

Phoenix Youth Symphony Notes to Financial Statements

Note 1 – Nature of Operations

The Phoenix Symphony Guild (the “Guild”) was established in 1947. Its original dual purpose was to help form a community orchestra in Phoenix, Arizona (“The Phoenix Symphony”) and to raise funds to support that orchestra. When The Phoenix Symphony became a major orchestra in the early 1980’s, the Guild separated from The Phoenix Symphony to place its entire emphasis on support of the Guild’s Youth Division.

The Guild’s Youth Division was formed primarily to train young musicians through its six “stair step” instrumental ensembles (Phoenix Youth Symphony, Symphonette Orchestra, Chamber Winds, Symphonic Winds Ensemble, String Orchestra and Percussion Ensemble). The six ensembles are conducted by professional musicians, renowned for their expertise in conducting and teaching orchestral skills and offer outstanding learning and performance opportunities in a professional setting at a minimal cost to student participants. Over three hundred students in fifth through twelfth grades are selected each year through audition to study and perform symphonic literature in the five ensembles.

The Guild also promotes musical and cultural education through its Music Memory Program, which is designed to promote within the Greater Phoenix area elementary schools the study and appreciation of classical music, and thorough the Young Musicians’ Competition which provides scholarship opportunities to young musicians.

The Guild presently conducts its business under the dba name “Phoenix Youth Symphony” (“PYS”).

Note 2 – Basis of Presentation

The accompanying financial statements have been prepared without audit on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. Net assets are classified on the existence or absence of donor-imposed restrictions on contributions. Accordingly, net assets are classified as follows:

Unrestricted net assets – Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Guild and/or passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Guild.

Certain reclassifications have been made to the prior year's financial statements to present them on a comparable basis with the current year's presentation. None of the reclassifications affected previously reported increase/(decrease) in net assets.

Note 3 – Income Taxes

The Guild is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code granted June 29, 1955. The Guild is also exempt from Arizona state income taxes.

Note 4 – Investments

Investments are in diversified mutual funds managed by PYS' investment advisor, Galvin, Gaustad, Stein, LLC or in a savings account maintained at the Guild's bank, and are reported at cost. The following summary reflects the investment cost, market value and resulting unrealized gain/(loss) as of June 30, 2017:

	Levine		
	Endowment	Scholarship	
	Fund	Fund	Total
Cost	\$ 478,654	\$ 252,932	\$ 731,586
Fair Market Value	589,285	271,637	860,922
Unrealized Gain/(Loss)	<u>\$ 110,631</u>	<u>\$ 18,705</u>	<u>\$ 129,336</u>

Note 5 – Net Assets

A substantial portion of the contributions received by PYS are designated by donors for specific purposes. Endowment Fund contributions must be permanently maintained by PYS as principal (\$267,000 as of June 30, 2017), but earnings on the invested assets of this fund (\$211,654 as of June 30, 2017) may be used for general operating purposes. Contributions have been received to help fund PYS' scholarship programs, Music Memory and public relations initiatives and are restricted to such uses. The Youth Trip Account is used to collect and disburse funds in connection with trips taken by the various ensembles.

Note 6 - Fund Transfers

A transfer of \$30,000 from the accumulated earnings on the invested assets of the Endowment Fund was made to the Unrestricted Operating Funds for general operating expenses and a transfer of \$15,000 from the Levine Scholarship Fund to offset deficiencies in music camp scholarship donations over scholarships awarded to the winners of the Young Musicians Competition. In addition, certain orchestral program costs (contract payments to ensemble conductors, orchestra manager, stage manager and computer specialists and ensemble sectional costs) and management and general expenses (insurance and promotion) were allocated to the Music Memory Program.