pay. The musician’s agreement was effective June 1, 2011 and expired on May 31, 2014. The stage hand’s agreement was effective on May 1, 2012 and will expire on April 30, 2015. For the year ended May 31, 2014, approximately 56% of the Organization’s salary expense was paid to employees covered by collective bargaining agreements.

Under the collective bargaining agreement, the Organization contributes to an annuity and health and welfare plan for their stage hands. For the year ended May 31, 2014, the Organization contributed $19,630 to these plans.

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

Gifts and contributions

For the year ended May 31, 2014, contributions from one donor were 43% of the recorded balance.

Promises to give

As of May 31, 2014, a promise to give from one donor was 68% of the recorded balance.
NOTE 8 – LEASES
The Organization has a lease for its operating facility which expires in September, 2014. Rental expense was $19,604 for the year ended May 31, 2014.

Future minimal rental commitments are $4,925 for the year ended May 31, 2015.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS
The Organization’s temporarily restricted net assets as of May 31, 2014, consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concert on the Green</td>
<td>$21,000</td>
</tr>
<tr>
<td>ART Recording project</td>
<td>10,000</td>
</tr>
<tr>
<td>Community Foundation of Greater New Haven</td>
<td>6,250</td>
</tr>
<tr>
<td>Young People’s concert</td>
<td>25,000</td>
</tr>
<tr>
<td>FY15 sponsorship - Shubert Series</td>
<td>25,000</td>
</tr>
<tr>
<td>FY15 Violin Chair sponsorship</td>
<td>17,532</td>
</tr>
<tr>
<td>Brubeck residency</td>
<td>12,285</td>
</tr>
<tr>
<td>FY15 operating support</td>
<td>13,000</td>
</tr>
<tr>
<td>Other</td>
<td>3,500</td>
</tr>
</tbody>
</table>

$133,567

NOTE 10 – SUBSEQUENT EVENTS
The musician’s collective bargaining agreement expired on May 31, 2014. The Organization is in the process of negotiating a new agreement. As of the date the financial statements were available to be issued, no new agreement has been signed.

The Organization did not have any additional subsequent events through September 17, 2014, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended May 31, 2014.
INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY FINANCIAL INFORMATION

To the Board of Directors
The New Haven Symphony Orchestra, Inc.

We have audited the financial statements of The New Haven Symphony Orchestra, Inc., as of and for the year ended May 31, 2014, and have issued our report thereon dated September 17, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are 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 audits 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 taken as a whole.

September 17, 2014
New Haven, Connecticut
### THE NEW HAVEN SYMPHONY ORCHESTRA, INC.

**SCHEDULE I - SCHEDULE OF FUNCTIONAL EXPENSES**

**YEAR ENDED MAY 31, 2014**

<table>
<thead>
<tr>
<th></th>
<th>Production</th>
<th>Education</th>
<th>Administration</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$830,998</td>
<td>$85,689</td>
<td>$72,495</td>
<td>$129,117</td>
<td>$1,118,299</td>
</tr>
<tr>
<td>Payroll taxes/workmen's</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>compensation</td>
<td>74,944</td>
<td>7,754</td>
<td>6,560</td>
<td>11,684</td>
<td>100,942</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>24,189</td>
<td>2,503</td>
<td>2,117</td>
<td>3,771</td>
<td>32,580</td>
</tr>
<tr>
<td>Guest artists</td>
<td>108,875</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>108,875</td>
</tr>
<tr>
<td>Advertising</td>
<td>174,603</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>174,603</td>
</tr>
<tr>
<td>Audience amenities</td>
<td>6,598</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,598</td>
</tr>
<tr>
<td>Auditions</td>
<td>5,826</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,826</td>
</tr>
<tr>
<td>Broadcast advertising</td>
<td>8,030</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,030</td>
</tr>
<tr>
<td>Cartage and hauling</td>
<td>2,671</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,671</td>
</tr>
<tr>
<td>Credit card discounts / bank fees</td>
<td>12,021</td>
<td>-</td>
<td>218</td>
<td>-</td>
<td>12,239</td>
</tr>
<tr>
<td>Data processing</td>
<td>7,798</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,798</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7,319</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,319</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>250</td>
<td>-</td>
<td>11,764</td>
<td>35</td>
<td>12,049</td>
</tr>
<tr>
<td>Equipment lease/maintenance</td>
<td>2,270</td>
<td>-</td>
<td>2,922</td>
<td>-</td>
<td>5,192</td>
</tr>
<tr>
<td>Hall rental and production</td>
<td>57,265</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>57,265</td>
</tr>
<tr>
<td>Hospitality</td>
<td>1,270</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,270</td>
</tr>
<tr>
<td>Insurance</td>
<td>6,482</td>
<td>671</td>
<td>567</td>
<td>1,011</td>
<td>8,731</td>
</tr>
<tr>
<td>Mailing service</td>
<td>7,028</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,028</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>464</td>
<td>-</td>
<td>1,387</td>
<td>1,068</td>
<td>2,919</td>
</tr>
<tr>
<td>Music costs</td>
<td>27,937</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,937</td>
</tr>
<tr>
<td>Occupancy costs</td>
<td>8,471</td>
<td>5,121</td>
<td>4,333</td>
<td>7,717</td>
<td>25,642</td>
</tr>
<tr>
<td>Office and computer</td>
<td>18,162</td>
<td>1,879</td>
<td>1,590</td>
<td>2,832</td>
<td>24,463</td>
</tr>
<tr>
<td>Orchestra travel</td>
<td>42,074</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>42,074</td>
</tr>
<tr>
<td>Postage</td>
<td>13,868</td>
<td>1,435</td>
<td>1,214</td>
<td>2,162</td>
<td>18,679</td>
</tr>
<tr>
<td>Professional services</td>
<td>11,849</td>
<td>11,499</td>
<td>14,846</td>
<td>6,894</td>
<td>45,088</td>
</tr>
<tr>
<td>Program books</td>
<td>23,635</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,635</td>
</tr>
<tr>
<td>Promotional material</td>
<td>10,893</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,893</td>
</tr>
<tr>
<td>Public relations</td>
<td>1,594</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,594</td>
</tr>
<tr>
<td>Receptions and gifts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,163</td>
<td>4,163</td>
</tr>
<tr>
<td>Staff development</td>
<td>1,049</td>
<td>-</td>
<td>2,943</td>
<td>10</td>
<td>4,002</td>
</tr>
<tr>
<td>Telephone</td>
<td>2,845</td>
<td>294</td>
<td>248</td>
<td>443</td>
<td>3,830</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>6,118</td>
<td>395</td>
<td>4,967</td>
<td>843</td>
<td>12,323</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$1,507,396</strong></td>
<td><strong>$117,240</strong></td>
<td><strong>$128,171</strong></td>
<td><strong>$171,750</strong></td>
<td><strong>$1,924,557</strong></td>
</tr>
</tbody>
</table>

See independent auditor’s report on supplementary financial information.