PRINCETON SYMPHONY ORCHESTRA

Financial Statements

June 30, 2018
(with Summarized Comparative Totals
for June 30, 2017)

With Independent Auditors' Reports

withum
AUDIT TAX ADVISORY

Princeton Symphony Orchestra, Inc.
June 30, 2018
(With Summarized Comparative Totals for June 30, 2017)

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ADVISORY TAX AUDIT

INDEPENDENT AUDITORS' REPORT

To the Trustees,
Princeton Symphony Orchestra, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Princeton Symphony Orchestra, Inc. (the "Organization") which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the internal control relevant to the Organization'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 Organization'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 Princeton Symphony Orchestra, Inc. as of June 30, 2018, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Other Information

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Princeton Symphony Orchestra, Inc. taken as a whole. The schedule of artistic, marketing and public relations and benefit expenses, and schedule of administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance and schedules of findings and questioned costs and prior year findings and questioned costs are presented for purposes of additional analysis as required by the State of New Jersey, Department of State, State Council on the Arts grant contract and are not a required part of the financial statements. Such supplementary 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 supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2018 on our consideration of the Princeton Symphony Orchestra, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Princeton Symphony Orchestra, Inc.'s internal control over financial reporting and compliance.

Prior Year Summarized Comparative Information

We have previously audited the Princeton Symphony Orchestra, Inc.'s June 30, 2017 financial statements and we expressed an unmodified audit opinion on those financial statements in our audit report dated November 7, 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 was derived.

WithumSmith+Brown, PC

November 6, 2018

Princeton Symphony Orchestra, Inc.
Statement of Financial Position
June 30, 2018
(With Summarized Comparative Totals for June 30, 2017)

	2018				2017
	Unrestricted	Temporarily Restricted for Projects	Temporarily Restricted for Endowment	Total	Total
Assets					
Current assets					
Cash and cash equivalents	$ 472,274	$ 53,112	$ --	$ 525,386	$ 441,890
Prepaid expenses	43,048	--	--	43,048	32,537
Grants receivable	11,398	--	--	11,398	11,398
Accounts receivable	2,400	--	--	2,400	12,293
Contributions receivable, current portion	116,646	89,660	32,606	238,912	19,356
Total current assets	645,766	142,772	32,606	821,144	517,474
Property and equipment, net	2,840	--	--	2,840	1,432
Trademark, net	2,942	--	--	2,942	1,851
Contributions receivable, net of current portion	1,000	89,660	--	90,660	--
Investments	985,911	--	3,668,260	4,654,171	4,328,264
Total assets	$ 1,638,459	$ 232,432	$ 3,700,866	$ 5,571,757	$ 4,849,021
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued expenses	$ 22,067	$ --	$ --	$ 22,067	$ 11,321
Deferred subscriptions revenue	234,995	--	--	234,995	194,926
Total current liabilities	257,062	--	--	257,062	206,247
Net assets					
Unrestricted					
Undesignated	379,132	--	--	379,132	218,170
Designated by the board for future projects	1,002,265	--	--	1,002,265	789,096
	1,381,397	--	--	1,381,397	1,007,266
Temporarily restricted	--	232,432	3,700,866	3,933,298	3,635,508
Total net assets	1,381,397	232,432	3,700,866	5,314,695	4,642,774
Total liabilities and net assets	$ 1,638,459	$ 232,432	$ 3,700,866	$ 5,571,757	$ 4,849,021

The Notes to Financial Statements are an integral part of these statements.

Princeton Symphony Orchestra, Inc.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2018
(With Summarized Comparative Totals for June 30, 2017)

	2018				2017
	Unrestricted	**Temporarily Restricted for Projects**	**Temporarily Restricted for Endowment**	**Total**	**Total**
Revenues					
Contributions					
Individuals	$ 433,050	$ 222,756	$ 125,256	$ 781,062	$ 607,257
Corporations	38,650	11,000	1,500	51,150	71,675
Foundations	62,005	281,480	25,000	368,485	236,200
Government	45,592	--	--	45,592	45,592
Total contributions	579,297	515,236	151,756	1,246,289	960,724
Ticket sales	412,985	--	--	412,985	298,890
Other performance fees	29,450	--	--	29,450	67,844
Benefits	229,240	--	--	229,240	236,670
Advertising	20,620	--	--	20,620	15,356
Investment income, net of fees	27,958	--	--	27,958	15,678
Unrealized gain on investments	220,399	--	--	220,399	509,097
Realized gain (loss) on investments	120,877	--	--	120,877	(25,651)
Net assets released from restrictions					
Satisfaction of program restrictions	369,202	(369,202)	--	--	--
Total revenues	2,010,028	146,034	151,756	2,307,818	2,078,608
Expenses					
Artistic	866,593	--	--	866,593	853,799
Marketing and public relations	112,556	--	--	112,556	118,835
Benefits	91,260	--	--	91,260	73,974
Administrative	565,488	--	--	565,488	504,439
Total expenses	1,635,897	--	--	1,635,897	1,551,047
Changes in net assets	374,131	146,034	151,756	671,921	527,561
Net assets, beginning of year	1,007,266	86,398	3,549,110	4,642,774	4,115,213
Net assets, end of year	$ 1,381,397	$ 232,432	$ 3,700,866	$ 5,314,695	$ 4,642,774

The Notes to Financial Statements are an integral part of these statements.

Princeton Symphony Orchestra, Inc.
Statement of Cash Flows
Year Ended June 30, 2018
(With Summarized Comparative Totals for June 30, 2017)

	2018				2017
	Unrestricted	Temporarily Restricted for Projects	Temporarily Restricted for Endowment	Total	Total
Cash flows from operating activities					
Changes in net assets	$ 374,131	$ 146,034	$ 151,756	$ 671,921	$ 527,561
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities					
Depreciation and amortization	2,961	--	--	2,961	2,137
Unrealized gain on investments	(220,399)	--	--	(220,399)	(509,097)
Realized (gain) loss on sale of investments	(120,877)	--	--	(120,877)	25,651
Cash provided (used) by changes in:					
Grants receivable	--	--	--	--	11,398
Accounts receivable	9,893	--	--	9,893	(1,671)
Contributions receivable	(98,290)	(179,320)	(32,606)	(310,216)	(4,320)
Prepaid expenses	(10,511)	--	--	(10,511)	(20,190)
Accounts payable and accrued expenses	10,746	--	--	10,746	(12,361)
Deferred subscriptions revenue	40,069	--	--	40,069	72,661
Proceeds from contributions restricted for endowment	--	--	(119,150)	(119,150)	--
Net cash provided (used) by operating activities	(12,277)	(33,286)	--	(45,563)	91,769
Cash flows from investing activities					
Net change in pooled investments	143,444	--	(128,075)	15,369	(115,446)
Purchase of fixed assets	(2,518)	--	--	(2,518)	--
Purchase of trademark	(2,942)	--	--	(2,942)	--
Net cash provided (used) by investing activities	137,984	--	(128,075)	9,909	(115,446)
Cash flows from financing activities					
Proceeds from contributions restricted for endowment	--	--	119,150	119,150	--
Change in cash and cash equivalents	125,707	(33,286)	(8,925)	83,496	(23,677)
Cash and cash equivalents					
Beginning of year	346,567	86,398	8,925	441,890	465,567
End of year	$ 472,274	$ 53,112	$ --	$ 525,386	$ 441,890

The Notes to Financial Statements are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Princeton Symphony Orchestra, Inc. (the "Organization") is a fully professional ensemble that offers orchestral, pops, and chamber music programs complemented by a variety of lectures and events to enhance audience understanding and enjoyment and to reinforce music's essential role in the life of the greater Princeton community. The Organization also offers a comprehensive music education program, PSO BRAVO!, serving students of all ages with performances, coaching and music instruction.

Basis of Presentation

The Organization follows the accounting guidance for not-for-profit entities which establishes standards for external financial reporting by not-for-profit organizations and requires that resources are classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions. For the year ended June 30, 2018, the Organization had accounting transactions in two of the net asset categories, as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed time or purpose restrictions. When the donor's stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash held in money market accounts to be cash equivalents, as well as debt securities with an initial maturity of three months or less from the date of acquisition.

Investments

The Organization's investments are carried at net asset value (see Note 2) in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends, net of fees) is included in unrestricted net assets unless the income or loss is restricted by donor or law.

Receivables and Credit Policies

Accounts receivable are uncollateralized, non-interest bearing, customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer; grants and pledges receivable are stated at the amounts earned under the grant or pledge agreement. Payments of accounts receivable are allocated to specific invoices identified on the customer's remittance advice, or if unspecified, are applied to the earliest unpaid invoices.

Accounts receivable balances over 90 days old from the invoice date are considered delinquent. At June 30, 2018 and 2017, there were no delinquent accounts. The carrying amounts of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management has determined that no allowance for uncollectible accounts was required at June 30, 2018 and 2017.

Property and Equipment
Property and equipment are stated at cost. Generally, acquisitions over $500 are capitalized. Maintenance and repairs that do not improve or extend the lives of assets are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, which is generally 5-7 years for furniture, fixtures and equipment.

Trademarks
Trademarks are stated at cost and are amortized over 10 years using the straight-line method.

Revenue Recognition
Contributions receivable are recognized as contribution revenue in the period received as assets, decreases of liabilities, or expenses depending on the form of benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

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 donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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.

Revenue from ticket sales, performance fees, advertising is recognized when earned. Monies received in advance of performances are recorded as deferred revenue on the statement of financial position and recognized into revenue when the performance occurs.

Revenue from benefits (special events) are recorded when the event occurs.

Tax Exempt Status
The Organization was incorporated in the State of New Jersey as a nonprofit organization on July 11, 1980. The Organization has received a determination from the Internal Revenue Service granting exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization had no unrecognized tax benefits at June 30, 2018 and 2017 and has incurred no interest or penalties related to income taxes for the periods presented in the financial statements.

Advertising Costs
The Organization uses advertising to promote its concerts and outreach programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising and promotion costs amounted to $80,319 and $74,958 for the years ended June 30, 2018 and 2017, respectively.

New Accounting Pronouncements
Not-For-Profit Reporting
In August 2016 the FASB issued ASU 2016-14 – Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. ASU 2016-14, which is effective for fiscal years beginning after December 15, 2017, with early adoption permitted will require a change to two areas of not-for-profit accounting and significant new financial statement presentation and disclosure requirements. Under ASU 2016-14 (the "ASU") underwater funds will be accounted for within net assets with donor restrictions and not within net assets without donor restrictions as is the current practice. In addition, the ASU eliminates the accounting policy election to release donor imposed restrictions over the useful life of donated property and equipment when the donor does not explicitly specify the period of time the property must be used. Instead, entities will be required to relieve the donor's restrictions at the time the asset is placed in service. The ASU also changes the presentation and disclosure requirements of not-for-profit entities in the following areas: functional expense disclosures, display of net asset classes, cash flow presentation, quantitative and qualitative liquidity disclosures and presentation of investment returns. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Revenue Recognition
In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a comprehensive new revenue recognition model that requires a company to recognize revenue in an amount that reflects the consideration it expects to receive for the transfer of promised goods or services to its customers. The standard, including subsequent amendments, was codified as Topic 606 and requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Topic 606 is effective for annual periods beginning after December 15, 2018 and interim periods beginning after December 15, 2019. This ASU is to be applied retrospectively or using a cumulative effect transition method. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Leases
In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the consolidated statement of financial position for all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

2. POOLED INVESTMENT HELD BY PACF

Investments are held in pooled funds invested with the Princeton Area Community Foundation, Inc. ("PACF"). As a participant in the pooled funds, the Organization's ownership interest is based on the units held by the Organization to the total of all units in the pooled funds. The pool is revalued monthly and income and gains or losses are allocated to the participants based on their units. The market value and cost of the pooled investments is as follows at June 30:

	2018		2017	
	Cost	**Market**	**Cost**	**Market**
Pooled Investments	$ 3,747,358	$ 4,654,171	$ 3,632,385	$ 4,328,264

Investment income related to the pooled investments for the years ended June 30, 2018 and 2017, was comprised of the following:

	2018	**2017**
Dividends & Interest	$ 50,316	$ 37,720
Realized gain (loss)	120,877	(25,651)
Unrealized gain	220,399	509,097
Investment fees	(24,086)	(22,042)
	$ 367,506	$ 499,124

The Organization uses NAV to determine the fair value of certain investments by major category as of June 30, 2018 and 2017:

Category of Investment	**Investment Strategy**	**NAV - 2018**	**NAV - 2017**	**Unfunded Commitments**	**Redemption Terms**	**Redemption Restrictions**
Pooled fund	Long-Term Growth	$ 4,654,171	$ 4,328,264	None	None	None

3. RESTRICTIONS ON NET ASSETS

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

	2018	**2017**
Temporarily restricted for Projects		
Support for 2018-2019 concerts	$ 30,456	$ --
Support for 2017-2018 concerts	--	18,377
Support for FY2019 opening night	15,000	--
Support for FY2018 opening night	--	59,021
Support for FY2018 benefit	--	9,000
Support for Sustainability	7,656	--
Time and purpose restricted	179,320	--
Subtotal restricted for Projects	232,432	86,398
Temporarily restricted for Endowment	3,700,866	3,549,110
	$ 3,933,298	$ 3,635,508

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2018	2017
Purpose restriction accomplished	$ 369,202	$ 225,420
Re-designation of gift	--	250,000
	$ 369,202	$ 475,420

Board Designated Net Assets

In accordance with the Organization's endowment policy, the board-designated net assets are comprised of earnings on its temporarily restricted endowment fund not yet appropriated for expenditure (see Note 4).

4. ENDOWMENT FUNDS

The Organization's endowment consists of pooled investments established for funding special projects that may arise and for generating operating income. The endowment consists of gifts restricted for long-term support of the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization's endowment policy allows it to draw on the funds if a majority of the Board agrees to do so for a specific purpose. As a result of this interpretation, the Organization classified as temporarily restricted net assets (a) the original value of gifts donated to the temporarily restricted endowment and (b) the original value of subsequent gifts to the temporarily restricted endowment. The remaining portion of donor-restricted endowment fund is classified as unrestricted net assets, subject to board designation, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by state law and the Organization's spending policy.

The Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) the duration and preservation of the fund
(2) the purposes of the Organization and the endowment fund
(3) general economic conditions
(4) the possible effect of inflation and deflation
(5) the expected total return from income and appreciation of investments
(6) other resources of the Organization
(7) the investment policies of the Organization

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. The Organization accumulates earnings through the board-designated portion of the endowment and upon board approval, releases the funds to operations. The Organization distributes annually an amount equal to a percentage of the value of the endowment fund calculated based upon the average of the total investment portfolio over the preceding 36 months. The board approved a distribution of $155,000 and $140,000 for the years ended June 30, 2018 and 2017, respectively.

The following table provides information regarding the change in endowment net assets for the years ended June 30, 2018 and 2017:

	June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2017	$ 789,096	$ 3,549,110	$ --	$ 4,338,206
Contributions to endowment	--	151,756	--	151,756
Re-designation of gifts	--	--	--	--
Unrealized gain on investments	217,347	--	--	217,347
Realized gain on investments	124,699	--	--	124,699
Investment income, net of fees	26,123	--	--	26,123
Income allocated for spending	(155,000)	--	--	(155,000)
Endowment net assets at June 30, 2018	$ 1,002,265	$ 3,700,866	$ --	$ 4,703,131

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2016	$ 181,365	$ 3,540,422	$ --	$ 3,721,787
Contributions to endowment	--	258,688	--	258,688
Re-designation of gifts	250,000	(250,000)	--	--
Unrealized gain on investments	509,097			509,097
Realized loss on investments	(25,586)	--	--	(25,586)
Investment income, net of fees	14,220	--	--	14,220
Income allocated for spending	(140,000)	--	--	(140,000)
Endowment net assets at June 30, 2017	$ 789,096	$ 3,549,110	$ --	$ 4,338,206

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2018	2017
Furniture, fixtures and equipment	$ 19,389	$ 16,871
Less accumulated depreciation	(16,549)	(15,439)
Furniture and fixtures, net	$ 2,840	$ 1,432

Depreciation expense amounted to $1,110 and $1,824 for the years ended June 30, 2018 and 2017, respectively.

6. TRADEMARKS

Trademarks consist of the following at June 30:

	2018	2017
Trademarks	$ 7,636	$ 4,694
Less accumulated amortization	(4,694)	(2,843)
Trademarks, net	$ 2,942	$ 1,851

Amortization expense amounted to $1,851 and $313 for the years ended June 30, 2018 and 2017, respectively.

7. COMMITMENTS

Operating Leases
The Organization has a non-cancelable lease for office space which began July, 2015 and expires June 2020. Future minimum annual rental payments are as follows for the years ending June 30:

Year	Amount
2019	$ 25,476
2020	26,160
	$ 51,636

Employment Contracts
On June 8, 2009, the Organization entered into a three year employment agreement with a new Music Director, with a five-year extension of the employment agreement signed on December 16, 2011. An additional five-year extension was signed on November 6, 2015 extending the contract through June 30, 2022.

Future annual payments due under this agreement are as follows for the year ending June 30:

Year	Amount
2019	$ 109,000
2020	111,000
2021	113,000
2022	115,000
	$ 448,000

8. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2018 and 2017, contributions from Board of Trustees amounted to $317,865 and $286,426, respectively.

9. CONCENTRATION OF CREDIT RISK

The Organization maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash balances.

Receivable Concentrations
At June 30, 2017, the Organization had 1 funding source comprised 100% of the outstanding accounts receivable balance. At June 30, 2017, grants receivable was outstanding from 1 funding source. At June 30, 2018, the Organization had 1 funding source which comprised 52% of the outstanding contributions receivable balance. At June 30, 2017, two funding sources accounted for 44% and 13% of the outstanding contributions receivable balance.

Revenue Concentrations
At June 30, 2018, the Organization had three donors that comprised approximately 26% of total contribution revenue. At June 30, 2017, the Organization two donors that comprised approximately 23% of total contribution revenue.

Concentration of Labor Subject to Collective Bargaining Agreement
The Organization has an agreement with the American Federation of Musicians, Local 62 of the American Federation of Musicians which is in effect from July 1, 2017 through June 30, 2021. At June 30, 2018, the Organization had a total of approximately 180 employees. Approximately 95 percent of the Organizations employees are represented by a union.

10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of November 6, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.

SUPPLEMENTARY INFORMATION

Princeton Symphony Orchestra, Inc.
Schedule of Artistic, Marketing and Public Relations, and Benefit Expenses
Year Ended June 30, 2018
(With Summarized Comparative Totals for June 30, 2017)

	2018	2017
Artistic Expenses		
Musician fees	$ 399,514	$ 427,251
Guest conductors	11,030	13,277
Payroll taxes	34,491	33,310
Guest artists	46,936	49,754
Librarian and personnel manager	13,264	11,144
Music rental	11,807	16,601
Hall rental	58,589	56,649
Recording	7,070	5,721
Music equipment rental	2,220	1,677
Travel	19,562	17,567
Cartage	6,708	10,268
Program production and notes	39,029	34,921
Other production expenses	25,626	14,188
Postage	1,065	2,028
Family initiative	1,555	3,707
Education and outreach	188,127	155,736
	$ 866,593	$ 853,799
Marketing and Public Relations Expenses		
Advertising	$ 80,319	$ 74,958
Development	29,370	39,402
Website maintenance	1,616	2,241
Postage	376	838
Entertainment	875	1,396
	$ 112,556	$ 118,835
Benefit Expenses		
Musician fees	$ 9,665	$ 16,600
Printing	7,303	11,639
Postage	1,476	1,161
Catering and flowers	51,543	36,215
Other	21,273	8,359
	$ 91,260	$ 73,974

Princeton Symphony Orchestra, Inc.
Schedule of Administrative Expenses
Year Ended June 30, 2018
(With Summarized Comparative Totals for June 30, 2017)

	2018	2017
Administrative Expenses		
Salaries	$ 303,002	$ 286,430
Payroll taxes	30,621	29,812
Employee benefits	29,459	28,449
Consultants	24,117	14,608
Printing	3,096	3,166
Postage	3,876	3,357
Payroll processing expense	4,750	4,058
Office supplies and expense	3,459	5,175
Telephone and internet	4,372	3,691
Office rent	24,720	24,000
Equipment	16,440	6,807
Depreciation and amortization	2,961	2,137
Insurance	26,134	16,999
Dues and conferences	16,542	15,246
Professional fees	31,744	24,519
Bank charges	1,448	940
Ticket processing fees	13,940	14,937
Credit card processing fees	15,308	13,032
Other	9,499	7,076
	$ 565,488	$ 504,439

See Independent Auditors' Report.

GOVERNMENT REPORTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To the Trustees,
Princeton Symphony Orchestra, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Princeton Symphony Orchestra, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2018 and the related statements of activities and changes in net assets, and cash flows for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WithumSmith+Brown, PC

November 6, 2018

WithumSmith+Brown, PC 506 Carnegie Center, Suite 400, Princeton, New Jersey 08540-6243 T (609) 520 1188 F (609) 520 9882 withum.com

SUPPLEMENTARY INFORMATION

Princeton Symphony Orchestra, Inc.
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2018

Grantor/Program Title	Award Number	Award Period	Award Amount	Total Expendtures
State of New Jersey				
Department of State				
State Council on Arts				
General operating support	1802X010103	07/01/17-06/30/18	$ 45,592	$ 45,592

Basis of Presentation

The schedule of expenditures of state awards includes the state grant activity of Princeton Symphony Orchestra, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Organization's grant agreement with the State of New Jersey, Department of State, State Council on the Arts. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Section 1 – Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted	No

Section 2 – Financial Statement Findings

None

Section 3 – State Award Findings and Questioned Costs

None

No findings or questioned costs in prior year's audit.