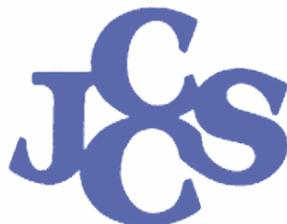


**THE COLLEGE MUSIC SOCIETY**

**COMPILED FINANCIAL STATEMENTS**

**JULY 31, 2015**



**Junkermier • Clark**

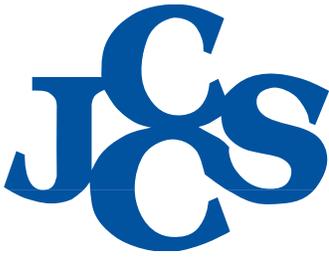
**Campanella • Stevens • P.C.**

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Certified Public Accountants and Business Advisors

**THE COLLEGE MUSIC SOCIETY  
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Certified Public Accountants and Business Advisors

**Board of Directors and Management  
The College Music Society  
Missoula, Montana**

Management is responsible for the accompanying financial statements of The College Music Society (a not-for-profit organization), which comprise the statement of financial position as of July 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Missoula, Montana  
October 30, 2015

**THE COLLEGE MUSIC SOCIETY**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF FINANCIAL POSITION**  
**July 31, 2015**

**Assets**

**Current Assets**

|                                |               |
|--------------------------------|---------------|
| Cash                           | \$ 10,482     |
| Accounts receivable - services | 2,562         |
| Inventory - publications       | 68,622        |
| Prepaid expenses               | <u>30,191</u> |

**Total Current Assets** 111,857

**Property and Equipment**

|                                  |                  |
|----------------------------------|------------------|
| Office equipment and furniture   | 67,368           |
| Information systems and software | 238,269          |
| Accumulated depreciation         | <u>(282,809)</u> |

Total property and equipment 22,828

**Total Assets** \$ 134,685

**Liabilities and Net Assets**

**Current Liabilities**

|                             |               |
|-----------------------------|---------------|
| Accounts payable - services | \$ 15,406     |
| Bank line of credit         | 39,969        |
| Accrued payroll taxes       | 16,128        |
| Deferred income             | <u>62,355</u> |

**Total Current Liabilities** 133,858

**Net Assets - Unrestricted** 827

**Total Liabilities and Net Assets** \$ 134,685

See accompanying notes and accountants' report

**THE COLLEGE MUSIC SOCIETY**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF ACTIVITIES**  
**Year Ended July 31, 2015**

|  |                  |
|--|------------------|
| <b>Income from Activities</b>                        |                  |
| Membership services                                  | \$ 419,918       |
| Professional services                                | 343,502          |
| Information services                                 | 498,098          |
| Interest income                                      | 1,907            |
| Other  | <u>1,107</u>     |
| <b>Total Activities Income</b>                       | <u>1,264,532</u> |
| <br>   |                  |
| <b>Expenses for Activities</b>                       |                  |
| <b>Programs</b>                                      |                  |
| Membership services                                  | 165,726          |
| Professional services                                | 433,183          |
| Information services                                 | 176,922          |
| Engagement and outreach services                     | 32,137           |
| Career development services                          | <u>44,581</u>    |
| <b>Total Program Expenses</b>                        | <u>852,549</u>   |
| <br>   |                  |
| <b>Management and General</b>                        |                  |
| Board of directors and committees                    | 46,961           |
| Administration                                       | 192,345          |
| Computer systems and equipment                       | 183,585          |
| Building rent, maintenance, and utilities            | 38,558           |
| Depreciation   | 11,817           |
| Interest expense                                     | <u>220</u>       |
| <b>Total Management and General Expenses</b>         | <u>473,486</u>   |
| <br>   |                  |
| <b>Total Activities Expense</b>                      | <u>1,326,035</u> |
| <br>   |                  |
| <b>Change in Net Assets - Unrestricted</b>           | (61,503)         |
| <br>   |                  |
| <b>Net Assets - Beginning of Year - Unrestricted</b> | <u>62,330</u>    |
| <br>   |                  |
| <b>Net Assets - End of Year - Unrestricted</b>       | <u>\$ 827</u>    |

See accompanying notes and accountants' report

**THE COLLEGE MUSIC SOCIETY**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF CASH FLOWS**  
**Year Ended July 31, 2015**

**Cash Flows From Operating Activities**

|  |              |
|--|--------------|
| Cash received from members, meetings,<br>institutes and services | \$ 1,265,844 |
| Cash paid to suppliers and staff                                 | (1,284,903)  |
| Interest received  | 1,907        |
| Interest paid  | <u>(220)</u> |

**Net Cash Flows From Operating Activities** (17,372)

**Cash Flows From Investing Activities**

|                                    |                |
|------------------------------------|----------------|
| Purchase of property and equipment | <u>(7,795)</u> |
|------------------------------------|----------------|

**Net Cash Flows From Investing Activities** (7,795)

**Cash Flows From Financing Activities**

|                                   |                 |
|-----------------------------------|-----------------|
| Proceeds from bank line of credit | 52,000          |
| Payments on bank line of credit   | <u>(28,531)</u> |

**Net Cash Flows From Financing Activities** 23,469

**Net Change in Cash** (1,698)

**Cash at Beginning of Year** 12,180

**Cash at End of Year** \$ 10,482

**Reconciliation of Change in Net Assets  
to Net Cash Provided by Operating Activities**

|  |               |
|--|---------------|
| Change in Net Assets - Unrestricted      | \$ (61,503)   |
| Depreciation                             | 11,817        |
| Changes in Assets and Liabilities        |               |
| Accounts receivable                      | 5,857         |
| Inventory                                | (3,649)       |
| Prepaid expenses                         | 19,802        |
| Accounts payable and accrued liabilities | <u>10,304</u> |

**Net Cash Flows From Operating Activities** \$ (17,372)

See accompanying notes and accountants' report

**THE COLLEGE MUSIC SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business

The College Music Society (the Society) is a not-for-profit organization dedicated to serving its members, higher education, and the music profession in several ways including:

- Dissemination of information through publications, journals, proceedings, reports, recorded music, newsletters, and the Internet.
- Sponsorship of institutes for academicians to consider curriculum and teaching issues.
- Sponsorship of conferences to enhance information sharing.
- Appointment and support of committees to conduct projects and studies.

The Society provides information services through its extensive databases of music professionals, organizations and academic institutions. The Society provides information concerning employment opportunities for music professionals in higher education.

The accounting records for the Society are maintained on the accrual basis. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

The Society maintains the cash accounts for all nine of the regional chapters. Their income and expenses are included in the statement of activities.

The Society's main sources of income are membership dues, professional services, and information services.

All of the net assets of the Society are unrestricted as to use by its members or others.

Estimates

Preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

Inventories

The Society has inventories consisting of publications. Inventories include the cost of printing and associated costs for maintaining the necessary infrastructure to produce the publications. Inventory is stated at the lower of cost or market, with cost determined using an average cost method.

**THE COLLEGE MUSIC SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

The Society capitalized all property and equipment acquisitions in excess of \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Depreciation is computed using the straight-line method over the useful lives of the individual assets, ranging from 3 to 5 years for office equipment, furniture, information systems, and software.

Income Taxes

The Society is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The Society's Federal Return of Organization Exempt From Income Tax (Form 990) is generally open to examination by taxing authorities for the later of three years after they were filed or the due date of the return.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Delinquent Accounts Receivable

All invoices of the Society are presented as "due upon receipt." All aged accounts over 30 days will accrue at an interest rate of 18% annually. Invoices older than 180 days are sent to a collection agency and written off. Based on historical collection activity, no allowance is deemed necessary by management.

Shipping Costs

Shipping and handling fees billed to customers are recorded as sales while the related shipping and handling costs are included in information services expense.

**NOTE 2 -- CASH**

Cash consists of:

|                  |                         |
|------------------|-------------------------|
| Checking Account | \$ 9,403                |
| Savings Account  | <u>1,079</u>            |
| Total            | <u><u>\$ 10,482</u></u> |

At times during the year, the Society may have deposits with financial institutions in excess of the FDIC insured limit.

**THE COLLEGE MUSIC SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2015**

**NOTE 3 -- BANK LINE OF CREDIT**

The Society has a revolving credit agreement with First Interstate Bank to support its operations and enhance working capital. The line of credit is unsecured under this agreement with maximum credit limit of \$75,000. As of July 31, 2015, the outstanding balance was \$39,969 with monthly interest only payments due on the 1st of each month. Interest on the line of credit is variable based on the Wall Street Journal Prime Rate plus 3.25% (6.50% at July 31, 2015) with a maturity of May 1, 2016. Management expects to renew the line of credit under similar terms upon expiration.

**NOTE 4 -- LEASE OBLIGATIONS**

The Society leases its premises under an operating lease, which expires September 30, 2017. Current monthly rental payments increased from \$2,300 to \$2,500 on October 1, 2014 and remain at that rate until the lease expires. The Society is responsible for insurance and repairs, except for repairs related to plumbing and heating. Total rent expense under this operating lease for the year ended July 31, 2015, was \$29,600. Future minimum rental payments required under the operating lease are as follows:

Year Ended July 31:

|              |                         |
|--------------|-------------------------|
| 2016         | \$ 30,000               |
| 2017         | <u>22,500</u>           |
| <b>Total</b> | <u><u>\$ 52,500</u></u> |

**NOTE 5 -- EMPLOYEE RETIREMENT BENEFIT PLAN**

The Society provides a defined contribution individual retirement benefit plan. All full-time employees are eligible on the first day of the first month of service. The participants contribute through a salary reduction election in accordance with applicable laws and regulations. The Society pays 10% of each participant's annual salary to a 403(b) retirement plan. The total employer contributions were \$53,935 during the year ended July 31, 2015.

**NOTE 6 -- SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 30, 2015, the date on which the financial statements were available to be issued.