

**THE SYMPHONY SPACE, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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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, 2019 and 2018, and the related statements of activities, functional expenses 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, 2019 and 2018, 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 20, 2019

## THE SYMPHONY SPACE, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 9)	\$ 1,180,665	\$ 976,793
Unconditional promises to give (Notes 1c and 4)		
Without donor restrictions	56,452	133,120
With donor restrictions	1,761,991	516,062
Accounts and other receivables	118,735	109,188
Inventory (Note 1d)	35,272	34,395
Prepaid expenses	36,106	61,136
Investments (Notes 1b, 1e, 1f and 5)	9,556,303	9,612,285
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 6)	<u>9,701,166</u>	<u>9,945,926</u>
<b>Total Assets</b>	<u><u>\$22,446,690</u></u>	<u><u>\$21,388,905</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 438,727	\$ 352,185
Deferred income (Note 1h)	216,824	125,965
Theater rental deposits	228,500	228,710
Refundable advances (Note 7)	<u>500,000</u>	<u>500,000</u>
Total Liabilities	<u>1,384,051</u>	<u>1,206,860</u>
Commitments and Contingency (Note 10)		
Net Assets (Note 3)		
Without Donor Restrictions		
Board designated endowment (Notes 3a and 8)	2,790,662	2,669,993
Property and equipment	9,009,123	9,465,510
Other (deficit)	<u>(212,026)</u>	<u>(178,457)</u>
Total Without Donor Restrictions	<u>11,587,759</u>	<u>11,957,046</u>
With Donor Restrictions	<u>9,474,880</u>	<u>8,224,999</u>
Total Net Assets	<u>21,062,639</u>	<u>20,182,045</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$22,446,690</u></u>	<u><u>\$21,388,905</u></u>

See notes to financial statements.

**THE SYMPHONY SPACE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019						2018					
	Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total		
	Operating	Property and Equipment	Board Designated			Operating	Property and Equipment	Board Designated			Total	
<b>Changes in Net Assets</b>												
Revenue, Gains and Other Support												
Contributions												
Government	\$ 90,885	\$ -	\$ -	\$ 90,885	\$ 186,770	\$ 277,655	\$ 134,452	\$ -	\$ -	\$ 134,452	\$ -	\$ 134,452
Foundations	264,000	-	-	264,000	62,889	326,889	304,512	-	-	304,512	102,111	406,623
Corporations	227,500	-	-	227,500	20,000	247,500	236,675	-	-	236,675	66,900	303,575
Individuals	328,554	-	-	328,554	1,377,974	1,706,528	390,102	-	-	390,102	126,999	517,101
Benefit income	685,411	-	-	685,411	-	685,411	617,620	-	-	617,620	-	617,620
Less: Direct benefit expenses	(112,300)	-	-	(112,300)	-	(112,300)	(71,500)	-	-	(71,500)	-	(71,500)
Membership	202,900	-	-	202,900	-	202,900	195,777	-	-	195,777	-	195,777
Rental income	1,554,176	-	-	1,554,176	-	1,554,176	1,631,525	-	-	1,631,525	-	1,631,525
Ticket sales, performance fees and related income	1,545,663	-	-	1,545,663	-	1,545,663	1,372,365	-	-	1,372,365	-	1,372,365
Concession and compact disc sales	444,001	-	-	444,001	-	444,001	462,492	-	-	462,492	-	462,492
Less: Cost of sales (including obsolete inventory write-off of \$30,000 (2018))	(117,988)	-	-	(117,988)	-	(117,988)	(154,168)	-	-	(154,168)	-	(154,168)
Handling charges	260,166	-	-	260,166	-	260,166	236,785	-	-	236,785	-	236,785
Appropriations for use in operations	584,701	3,516	-	588,217	(588,217)	-	478,722	62,690	(367,412)	174,000	(174,000)	-
Net investment income (Note 5)	3,020	-	120,669	123,689	460,085	583,774	-	-	188,603	188,603	340,633	529,236
Miscellaneous	32,208	-	-	32,208	-	32,208	137,309	-	-	137,309	-	137,309
	<u>5,992,897</u>	<u>3,516</u>	<u>120,669</u>	<u>6,117,082</u>	<u>1,519,501</u>	<u>7,636,583</u>	<u>5,972,668</u>	<u>62,690</u>	<u>(178,809)</u>	<u>5,856,549</u>	<u>462,643</u>	<u>6,319,192</u>
Net assets released from restrictions												
Satisfaction of time and program restrictions	269,620	-	-	269,620	(269,620)	-	187,384	53,103	-	240,487	(240,487)	-
	<u>6,262,517</u>	<u>3,516</u>	<u>120,669</u>	<u>6,386,702</u>	<u>1,249,881</u>	<u>7,636,583</u>	<u>6,160,052</u>	<u>115,793</u>	<u>(178,809)</u>	<u>6,097,036</u>	<u>222,156</u>	<u>6,319,192</u>
<b>Total Revenue, Gains and Other Support</b>												
Expenses												
Program Services												
Rental	854,168	91,981	-	946,149	-	946,149	875,853	80,930	-	956,783	-	956,783
Wall to Wall	168,101	22,995	-	191,096	-	191,096	150,319	23,803	-	174,122	-	174,122
Education	899,279	68,985	-	968,264	-	968,264	895,861	85,690	-	981,551	-	981,551
Broadcasting	138,789	-	-	138,789	-	138,789	125,098	14,282	-	139,380	-	139,380
Film	428,326	45,990	-	474,316	-	474,316	385,444	42,845	-	428,289	-	428,289
Music	896,307	45,990	-	942,297	-	942,297	813,819	57,127	-	870,946	-	870,946
Family	343,035	22,995	-	366,030	-	366,030	308,663	38,084	-	346,747	-	346,747
Literary programs	1,099,868	45,990	-	1,145,858	-	1,145,858	1,059,037	71,408	-	1,130,445	-	1,130,445
Other programs	393,660	22,995	-	416,655	-	416,655	334,417	28,563	-	362,980	-	362,980
Total Program Services	<u>5,221,533</u>	<u>367,921</u>	<u>-</u>	<u>5,589,454</u>	<u>-</u>	<u>5,589,454</u>	<u>4,948,511</u>	<u>442,732</u>	<u>-</u>	<u>5,391,243</u>	<u>-</u>	<u>5,391,243</u>
Supporting Services												
Management and general	733,606	68,985	-	802,591	-	802,591	782,300	19,042	-	801,342	-	801,342
Fundraising	340,947	22,997	-	363,944	-	363,944	329,914	14,282	-	344,196	-	344,196
Special projects	-	-	-	-	-	-	36,892	-	-	36,892	-	36,892
Total Supporting Services	<u>1,074,553</u>	<u>91,982</u>	<u>-</u>	<u>1,166,535</u>	<u>-</u>	<u>1,166,535</u>	<u>1,149,106</u>	<u>33,324</u>	<u>-</u>	<u>1,182,430</u>	<u>-</u>	<u>1,182,430</u>
	<u>6,296,086</u>	<u>459,903</u>	<u>-</u>	<u>6,755,989</u>	<u>-</u>	<u>6,755,989</u>	<u>6,097,617</u>	<u>476,056</u>	<u>-</u>	<u>6,573,673</u>	<u>-</u>	<u>6,573,673</u>
<b>Total Expenses</b>												
Increase (decrease) in net assets	(33,569)	(456,387)	120,669	(369,287)	1,249,881	880,594	62,435	(360,263)	(178,809)	(476,637)	222,156	(254,481)
Net assets, beginning of year	(178,457)	9,465,510	2,669,993	11,957,046	8,224,999	20,182,045	(240,892)	9,825,773	2,848,802	12,433,683	8,002,843	20,436,526
	<u>\$ (212,026)</u>	<u>\$9,009,123</u>	<u>\$2,790,662</u>	<u>\$11,587,759</u>	<u>\$ 9,474,880</u>	<u>\$21,062,639</u>	<u>\$ (178,457)</u>	<u>\$9,465,510</u>	<u>\$2,669,993</u>	<u>\$11,957,046</u>	<u>\$ 8,224,999</u>	<u>\$20,182,045</u>
<b>Net Assets, End of Year</b>												

See notes to financial statements.

## THE SYMPHONY SPACE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

	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	\$503,294	\$ 90,781	\$ 707,059	\$ 84,231	\$242,017	\$480,698	\$167,916	\$ 710,413	\$277,442	\$3,263,851
Program consultants	-	-	4,000	-	-	10,600	-	25,730	-	40,330
Professional fees	-	-	-	-	-	-	-	-	-	-
Artistic fees and artist services	123,320	53,816	91,351	49,695	96,829	187,744	65,177	142,124	26,967	837,023
Occupancy costs	80,446	5,363	26,815	-	27,044	26,815	13,408	26,815	20,860	227,566
Postage and delivery	-	-	-	-	-	-	-	-	-	-
Insurance	25,261	1,684	12,630	-	4,210	8,420	4,210	8,420	4,210	69,045
Advertising and promotion	2,400	7,320	12,509	1,482	6,446	62,014	49,545	75,756	4,075	221,547
Office supplies and expenses	6,207	1,352	15,028	-	10,997	11,397	10,408	11,310	12,360	79,059
Telephone	1,432	-	1,432	-	716	716	716	716	716	6,444
Conference and travel	-	972	2,048	-	2,048	6,178	2,341	3,877	-	17,464
Storage rental	-	-	-	-	-	-	-	-	-	-
Production costs	89,607	6,813	24,607	3,381	26,918	90,624	23,764	83,606	41,480	390,800
Computer expense	22,201	-	-	-	11,101	11,101	5,550	11,101	5,550	66,604
Miscellaneous	-	-	1,800	-	-	-	-	-	-	1,800
Total expenses before depreciation	854,168	168,101	899,279	138,789	428,326	896,307	343,035	1,099,868	393,660	5,221,533
Depreciation	91,981	22,995	68,985	-	45,990	45,990	22,995	45,990	22,995	367,921
Total Expenses, 2019	<u>\$946,149</u>	<u>\$ 191,096</u>	<u>\$ 968,264</u>	<u>\$ 138,789</u>	<u>\$474,316</u>	<u>\$942,297</u>	<u>\$366,030</u>	<u>\$1,145,858</u>	<u>\$416,655</u>	<u>\$5,589,454</u>
Total Expenses, 2018	<u>\$956,783</u>	<u>\$ 174,122</u>	<u>\$ 981,551</u>	<u>\$ 139,380</u>	<u>\$428,289</u>	<u>\$870,946</u>	<u>\$346,747</u>	<u>\$1,130,445</u>	<u>\$362,980</u>	<u>\$5,391,243</u>

See notes to financial statements.

## THE SYMPHONY SPACE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

	Total Program Services (brought forward)	Supporting Services			Total	2019 Total Expenses	2018 Total Expenses
		Management and General	Fundraising	Special Projects			
Salaries, payroll taxes and benefits	\$3,263,851	\$ 514,566	\$ 158,095	\$ -	\$ 672,661	\$3,936,512	\$3,806,429
Program consultants	40,330	-	-	-	-	40,330	40,330
Professional fees	-	33,597	-	-	33,597	33,597	51,447
Artistic fees and artist services	837,023	-	16,375	-	16,375	853,398	842,130
Occupancy costs	227,566	34,860	13,406	-	48,266	275,832	261,095
Postage and delivery	-	-	4,294	-	4,294	4,294	5,091
Insurance	69,045	10,946	4,212	-	15,158	84,203	97,485
Advertising and promotion	221,547	25,957	2,960	-	28,917	250,464	264,854
Office supplies and expenses	79,059	49,752	8,497	-	58,249	137,308	126,667
Telephone	6,444	6,444	1,431	-	7,875	14,319	17,287
Conference and travel	17,464	3,628	1,436	-	5,064	22,528	12,550
Storage rental	-	6,968	-	-	6,968	6,968	7,189
Production costs	390,800	-	101,433	-	101,433	492,233	449,865
Computer expense	66,604	33,302	11,100	-	44,402	111,006	111,689
Miscellaneous	1,800	13,586	17,708	-	31,294	33,094	3,509
Total expenses before depreciation	5,221,533	733,606	340,947	-	1,074,553	6,296,086	6,097,617
Depreciation	367,921	68,985	22,997	-	91,982	459,903	476,056
Total Expenses, 2019	<u>\$5,589,454</u>	<u>\$ 802,591</u>	<u>\$ 363,944</u>	<u>\$ -</u>	<u>\$1,166,535</u>	<u>\$6,755,989</u>	
Total Expenses, 2018	<u>\$5,391,243</u>	<u>\$ 801,342</u>	<u>\$ 344,196</u>	<u>\$36,892</u>	<u>\$1,182,430</u>		<u>\$6,573,673</u>

See notes to financial statements.

## THE SYMPHONY SPACE, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 880,594	\$ (254,481)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	459,903	476,056
Realized gain on sales of investments	(240,074)	(433,265)
Unrealized (gain) losses on investments	(148,438)	77,845
(Increase) decrease in:		
Unconditional promises to give	(1,169,261)	65,282
Accounts and other receivables	(9,547)	(61,291)
Inventory	(877)	32,204
Prepaid expenses	25,030	9,043
Increase (decrease) in:		
Accounts payable and accrued expenses	86,542	69,126
Deferred income	90,859	(70,003)
Theater rental deposits	(210)	71,750
Net Cash Used By Operating Activities	<u>(25,479)</u>	<u>(17,734)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of equipment and theater renovations	(215,143)	(115,793)
Purchases of investments	(2,637,995)	(2,550,259)
Proceeds from sale of investments	3,082,489	3,098,817
Net Cash Provided By Investing Activities	<u>229,351</u>	<u>432,765</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from margin loan payable	-	350,000
Repayment of margin loan	-	(350,000)
Net Cash Used By Financing Activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	203,872	415,031
Cash and cash equivalents, beginning of year	<u>976,793</u>	<u>561,762</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,180,665</u></u>	<u><u>\$ 976,793</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Unrelated business income tax paid	<u>\$ 11,902</u>	<u>\$ 3,030</u>

See notes to financial statements.



**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Symphony Space (the "Organization") 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 net assets without donor restrictions 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 net assets without donor restrictions at the time long-lived assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 net assets without donor restrictions unless their use is 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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 \$198,290 and \$211,014 for the years ended June 30, 2019 and 2018, respectively.

## THE SYMPHONY SPACE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**j - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities. The expenses that are allocated include depreciation, occupancy cost, general office expenses, salaries, payroll taxes and employee benefits which are allocated based on employee time and effort.

m - 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.

n - Prior Year Information

For comparability, certain 2018 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2019.

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

o - Subsequent Events

The Organization has evaluated subsequent events through November 20, 2019, the date that the financial statements are considered available to be issued.

p - New Accounting Pronouncement

In 2019, the Organization adopted Accounting Standards Update (ASU) No. 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 classes of net assets 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. As permitted under the ASU in the year of adoption, the Organization opted not to disclose liquidity and availability information and functional expense details for 2018.

The net asset reclassifications resulting from the adoption of ASU 2016-14 as of June 30, 2018 as follows:

	<b>ASU 2016-14 Classifications</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Net Assets</b>
<b><u>Net Assets Classifications</u></b>			
As Previously Presented:			
Unrestricted	\$12,437,462	\$ -	\$12,437,462
Temporarily restricted	-	2,642,967	2,642,967
Permanently restricted	-	<u>5,101,616</u>	<u>5,101,616</u>
Net Assets, as Previously Presented	12,437,462	7,744,583	20,182,045
Reclassifications to implement ASU 2016-14:			
Restrictions on long-lived assets	<u>(480,416)</u>	<u>480,416</u>	<u>-</u>
Net Assets, as Reclassified	<u>\$11,957,046</u>	<u>\$8,224,999</u>	<u>\$20,182,045</u>

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 2 - Information Regarding Liquidity and Availability**

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year and revenue from other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures.

The Organization's financial assets as of June 30, 2019 that are available within one year to meet cash needs for general expenditures are summarized as follows:

Financial Assets at Year End:	
Cash and cash equivalents	\$ 1,180,665
Unconditional promises to give	1,818,443
Accounts and other receivables	116,315
Investments	<u>9,556,303</u>
Total Financial Assets	12,671,726
Less: Amounts not Available to be Used within One Year:	
Refundable advance included in cash and cash equivalents	(500,000)
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(2,660,720)
Plus: Net assets with donor restrictions expected to be met in less than one year	188,900
Net assets with donor restrictions for endowment, subject to spending policy and appropriation, in excess of amounts appropriated for expenditure within one year	(1,712,544)
Plus: Amounts appropriated for use within one year	365,095
Net assets with donor restrictions for endowment	(5,101,616)
Net assets restricted by Board, subject to spending policy and appropriation	(2,790,662)
Plus: Amounts appropriated for use within one year	<u>458,760</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 918,939</u>

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 2 - Information Regarding Liquidity and Availability (continued)**

In addition to these financial assets available within one year, the Organization maintains board designated endowment funds of \$2,790,662, which are invested for long-term appreciation and current income. However, these amounts could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

The Organization also has access to a margin loan, as fully described in Note 10c, available to meet short-term or unanticipated liquidity needs.

**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions - 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 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specific purpose:		
All Write!	\$ 5,000	\$ 40,000
Education	10,000	35,000
Family	5,000	-
Music	50,000	50,000
Shorts	85,000	75,000
Capital Campaign	<u>2,191,199</u>	<u>775,636</u>
	<u>2,346,199</u>	<u>975,636</u>
Subject to passage of time:		
Future periods after June 30, 2019	<u>314,521</u>	<u>307,071</u>
Endowments subject to spending policy and appropriation:		
Investment income above original gift amount	1,712,544	1,840,676
Perpetual in nature:		
PRE 1	3,621,331	3,621,331
PRE 2	<u>1,480,285</u>	<u>1,480,285</u>
Total Endowments	<u>6,814,160</u>	<u>6,942,292</u>
Total Net Assets With Donor Restrictions	<u>\$9,474,880</u>	<u>\$8,224,999</u>

**THE SYMPHONY SPACE, INC.**  
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**Note 4 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Due in one year	\$56,452	\$ 533,708	\$ 590,160	\$357,904
Due in two to five years	-	1,335,608	1,335,608	314,167
	56,452	1,869,316	1,925,768	672,071
Less: Discount to present value	-	(107,325)	(107,325)	(22,889)
Net Present Value	\$56,452	\$1,761,991	\$1,818,443	\$649,182

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 5 - Investments**

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

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 48,354	\$ 48,354	\$ 103,233	\$ 103,233
Fixed income	4,259,685	4,286,900	4,061,791	3,951,021
Equity	4,613,201	5,221,049	4,960,636	5,558,031
Total	\$8,921,240	\$9,556,303	\$9,125,660	\$9,612,285

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5 - Investments (continued)**

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

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Interest and dividends	\$ 33,144	\$241,819	\$274,963
Realized gain on sale of investments	23,176	216,898	240,074
Unrealized gain on investments	87,469	60,969	148,438
Investment custodial fees	<u>(20,100)</u>	<u>(59,601)</u>	<u>(79,701)</u>
	<u>\$123,689</u>	<u>\$460,085</u>	<u>\$583,774</u>
	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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>

**Note 6 - Property and Equipment**

Property and equipment consist of the following:

	<b>Life</b>	<b>2019</b>	<b>2018</b>
Furniture, fixtures and equipment	5-7 years	\$ 1,115,425	\$ 1,111,909
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>890,791</u>	<u>679,164</u>
		17,606,958	17,391,815
Less: Accumulated depreciation		<u>(7,922,307)</u>	<u>(7,462,404)</u>
		9,684,651	9,929,411
Theater property - land		<u>16,515</u>	<u>16,515</u>
		<u>\$ 9,701,166</u>	<u>\$ 9,945,926</u>



**THE SYMPHONY SPACE, INC.**  
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**Note 6 - Property and Equipment (continued)**

Depreciation expense for the years ended June 30, 2019 and 2018 was \$459,903 and \$476,056, respectively.

The Organization is planning to renovate its building. In connection with this project, New York City will provide \$7,907,000 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 7 - 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.

**Note 8 - 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 net assets with donor restrictions (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment and (c) accumulations to the donor restricted 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 as perpetual in nature is classified as time and purpose restricted net assets until those amounts are appropriated for expenditure by the Organization.

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 8 - Endowment Funds (continued)**

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, 2019, and 2018, the Organization's invested endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	<b>2019</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
	<b>Investment</b>	<b>Investment</b>		
	<b>Income Above</b>	<b>in Perpetuity</b>		
	<b>Original Gift</b>	<b>Amount</b>		
	<b>Amount</b>	<b>Amount</b>		
Donor-restricted endowment funds	\$ -	\$1,712,544	\$5,101,616	\$6,814,160
Board designated endowment funds	<u>2,790,662</u>	-	-	<u>2,790,662</u>
Total	<u>\$2,790,662</u>	<u>\$1,712,544</u>	<u>\$5,101,616</u>	<u>\$9,604,822</u>
	<b>2018</b>			
	<b>With Donor Restrictions</b>			
	<b>Without Donor Restrictions</b>	<b>Investment</b>	<b>Investment</b>	<b>Total</b>
	<b>Income Above</b>	<b>in Perpetuity</b>		
	<b>Original Gift</b>	<b>Amount</b>		
	<b>Amount</b>	<b>Amount</b>		
Donor-restricted endowment funds	\$ -	\$1,840,676	\$5,101,616	\$6,942,292
Board designated endowment funds	<u>2,669,993</u>	-	-	<u>2,669,993</u>
Total	<u>\$2,669,993</u>	<u>\$1,840,676</u>	<u>\$5,101,616</u>	<u>\$9,612,285</u>

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 8 - Endowment Funds (continued)**

Changes in the Organization's endowment funds for the years ended June 30, 2019 and 2018 are summarized as follows:

	<b>2019</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	
Endowment funds, beginning of year	\$2,669,993	\$1,840,676	\$5,101,616	\$9,612,285
Net investment return	120,669	460,085	-	580,754
Appropriation of endowment assets for expenditure	-	(588,217)	-	(588,217)
Endowment Funds, End of Year	<u>\$2,790,662</u>	<u>\$1,712,544</u>	<u>\$5,101,616</u>	<u>\$9,604,822</u>
	<b>2018</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	
Endowment funds, beginning of year	\$2,848,802	\$1,674,043	\$5,101,616	\$9,624,461
Net investment return	188,603	340,633	-	529,236
Appropriation of endowment assets for expenditure	(367,412)	(174,000)	-	(541,412)
Endowment Funds, End of Year	<u>\$2,669,993</u>	<u>\$1,840,676</u>	<u>\$5,101,616</u>	<u>\$9,612,285</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 donor 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**  
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**Note 9 - 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 10 - 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 years ended June 30, 2019, and 2018, the Organization contributed \$25,926 and \$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, 2019, there were no outstanding amounts due.