

THE SYMPHONY SPACE, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018 AND 2017

THE SYMPHONY SPACE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Symphony Space, Inc.

We have audited the accompanying financial statements of The Symphony Space, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, and 2017, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 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 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 Symphony Space, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lotz + Carr, LLP

New York, New York
November 28, 2018

THE SYMPHONY SPACE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (Notes 1b and 8)	\$ 976,793	\$ 561,762
Unconditional promises to give (Notes 1c and 3)		
Unrestricted	133,120	225,029
Temporarily restricted	516,062	489,435
Accounts and other receivables	109,188	47,897
Inventory (Note 1d)	34,395	66,599
Prepaid expenses	61,136	70,179
Investments (Notes 1b, 1e, 1f and 4)	9,612,285	9,805,423
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 5)	<u>9,945,926</u>	<u>10,306,189</u>
Total Assets	<u><u>\$21,388,905</u></u>	<u><u>\$21,572,513</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 352,185	\$ 283,059
Deferred income (Note 1h)	125,965	195,968
Theater rental deposits	228,710	156,960
Refundable advances (Note 6)	<u>500,000</u>	<u>500,000</u>
Total Liabilities	<u>1,206,860</u>	<u>1,135,987</u>
Commitments and Contingency (Note 9)		
Net Assets		
Unrestricted		
Board designated endowment (Notes 2a and 7)	2,669,993	2,848,802
Property and equipment	9,945,926	10,306,189
Other	<u>(178,457)</u>	<u>(240,892)</u>
Total Unrestricted	12,437,462	12,914,099
Temporarily restricted (Note 2b)	2,642,967	2,420,811
Permanently restricted (Note 2c)	<u>5,101,616</u>	<u>5,101,616</u>
Total Net Assets	<u>20,182,045</u>	<u>20,436,526</u>
Total Liabilities and Net Assets	<u><u>\$21,388,905</u></u>	<u><u>\$21,572,513</u></u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018						2017							
	Unrestricted						Unrestricted							
	Operating	Property and Equipment	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Operating	Property and Equipment	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Net Assets														
Revenue, Gains and Other Support														
Contributions														
Government	\$ 134,452	\$ -	\$ -	\$ 134,452	\$ -	\$ -	\$ 134,452	\$ 106,520	\$ -	\$ -	\$ 106,520	\$ -	\$ -	\$ 106,520
Foundations	304,512	-	-	304,512	102,111	-	406,623	326,500	-	-	326,500	160,500	-	487,000
Corporations	236,675	-	-	236,675	66,900	-	303,575	252,250	-	-	252,250	62,500	-	314,750
Individuals	369,146	-	-	369,146	126,999	-	496,145	344,085	-	-	344,085	97,816	-	441,901
Donated materials	-	-	-	-	-	-	-	230	-	-	230	-	-	230
Benefit income	638,576	-	-	638,576	-	-	638,576	603,947	-	-	603,947	-	-	603,947
Less: Direct benefit expenses	(71,500)	-	-	(71,500)	-	-	(71,500)	(69,750)	-	-	(69,750)	-	-	(69,750)
Membership	195,777	-	-	195,777	-	-	195,777	261,870	-	-	261,870	-	-	261,870
Rental income	1,631,525	-	-	1,631,525	-	-	1,631,525	1,515,518	-	-	1,515,518	-	-	1,515,518
Ticket sales, performance fees and related income	1,372,365	-	-	1,372,365	-	-	1,372,365	1,212,470	-	-	1,212,470	-	-	1,212,470
Concession and compact disc sales	462,492	-	-	462,492	-	-	462,492	450,189	-	-	450,189	-	-	450,189
Less: Cost of sales (including obsolete inventory write-off of \$30,000 (2018))	(101,143)	-	-	(101,143)	-	-	(101,143)	(64,176)	-	-	(64,176)	-	-	(64,176)
Handling charges	236,785	-	-	236,785	-	-	236,785	244,444	-	-	244,444	-	-	244,444
Appropriations for use in operations	478,722	62,690	(367,412)	174,000	(174,000)	-	-	606,683	53,090	(403,704)	256,069	(256,069)	-	-
Net investment income (Note 4)	-	-	188,603	188,603	340,633	-	529,236	-	-	225,415	225,415	744,548	-	969,963
Miscellaneous	137,309	-	-	137,309	-	-	137,309	145,800	-	-	145,800	-	-	145,800
	<u>6,025,693</u>	<u>62,690</u>	<u>(178,809)</u>	<u>5,909,574</u>	<u>462,643</u>	<u>-</u>	<u>6,372,217</u>	<u>5,936,580</u>	<u>53,090</u>	<u>(178,289)</u>	<u>5,811,381</u>	<u>809,295</u>	<u>-</u>	<u>6,620,676</u>
Net assets released from restrictions														
Satisfaction of time and program restrictions	187,384	53,103	-	240,487	(240,487)	-	-	154,433	224,351	-	378,784	(378,784)	-	-
	<u>6,213,077</u>	<u>115,793</u>	<u>(178,809)</u>	<u>6,150,061</u>	<u>222,156</u>	<u>-</u>	<u>6,372,217</u>	<u>6,091,013</u>	<u>277,441</u>	<u>(178,289)</u>	<u>6,190,165</u>	<u>430,511</u>	<u>-</u>	<u>6,620,676</u>
Expenses														
Program Services														
Rental	875,854	80,930	-	956,784	-	-	956,784	861,572	88,689	-	950,261	-	-	950,261
Wall to Wall	150,319	23,803	-	174,122	-	-	174,122	149,667	23,970	-	173,637	-	-	173,637
Education	895,861	85,690	-	981,551	-	-	981,551	829,838	91,087	-	920,925	-	-	920,925
Broadcasting	125,098	14,282	-	139,380	-	-	139,380	134,877	14,382	-	149,259	-	-	149,259
Film	385,444	42,845	-	428,289	-	-	428,289	355,399	47,940	-	403,339	-	-	403,339
Music	813,818	57,127	-	870,945	-	-	870,945	813,453	62,323	-	875,776	-	-	875,776
Family	308,663	38,084	-	346,747	-	-	346,747	333,348	40,750	-	374,098	-	-	374,098
Literary programs	1,059,036	71,408	-	1,130,444	-	-	1,130,444	1,049,473	79,102	-	1,128,575	-	-	1,128,575
Other programs	387,442	28,563	-	416,005	-	-	416,005	385,020	31,162	-	416,182	-	-	416,182
Total Program Services	<u>5,001,535</u>	<u>442,732</u>	<u>-</u>	<u>5,444,267</u>	<u>-</u>	<u>-</u>	<u>5,444,267</u>	<u>4,912,647</u>	<u>479,405</u>	<u>-</u>	<u>5,392,052</u>	<u>-</u>	<u>-</u>	<u>5,392,052</u>
Supporting Services														
Management and general	782,300	19,042	-	801,342	-	-	801,342	783,358	15,465	-	798,823	-	-	798,823
Fundraising	329,915	14,282	-	344,197	-	-	344,197	343,462	17,435	-	360,897	-	-	360,897
Special projects	36,892	-	-	36,892	-	-	36,892	51,546	-	-	51,546	-	-	51,546
Total Supporting Services	<u>1,149,107</u>	<u>33,324</u>	<u>-</u>	<u>1,182,431</u>	<u>-</u>	<u>-</u>	<u>1,182,431</u>	<u>1,178,366</u>	<u>32,900</u>	<u>-</u>	<u>1,211,266</u>	<u>-</u>	<u>-</u>	<u>1,211,266</u>
Total Expenses	<u>6,150,642</u>	<u>476,056</u>	<u>-</u>	<u>6,626,698</u>	<u>-</u>	<u>-</u>	<u>6,626,698</u>	<u>6,091,013</u>	<u>512,305</u>	<u>-</u>	<u>6,603,318</u>	<u>-</u>	<u>-</u>	<u>6,603,318</u>
Increase (decrease) in net assets	62,435	(360,263)	(178,809)	(476,637)	222,156	-	(254,481)	-	(234,864)	(178,289)	(413,153)	430,511	-	17,358
Net assets, beginning of year	(240,892)	10,306,189	2,848,802	12,914,099	2,420,811	5,101,616	20,436,526	(240,892)	10,541,053	3,027,091	13,327,252	1,990,300	5,101,616	20,419,168
Net Assets, End of Year	<u>\$ (178,457)</u>	<u>\$ 9,945,926</u>	<u>\$ 2,669,993</u>	<u>\$ 12,437,462</u>	<u>\$ 2,642,967</u>	<u>\$ 5,101,616</u>	<u>\$ 20,182,045</u>	<u>\$ (240,892)</u>	<u>\$ 10,306,189</u>	<u>\$ 2,848,802</u>	<u>\$ 12,914,099</u>	<u>\$ 2,420,811</u>	<u>\$ 5,101,616</u>	<u>\$ 20,436,526</u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (254,481)	\$ 17,358
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	476,056	512,305
Realized gains on sales of investments	(433,265)	(588,830)
Unrealized (gains) losses on investments	77,845	(305,924)
(Increase) decrease in:		
Unconditional promises to give	65,282	127,757
Accounts and other receivables	(61,291)	(3,043)
Inventory	32,204	740
Prepaid expenses	9,043	11,052
Increase (decrease) in:		
Accounts payable and accrued expenses	69,126	3,920
Deferred income	(70,003)	55
Theater rental deposits	71,750	(22,540)
Net Cash Used By Operating Activities	<u>(17,734)</u>	<u>(247,150)</u>
Cash Flows From Investing Activities		
Acquisition of equipment and theater renovations	(115,793)	(277,441)
Purchases of investments	(2,550,259)	(5,968,831)
Proceeds from sale of investments	3,098,817	6,494,778
Net Cash Provided By Investing Activities	<u>432,765</u>	<u>248,506</u>
Cash Flows From Financing Activities		
Proceeds from margin loan payable	200,000	350,000
Repayment of margin loan	(200,000)	(350,000)
Net Cash Used By Financing Activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	415,031	1,356
Cash and cash equivalents, beginning of year	<u>561,762</u>	<u>560,406</u>
Cash and Cash Equivalents, End of Year	<u>\$ 976,793</u>	<u>\$ 561,762</u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Symphony Space presents more than six hundred events each season, including literature in performance, music, film, theater, dance, and performance in HD. Our original programming focuses on bringing art, artists, and audiences together in an intimate setting, creating a sense of mutual access that is unique to Symphony Space.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for cash and cash equivalents held in the Organization's investment portfolio. Cash and cash equivalents include amounts held as theater rental deposits.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Contributions that the donor requires to be used to acquire long-lived assets are reclassified to unrestricted net assets at the time long-lived assets are placed in service. All other donor-restricted contributions are 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.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

d - Inventory

Merchandise inventory is stated at the lower of cost (first-in, first-out method) or market.

e - Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

f - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All of the Organization's investments are classified within Level 1 of the fair value hierarchy.

g - Property and Equipment

Property and equipment are stated at cost and are being depreciated using the straight-line method over the estimated useful life of the asset.

h - Deferred Income

Ticket sales revenue and theater rental income are recognized in the period the performance takes place.

i - Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising expense was \$211,014 and \$314,742 for the years ended June 30, 2018 and 2017, respectively.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j - Financial Statement Presentation

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.

k - Estimates

The preparation of financial statements in conformity with 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.

l - Income Taxes

The Symphony Space, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization is subject to federal and state income taxes on any net income derived from advertising revenue, a business activity which is regularly conducted and is, by statute, unrelated to its exempt purpose.

m - Subsequent Events

The Organization has evaluated subsequent events through November 28, 2018, the date that the financial statements are considered available to be issued.

n - New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two net asset classes now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization is currently evaluating the impact of ASU 2016-14 on its fiscal year 2019 financial statements.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 2 - Restrictions on Assets

a - Board Designated Endowment

The board designated endowment was created with the net proceeds of a real estate sale for the long-term stability of the Organization. The Board authorizes transfers for use in operations of approximately 5% of the preceding rolling twenty-quarter average market value of the portfolio and may authorize additional amounts to fund operations, construction projects or other purposes.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of grants and contributions that are restricted for either future periods or programs of the Organization and accumulated investment earnings on donor-restricted endowment funds, which are restricted to either future periods or future programs of the Organization.

c - Permanently Restricted

Permanently restricted net assets consist of endowment contributions whereby the donor has directed that the principal remain intact and investment income used to support programs and general operations.

The Board authorizes transfers of endowment earnings of approximately 5% of the preceding rolling twenty-quarter average market value of the portfolio for use in operations.

The original value of gifts donated to the initial permanently restricted endowment fund was \$3,621,331, and the original value of gifts donated to a second permanently restricted endowment fund was \$1,480,285 as of June 30, 2018.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2018</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2017</u>
Due in one year	\$133,120	\$224,784	\$357,904	\$649,464
Due in two to five years	-	314,167	314,167	65,000
	<u>133,120</u>	<u>538,951</u>	<u>672,071</u>	<u>714,464</u>
Less: Discount to present value	-	(22,889)	(22,889)	-
Net Present Value	<u>\$133,120</u>	<u>\$516,062</u>	<u>\$649,182</u>	<u>\$714,464</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 3 - Unconditional Promises to Give (continued)

Unconditional promises to give due after one year are discounted to net present value using a discount rate of 3%. Uncollectible promises to give are expected to be insignificant.

Note 4 - Investments

Investments, all of which are classified within Level 1 of the fair value hierarchy, consist of the following at June 30:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 103,233	\$ 103,233	\$ 6,052	\$ 6,052
Fixed income	4,061,791	3,951,021	3,924,894	3,918,388
Equity	<u>4,960,636</u>	<u>5,558,031</u>	<u>5,310,007</u>	<u>5,880,983</u>
Total	<u>\$9,125,660</u>	<u>\$9,612,285</u>	<u>\$9,240,953</u>	<u>\$9,805,423</u>

Investment income (loss) is comprised of the following at June 30:

	2018		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 60,124	\$194,497	\$254,621
Realized gain on sale of investments	196,675	236,590	433,265
Unrealized loss on investments	(45,730)	(32,115)	(77,845)
Investment custodial fees	<u>(22,466)</u>	<u>(58,339)</u>	<u>(80,805)</u>
	<u>\$188,603</u>	<u>\$340,633</u>	<u>\$529,236</u>
	2017		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 34,663	\$123,776	\$158,439
Realized gain on sale of investments	222,647	366,183	588,830
Unrealized gain (loss) on investments	(5,227)	311,151	305,924
Investment custodial fees	<u>(26,668)</u>	<u>(56,562)</u>	<u>(83,230)</u>
	<u>\$225,415</u>	<u>\$744,548</u>	<u>\$969,963</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Furniture, fixtures and equipment	5-7 years	\$ 1,111,909	\$ 1,049,218
Theater building and improvements	10-39 years	15,570,185	15,570,185
Sprinkler system	5 years	30,557	30,557
Work in progress		<u>679,164</u>	<u>626,062</u>
		17,391,815	17,276,022
Less: Accumulated depreciation		<u>(7,462,404)</u>	<u>(6,986,348)</u>
		9,929,411	10,289,674
Theater property - land		<u>16,515</u>	<u>16,515</u>
		<u>\$ 9,945,926</u>	<u>\$10,306,189</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$476,056 and \$512,305, respectively.

The Organization is planning to renovate its building. In connection with this project, New York City will provide \$5,707,000 in funding.

The City's investment of capital expenditures obligates the Organization to continue to operate the facility as a non-profit entity, open to and used and maintained for the benefit of the people of the City for cultural, educational or artistic uses and/or related purposes approved by the City.

Note 6 - Refundable Advances

During 2016, the Organization received a restricted grant totaling \$500,000 that includes donor conditions, one of which requires that theater renovations must begin by July 1, 2020. Since the grant is a promise conditioned on future uncertain events, it is not recorded as contribution revenue until donor conditions are met. This \$500,000 received from the donor in advance of the conditions being met are recorded as refundable advances and will subsequently be recognized as contribution revenue when donor conditions are met.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 7 - Endowment Funds

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Organization and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Organization;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization; and
- (viii) the investment policy of the Organization

As of June 30, 2018, and 2017, the Organization’s invested endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	2018			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted endowment funds	\$ -	\$1,840,676	\$5,101,616	\$6,942,292
Board designated endowment funds	<u>2,519,993</u>	-	-	<u>2,519,993</u>
Total	<u>\$2,519,993</u>	<u>\$1,840,676</u>	<u>\$5,101,616</u>	<u>\$9,462,285</u>
	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$1,674,043	\$5,101,616	\$6,775,659
Board designated endowment funds	<u>2,698,802</u>	-	-	<u>2,698,802</u>
Total	<u>\$2,698,802</u>	<u>\$1,674,043</u>	<u>\$5,101,616</u>	<u>\$9,474,461</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 7 - Endowment Funds (continued)

Changes in the Organization's endowment funds for the years ended June 30, 2018 and 2017 are summarized as follows:

	2018			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	\$2,698,802	\$1,674,043	\$5,101,616	\$9,474,461
Net investment return	188,603	340,633	-	529,236
Appropriation of endowment assets for expenditure	<u>(367,412)</u>	<u>(174,000)</u>	<u>-</u>	<u>(541,412)</u>
Endowment Funds, End of Year	<u>\$2,519,993</u>	<u>\$1,840,676</u>	<u>\$5,101,616</u>	<u>\$9,462,285</u>
	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$2,877,091	\$1,185,564	\$5,101,616	\$9,164,271
Net investment return	225,415	744,548	-	969,963
Appropriation of endowment assets for expenditure	<u>(403,704)</u>	<u>(256,069)</u>	<u>-</u>	<u>(659,773)</u>
Endowment Funds, End of Year	<u>\$2,698,802</u>	<u>\$1,674,043</u>	<u>\$5,101,616</u>	<u>\$9,474,461</u>

The Organization has investment and spending policies for endowment assets that endeavor to provide a stream of funding for the Organization's operations while seeking to enhance the purchasing power of the endowment's assets.

The Organization has a policy of appropriating for distribution each year 5% of the preceding rolling twenty-quarter average market value of the permanently restricted endowment funds. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization's objectives are to safeguard its assets and preserve the real purchasing power of its assets while earning investment returns commensurate with the Organization's risk tolerance and that are sufficient to meet its operational requirements.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 8 - Concentration of Credit Risk

The Organization maintains cash and cash equivalent balances in financial institutions, which from time to time, exceed the Federal Depository Insurance Corporation limit and subject the Organization to concentration of credit risk. However, the Organization monitors this risk on a regular basis.

Note 9 - Commitments and Contingency

- a - The Organization maintains a contributory and non-contributory 403(b) tax deferred retirement plan for all eligible employees. Participating employees in the contributory may contribute up to the statutory maximum. The Organization contributes 1% of eligible employees' gross salary to the non-contributory plan. For the year ended June 30, 2018, the Organization contributed \$22,329 to the plan.
- b - Government supported projects are subject to audit by the applicable government granting agencies.
- c - The Organization has access to a margin loan collateralized by the investment portfolio. The available margin fluctuates not to exceed 10% of the value of the portfolio. As of June 30, 2018 there were no outstanding amounts due.

Note 10 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management.

SUPPLEMENTARY INFORMATION



LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
The Symphony Space, Inc.

We have audited the financial statements of The Symphony Space, Inc. as of and for the years ended June 30, 2018 and 2017, and our report thereon dated November 28, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2018 with comparative totals for 2017 is presented for purposes of additional analysis and is 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 as a whole.

Lutz + Carr, LLP

New York, New York
November 28, 2018

THE SYMPHONY SPACE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	Program Services									Total Program Services (carried forward)
	Rental	Wall to Wall	Education	Broadcasting	Film	Music	Family	Literary Programs	Other Programs	
Salaries, payroll taxes and benefits	\$453,880	\$ 58,144	\$711,667	\$ 63,933	\$230,723	\$487,909	\$131,112	\$ 648,741	\$268,315	\$3,054,424
Program consultants	-	3,400	4,000	-	-	6,000	-	26,930	-	40,330
Professional fees	-	-	517	-	-	345	-	517	-	1,379
Artistic fees and artist services	136,115	35,809	88,865	47,355	70,905	190,663	41,121	153,176	29,628	793,637
Occupancy costs	88,033	-	26,704	-	24,412	4,882	14,647	24,412	12,854	195,944
Postage and delivery	-	-	667	-	372	-	-	710	-	1,749
Insurance	49,717	-	14,623	-	6,824	6,824	2,925	6,824	-	87,737
Advertising and promotion	5,331	6,482	12,599	-	8,981	46,554	74,279	80,530	2,892	237,648
Office supplies and expenses	4,632	2,685	4,196	8,437	4,108	5,243	6,845	29,446	9,601	75,193
Telephone	-	1,037	-	1,729	-	-	1,037	9,508	519	13,830
Conference and travel	2,170	1,417	-	-	-	1,642	347	385	-	5,961
Storage rental	-	-	359	-	-	359	-	719	-	1,437
Production costs	68,430	41,345	31,664	3,644	33,535	63,397	30,766	71,554	63,633	407,968
Computer expense	67,014	-	-	-	5,584	-	5,584	5,584	-	83,766
Miscellaneous	532	-	-	-	-	-	-	-	-	532
Total expenses before depreciation	875,854	150,319	895,861	125,098	385,444	813,818	308,663	1,059,036	387,442	5,001,535
Depreciation	80,930	23,803	85,690	14,282	42,845	57,127	38,084	71,408	28,563	442,732
Total Expenses, 2018	<u>\$956,784</u>	<u>\$174,122</u>	<u>\$981,551</u>	<u>\$ 139,380</u>	<u>\$428,289</u>	<u>\$870,945</u>	<u>\$346,747</u>	<u>\$1,130,444</u>	<u>\$416,005</u>	<u>5,444,267</u>
Total Expenses, 2017	<u>\$950,261</u>	<u>\$173,637</u>	<u>\$920,925</u>	<u>\$ 149,259</u>	<u>\$403,339</u>	<u>\$875,776</u>	<u>\$374,098</u>	<u>\$1,128,575</u>	<u>\$416,182</u>	<u>5,392,052</u>

See independent auditors' report on supplementary information.

THE SYMPHONY SPACE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	Total Program Services (brought forward)	Supporting Services			Total	2018	2017
		Management and General	Fundraising	Special Projects		Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$3,054,424	\$ 550,967	\$ 166,331	\$34,707	\$ 752,005	\$3,806,429	\$3,711,685
Program consultants	40,330	-	-	-	-	40,330	44,450
Professional fees	1,379	52,137	1,379	-	53,516	54,895	87,351
Artistic fees and artist services	793,637	-	48,493	-	48,493	842,130	865,991
Occupancy costs	195,944	51,494	2,212	-	53,706	249,650	247,821
Postage and delivery	1,749	4,850	-	-	4,850	6,599	9,791
Insurance	87,737	9,748	-	-	9,748	97,485	107,390
Advertising and promotion	237,648	5,675	27,854	20	33,549	271,197	340,445
Office supplies and expenses	75,193	57,797	87	1,890	59,774	134,967	150,738
Telephone	13,830	3,457	-	-	3,457	17,287	19,143
Conference and travel	5,961	5,214	-	-	5,214	11,175	10,036
Storage rental	1,437	5,752	-	-	5,752	7,189	6,670
Production costs	407,968	4,482	83,559	275	88,316	496,284	419,407
Computer expense	83,766	27,923	-	-	27,923	111,689	69,457
Miscellaneous	532	2,804	-	-	2,804	3,336	638
Total expenses before depreciation	5,001,535	782,300	329,915	36,892	1,149,107	6,150,642	6,091,013
Depreciation	442,732	19,042	14,282	-	33,324	476,056	512,305
Total Expenses, 2018	<u>\$5,444,267</u>	<u>\$ 801,342</u>	<u>\$ 344,197</u>	<u>\$36,892</u>	<u>\$1,182,431</u>	<u>\$6,626,698</u>	
Total Expenses, 2017	<u>\$5,392,052</u>	<u>\$ 798,823</u>	<u>\$ 360,897</u>	<u>\$51,546</u>	<u>\$1,211,266</u>		<u>\$6,603,318</u>

See independent auditors' report on supplementary information.