

MUSICAL BRIDGES AROUND THE WORLD, INC.
AUDITED FINANCIAL STATEMENTS
SAN ANTONIO, TEXAS
AUGUST 31, 2009

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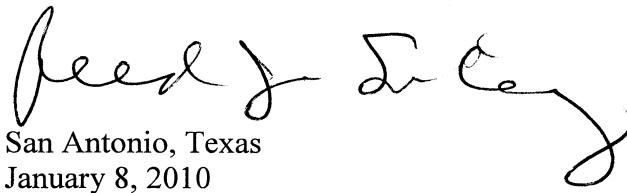
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Musical Bridges Around the World, Inc.
San Antonio, Texas

I have audited the accompanying statement of financial position of Musical Bridges Around the World, Inc. (a non-profit organization) as of August 31, 2009, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Musical Bridges Around the World's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Musical Bridges Around the World's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Musical Bridges Around the World, Inc. as of August 31, 2009, and the changes 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.


San Antonio, Texas
January 8, 2010

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2009

ASSETS

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 14,447
Total Current Assets	<u>14,447</u>
Fixed Assets:	
Property and Equipment	18,172
Less: Accumulated Depreciation	<u>5,254</u>
Net Property and Equipment	<u>12,918</u>
TOTAL ASSETS	<u>\$ 27,365</u>

NET ASSETS

NET ASSETS

Unrestricted	7,365
Temporarily Restricted	<u>20,000</u>
TOTAL NET ASSETS	<u>\$ 27,365</u>

The accompanying notes are an integral part of these financial statements.

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE AND SUPPORT			
Donations	\$ 33,763	\$ -	\$ 33,763
Grants	87,241	20,000	107,241
Memberships	14,992	-	14,992
Ticket Sales - Concerts	20,666	-	20,666
Ad Sales - Programs	3,847	-	3,847
In-Kind Revenue	69,668	-	69,668
Other	381	-	381
	230,558	20,000	250,558
EXPENSES			
Program	209,519	-	209,519
Administrative	29,843	-	29,843
Fundraising	11,201	-	11,201
	250,563	-	250,563
CHANGE IN NET ASSETS	(20,005)	20,000	(5)
NET ASSETS AT BEGINNING OF THE YEAR	27,370	-	27,370
NET ASSETS AT END OF YEAR	\$ 7,365	\$ 20,000	\$ 27,365

The accompanying notes are an integral part of these financial statements.

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2009

	Program	Administrative	Fundraising	Total
Advertising	\$ 3,745	\$ -	\$ -	\$ 3,745
Artistic Fee	83,534	-	-	83,534
Bank Charge	-	345	-	345
Catering	9,119	-	-	9,119
Compensation: Artistic Director	23,600	5,900	-	29,500
Compensation: Executive Director	3,580	3,580	-	7,160
Credit Card Charges	-	1,980	-	1,980
Depreciation	1,876	469	-	2,345
Dues and Subscriptions	-	332	-	332
Insurance	997	-	-	997
Interest	-	24	-	24
Meals for Guest Artists	2,589	-	-	2,589
Office Expense	-	3,067	-	3,067
Office Supplies	-	1,244	-	1,244
Piano Expense	7,560	-	-	7,560
Postage and Delivery	3,499	-	-	3,499
Printing and Reproduction	7,401	-	-	7,401
Professional Consultants: Accounting Fees	-	1,808	-	1,808
Professional Consultants: Computer Technical Assistance	-	1,000	-	1,000
Professional Consultants: Development Consultant	-	-	8,589	8,589
Professional Consultants: Graphic Designer	2,500	-	-	2,500
Professional Consultants: Legal Fees	-	9,570	-	9,570
Professional Consultants: Marketing Consultant	-	-	2,612	2,612
Professional Consultants: Recording Engineer	9,480	-	-	9,480
Professional Consultants: Web-Site Designer	4,200	-	-	4,200
Rentals	430	-	-	430
Travel: Air Fare	197	-	-	197
Travel: Hotel Accommodations	9,980	-	-	9,980
Venue Rental	27,964	-	-	27,964
Volunteers for Concerts	7,268	-	-	7,268
Web Hosting	-	524	-	524
TOTAL FUNCTIONAL EXPENSES	\$ 209,519	\$ 29,843	\$ 11,201	\$ 250,563

The accompanying notes are an integral part of these financial statements.

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2009

	2009
Cash Flows from Operating Activities:	
Change in Net Assets	\$ (5)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	2,345
Net Cash Provided By Operating Activities	2,340
Cash Flows from Investing Activities:	
Purchase of Property and Equipment	(10,927)
Net Cash Used By Investing Activities	(10,927)
Net Decrease in Cash	(8,587)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	23,034
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 14,447

The accompanying notes are an integral part of these financial statements.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009

NOTE 1: NATURE OF ACTIVITIES

Musical Bridges Around the World, Inc. (the Organization) is a nonprofit corporation founded in 1998 for the purpose of inviting international classical and jazz artists from all over the world to perform with talented local musicians at venues in San Antonio and surrounding areas. The organization is dedicated to creating unforgettable classical music experiences for San Antonio residents regardless of age or socio-economic status by providing concerts of classical chamber music, jazz, and concerts for young people throughout the year.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization uses United States generally accepted accounting principles in the preparation of its financial statements. Under these provisions, net assets, 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 – Net assets that are not subject to donor-imposed stipulations and are immediately available to the organization for the performance of its service.

Temporarily Restricted Net Assets – Net assets that are limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and otherwise removed by actions of the Organization pursuant to purpose stipulations.

Estimates

The preparation of financial statements in conformity with United States 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 consist of cash deposits and various short-term investment vehicles with maturities of 90 days or less.

Property and Equipment

Property and equipment is stated at cost. Donated property and equipment is recorded at fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Individual items of furniture, fixtures, and equipment are depreciated over periods varying from five to seven years.

MUSICAL BRIDGES AROUND THE WORLD, INC.
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 2009

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Support

The Organization receives support from individual contributions and grants from corporations, foundations, and local government entities. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Federal Income Tax Status

The Corporation is exempt from Federal income taxes as an organization described in Section 501 (c)(3) of the Internal Revenue Code.

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 between the programs and supporting services benefited.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Computer and Musical Equipment	\$	18,172
Less: Accumulated Depreciation		(5,254)
Net Property and Equipment	\$	12,918

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of August 31, 2009:

Kids to Concerts 2009-2010	\$	15,000
Operational Expenses for 2009-2010		5,000
	\$	20,000

NOTE 5: IN-KIND CONTRIBUTIONS

Contributed Facilities

Concert venues at San Fernando Cathedral, the Mexican Cultural Institute, and the Crown Ridge Music Academy are available for musical performances at no charge to the Organization.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009

NOTE 5: IN-KIND CONTRIBUTIONS (CONTINUED)

The estimated value of these facilities is reflected in the accompanying statement of activities as both in-kind revenue and expense in the amount of \$25,280 for 2009.

Other Contributed Materials and Services

Several of the musicians who perform in the organization's concerts travel from other cities and countries. The Organization provides free lodging and amenities to these individuals during their stay in San Antonio, and estimates the fair market value of the benefits provided to the guest musicians to be \$9,120 for the fiscal year ending August 31, 2009.

During the current fiscal year, musical instruments and equipment were made available to the Organization free of charge for use in the organization's concerts. The fair rental value of the contributed property was \$7,248 for the fiscal year ended August 31, 2009.

Contributions of donated services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Website designers, graphic designers, a recording engineer, a computer tech, volunteers at concerts, and an attorney donated professional services to the Organization in the furtherance of its service. Management estimates the fair market value of these donated services to be \$28,020 for the fiscal year ended August 31, 2009. The value of these donated professional services is reported by the Organization in the accompanying statement of activities as in-kind revenue and as program and administrative expenses.

NOTE 6: FAIR VALUE OF FINANCIAL INSTRUMENTS

As required by the Fair Value of Financial Instruments topic of the FASB Accounting Standards Codification, The Organization adapted the provisions of Fair Value Measurements effective January 1, 2008. Under the Fair Value Measurements topic, fair value is defined as the price that would be received to sell an asset or an amount paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs of 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 or liabilities and have the highest priority, Level 2 valuations are based on quoted prices in markets that are not active, and Level 3 valuations are based on inputs that are unobservable and consequently have the lowest priority.

MUSICAL BRIDGES AROUND THE WORLD, INC.
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 2009

NOTE 6: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets or liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or level 3 input valuations were used by the Organization.

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial statements:

Cash and cash equivalents - The carrying amounts reported in the statement of financial position approximate their fair values because of the short maturities of those instruments.

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value as of August 31, 2009:

	<u>Fair Value Measurements at Reporting Date Using:</u>	
<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	
Cash and cash equivalents	<u>\$ 14,447</u>	<u>\$ 14,447</u>