

THE SYMPHONY SPACE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



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, 2020 and 2019, 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, The Symphony Space, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

Lotz + Carr, LLP

New York, New York
January 11, 2021

THE SYMPHONY SPACE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents (Notes 1b and 9)	\$ 1,542,991	\$ 1,180,665
Unconditional promises to give (Notes 1c and 4)		
Without donor restrictions	33,625	56,452
With donor restrictions	1,299,998	1,761,991
Accounts and other receivables	109,637	118,735
Inventory (Note 1d)	34,988	35,272
Prepaid expenses	149,115	36,106
Investments (Notes 1b, 1e, 1f and 5)	9,114,608	9,556,303
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 6)	<u>9,310,106</u>	<u>9,701,166</u>
Total Assets	<u><u>\$21,595,068</u></u>	<u><u>\$22,446,690</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 340,386	\$ 438,727
Deferred income (Note 1h)	177,016	216,824
Theater rental deposits	148,500	228,500
Refundable advances (Notes 7a and 7b)	<u>1,159,902</u>	<u>500,000</u>
Total Liabilities	<u>1,825,804</u>	<u>1,384,051</u>
Commitments and Contingencies (Notes 10 and 11)		
Net Assets (Note 3)		
Without Donor Restrictions		
Board designated endowment (Notes 3a and 8)	2,537,492	2,790,662
Property and equipment	8,583,028	9,009,123
Other (deficit)	<u>(340,503)</u>	<u>(212,026)</u>
Total Without Donor Restrictions	10,780,017	11,587,759
With Donor Restrictions	<u>8,989,247</u>	<u>9,474,880</u>
Total Net Assets	<u>19,769,264</u>	<u>21,062,639</u>
Total Liabilities and Net Assets	<u><u>\$21,595,068</u></u>	<u><u>\$22,446,690</u></u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020						2019					
	Without Donor Restrictions				With Donor Restrictions		Without Donor Restrictions				With Donor Restrictions	
	Operating	Property and Equipment	Board Designated	Total	Restrictions	Total	Operating	Property and Equipment	Board Designated	Total	Restrictions	Total
Changes in Net Assets												
Revenue, Gains and Other Support												
Contributions												
Government	\$ 87,493	\$ -	\$ -	\$ 87,493	\$ 15,000	\$ 102,493	\$ 90,885	\$ -	\$ -	\$ 90,885	\$ 186,770	\$ 277,655
Foundations	263,000	-	-	263,000	238,000	501,000	264,000	-	-	264,000	62,889	326,889
Corporations	214,500	-	-	214,500	-	214,500	227,500	-	-	227,500	20,000	247,500
Individuals	571,778	-	-	571,778	67,833	639,611	328,554	-	-	328,554	1,377,974	1,706,528
Reduction of prior year contribution	-	-	-	-	(80,885)	(80,885)	-	-	-	-	-	-
Benefit income	319,750	-	-	319,750	-	319,750	685,411	-	-	685,411	-	685,411
Less: Direct benefit expenses	-	-	-	-	-	-	(112,300)	-	-	(112,300)	-	(112,300)
Membership	179,575	-	-	179,575	-	179,575	202,900	-	-	202,900	-	202,900
Rental income	1,025,228	-	-	1,025,228	-	1,025,228	1,554,176	-	-	1,554,176	-	1,554,176
Ticket sales, performance fees and related income	1,422,486	-	-	1,422,486	-	1,422,486	1,545,663	-	-	1,545,663	-	1,545,663
Concessions	400,773	-	-	400,773	-	400,773	444,001	-	-	444,001	-	444,001
Less: Cost of sales	(100,947)	-	-	(100,947)	-	(100,947)	(117,988)	-	-	(117,988)	-	(117,988)
Handling charges	229,413	-	-	229,413	-	229,413	260,166	-	-	260,166	-	260,166
Appropriations for use in operations	823,855	-	(249,622)	574,233	(574,233)	-	584,701	3,516	-	588,217	(588,217)	-
Net investment income (Note 5)	1,090	-	(3,548)	(2,458)	118,436	115,978	3,020	-	120,669	123,689	460,085	583,774
Miscellaneous	49,165	-	-	49,165	-	49,165	32,208	-	-	32,208	-	32,208
	5,487,159	-	(253,170)	5,233,989	(215,849)	5,018,140	5,992,897	3,516	120,669	6,117,082	1,519,501	7,636,583
Net assets released from restrictions												
Satisfaction of time and program restrictions	269,784	-	-	269,784	(269,784)	-	269,620	-	-	269,620	(269,620)	-
	5,756,943	-	(253,170)	5,503,773	(485,633)	5,018,140	6,262,517	3,516	120,669	6,386,702	1,249,881	7,636,583
Expenses												
Program Services												
Rental	821,306	85,219	-	906,525	-	906,525	854,168	91,981	-	946,149	-	946,149
Wall to Wall	28,088	4,261	-	32,349	-	32,349	168,101	22,995	-	191,096	-	191,096
Education	678,750	63,914	-	742,664	-	742,664	899,279	68,985	-	968,264	-	968,264
Broadcasting	166,299	-	-	166,299	-	166,299	138,789	-	-	138,789	-	138,789
Film	516,889	59,653	-	576,542	-	576,542	428,326	45,990	-	474,316	-	474,316
Music	854,776	42,610	-	897,386	-	897,386	896,307	45,990	-	942,297	-	942,297
Family	338,006	21,305	-	359,311	-	359,311	343,035	22,995	-	366,030	-	366,030
Literary programs	1,048,080	42,610	-	1,090,690	-	1,090,690	1,099,868	45,990	-	1,145,858	-	1,145,858
Other programs	450,497	21,305	-	471,802	-	471,802	393,660	22,995	-	416,655	-	416,655
Total Program Services	4,902,691	340,877	-	5,243,568	-	5,243,568	5,221,533	367,921	-	5,589,454	-	5,589,454
Supporting Services												
Management and general	738,949	63,914	-	802,863	-	802,863	733,606	68,985	-	802,591	-	802,591
Fundraising	243,780	21,304	-	265,084	-	265,084	340,947	22,997	-	363,944	-	363,944
Total Supporting Services	982,729	85,218	-	1,067,947	-	1,067,947	1,074,553	91,982	-	1,166,535	-	1,166,535
	5,885,420	426,095	-	6,311,515	-	6,311,515	6,296,086	459,903	-	6,755,989	-	6,755,989
Increase (decrease) in net assets	(128,477)	(426,095)	(253,170)	(807,742)	(485,633)	(1,293,375)	(33,569)	(456,387)	120,669	(369,287)	1,249,881	880,594
Net assets (deficit), beginning of year	(212,026)	9,009,123	2,790,662	11,587,759	9,474,880	21,062,639	(178,457)	9,465,510	2,669,993	11,957,046	8,224,999	20,182,045
Net Assets (Deficit), End of Year	\$ (340,503)	\$8,583,028	\$2,537,492	\$10,780,017	\$ 9,889,247	\$19,769,264	\$ (212,026)	\$9,009,123	\$2,790,662	\$11,587,759	\$ 9,474,880	\$21,062,639

See notes to financial statements.

THE SYMPHONY SPACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	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	\$519,837	\$ 15,382	\$ 540,015	\$ 113,500	\$273,447	\$478,335	\$195,018	\$ 721,078	\$327,446	\$3,184,058
Program consultants	-	2,000	4,000	-	-	4,000	-	21,498	-	31,498
Professional fees	-	-	-	-	-	-	-	-	-	-
Artistic fees and artist services	85,360	2,028	60,855	39,932	164,185	183,009	41,680	120,592	28,885	726,526
Occupancy costs	80,054	2,287	22,873	-	22,873	22,873	11,436	20,585	20,594	203,575
Postage and delivery	-	-	-	-	-	-	-	51	-	51
Insurance	22,076	1,472	11,038	-	3,679	7,359	3,679	7,359	3,679	60,341
Advertising and promotion	761	2,027	5,842	1,121	4,816	40,738	45,368	50,499	4,345	155,517
Office supplies and expenses	7,020	-	13,745	-	10,955	11,196	9,677	10,217	11,653	74,463
Telephone	1,417	-	1,417	-	708	708	708	708	708	6,374
Conference and travel	-	126	2,096	-	1,554	4,752	1,772	2,008	-	12,308
Storage rental	-	-	-	-	-	-	-	-	-	-
Production costs	81,982	2,766	14,251	9,652	23,273	82,553	22,443	71,615	47,487	356,022
Computer expense	22,799	-	-	-	11,399	11,399	5,700	11,399	5,700	68,396
Miscellaneous	-	-	2,618	2,094	-	7,854	525	10,471	-	23,562
Total expenses before depreciation	821,306	28,088	678,750	166,299	516,889	854,776	338,006	1,048,080	450,497	4,902,691
Depreciation	85,219	4,261	63,914	-	59,653	42,610	21,305	42,610	21,305	340,877
Total Expenses, 2020	<u>\$906,525</u>	<u>\$ 32,349</u>	<u>\$ 742,664</u>	<u>\$ 166,299</u>	<u>\$576,542</u>	<u>\$897,386</u>	<u>\$359,311</u>	<u>\$1,090,690</u>	<u>\$471,802</u>	<u>\$5,243,568</u>
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>

See notes to financial statements.

THE SYMPHONY SPACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Total Program Services (brought forward)	Supporting Services			2020	2019
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$3,184,058	\$ 528,644	\$ 149,565	\$ 678,209	\$3,862,267	\$3,912,147
Program consultants	31,498	-	-	-	31,498	40,330
Professional fees	-	39,717	-	39,717	39,717	33,597
Artistic fees and artist services	726,526	-	12,500	12,500	739,026	878,398
Occupancy costs	203,575	22,873	11,437	34,310	237,885	275,832
Postage and delivery	51	-	1,920	1,920	1,971	4,294
Insurance	60,341	9,566	3,679	13,245	73,586	84,203
Advertising and promotion	155,517	22,283	2,245	24,528	180,045	250,132
Office supplies and expenses	74,463	44,086	7,368	51,454	125,917	137,083
Telephone	6,374	6,375	1,418	7,793	14,167	14,319
Conference and travel	12,308	3,265	1,137	4,402	16,710	22,753
Storage rental	-	6,840	-	6,840	6,840	6,968
Production costs	356,022	-	40,510	40,510	396,532	467,565
Computer expense	68,396	34,198	11,400	45,598	113,994	111,006
Miscellaneous	23,562	21,102	601	21,703	45,265	57,459
Total expenses before depreciation	4,902,691	738,949	243,780	982,729	5,885,420	6,296,086
Depreciation	340,877	63,914	21,304	85,218	426,095	459,903
Total Expenses, 2020	<u>\$5,243,568</u>	<u>\$ 802,863</u>	<u>\$ 265,084</u>	<u>\$1,067,947</u>	<u>\$6,311,515</u>	
Total Expenses, 2019	<u>\$5,589,454</u>	<u>\$ 802,591</u>	<u>\$ 363,944</u>	<u>\$1,166,535</u>		<u>\$6,755,989</u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$(1,293,375)	\$ 880,594
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	426,095	459,903
Realized (gain) losses on sales of investments	127,547	(240,074)
Unrealized gain on investments	(79,507)	(148,438)
(Increase) decrease in:		
Unconditional promises to give	484,820	(1,169,261)
Accounts and other receivables	9,098	(9,547)
Inventory	284	(877)
Prepaid expenses	(113,009)	25,030
Increase (decrease) in:		
Accounts payable and accrued expenses	(98,341)	86,542
Deferred income	(39,808)	90,859
Theater rental deposits	(80,000)	(210)
Refundable advances	659,902	-
Net Cash Provided (Used) By Operating Activities	<u>3,706</u>	<u>(25,479)</u>
Cash Flows From Investing Activities		
Acquisition of equipment and theater renovations	(35,035)	(215,143)
Purchases of investments	(3,566,014)	(2,637,995)
Proceeds from sale of investments	3,959,669	3,082,489
Net Cash Provided By Investing Activities	<u>358,620</u>	<u>229,351</u>
Net increase in cash and cash equivalents	362,326	203,872
Cash and cash equivalents, beginning of year	<u>1,180,665</u>	<u>976,793</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,542,991</u></u>	<u><u>\$1,180,665</u></u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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. Conditional promises to give, that have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. 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, 2020 AND 2019

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 - Revenue Recognition

The Organization's admission fees are recognized as revenue in the period the admission to the Organization takes place. Merchandise sales are recognized as revenue when the customer take possession of the merchandise at the Organization's premises. Concessions and other income, are recognized in the period earned, when the related goods or services are provided.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

j - Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising expense was \$135,376 and \$198,290 for the years ended June 30, 2020 and 2019, respectively.

k - 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.

l - 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.

m - 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.

n - 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.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

o - Prior Year Information

For comparability, certain 2019 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2020.

p - Subsequent Events

The Organization has evaluated subsequent events through January 11, 2021, the date that the financial statements are considered available to be issued.

q - New Accounting Pronouncement

For 2020, the Organization has adopted Accounting Standards Update (ASU) *No 2014-09, "Revenue from Contracts with Customers (Topic 606)"*, and ASU 2018-08, *"Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)"*. Analysis of the various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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 SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of June 30, 2020 and 2019 that are available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,542,991	\$ 1,180,665
Unconditional promise to give	1,333,623	1,818,443
Accounts and other receivables	107,217	116,315
Investments	<u>9,114,608</u>	<u>9,556,303</u>
Total Financial Assets	12,098,439	12,671,726
Less: Amounts not Available to be Used within One Year:		
Refundable advance included in cash and cash equivalents	(500,000)	(500,000)
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(2,630,884)	(2,660,720)
Plus: Net assets with donor restrictions expected to be met in less than one year	283,700	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	(1,256,747)	(1,712,544)
Plus: Amounts appropriated for use within one year	375,000	365,095
Net assets with donor restrictions for endowment	(5,101,616)	(5,101,616)
Net assets restricted by Board, subject to spending policy and appropriation	(2,537,492)	(2,790,662)
Plus: Amounts appropriated for use within one year	<u>580,000</u>	<u>458,760</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$1,310,400</u>	<u>\$ 918,939</u>

In addition to these financial assets available within one year, the Organization manages board designated endowment funds of \$2,537,492, 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.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose:		
All Write!	\$ -	\$ 5,000
Education	-	10,000
Family	5,000	5,000
Music	-	50,000
Shorts	55,000	85,000
Capital Campaign	<u>2,247,884</u>	<u>2,191,199</u>
	<u>2,307,884</u>	<u>2,346,199</u>
Subject to passage of time:		
Future periods	<u>323,000</u>	<u>314,521</u>
Endowments subject to spending policy and appropriation:		
Investment income above original gift amount	1,256,747	1,712,544
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>6,358,363</u>	<u>6,814,160</u>
Total Net Assets With Donor Restrictions	<u>\$8,989,247</u>	<u>\$9,474,880</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Due in one year	\$33,625	\$ 386,140	\$ 419,765	\$ 590,160
Due in two to five years	-	964,500	964,500	1,335,608
	<u>33,625</u>	<u>1,350,640</u>	<u>1,384,265</u>	<u>1,925,768</u>
Less: Discount to present value	-	(50,642)	(50,642)	(50,642)
Net Present Value	<u>\$33,625</u>	<u>\$1,299,998</u>	<u>\$1,333,623</u>	<u>\$1,875,126</u>

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:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$1,154,434	\$1,154,434	\$ 48,354	\$ 48,354
Fixed income	3,853,157	4,084,494	4,259,685	4,286,900
Equity	<u>3,392,447</u>	<u>3,875,680</u>	<u>4,613,201</u>	<u>5,221,049</u>
Total	<u>\$8,400,038</u>	<u>\$9,114,608</u>	<u>\$8,921,240</u>	<u>\$9,556,303</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 5 - Investments (continued)

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

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$59,745	\$186,560	\$246,305
Realized loss on sale of investments	(34,237)	(93,310)	(127,547)
Unrealized gain (loss) on investments	(6,684)	86,191	79,507
Investment custodial fees	<u>(21,282)</u>	<u>(61,005)</u>	<u>(82,287)</u>
	<u>\$ (2,458)</u>	<u>\$118,436</u>	<u>\$115,978</u>
	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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>

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Furniture, fixtures and equipment	5-7 years	\$ 1,115,425	\$ 1,115,425
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>925,826</u>	<u>890,791</u>
		17,641,993	17,606,958
Less: Accumulated depreciation		<u>(8,348,402)</u>	<u>(7,922,307)</u>
		9,293,591	9,684,651
Theater property - land		<u>16,515</u>	<u>16,515</u>
		<u>\$ 9,310,106</u>	<u>\$ 9,701,166</u>

THE SYMPHONY SPACE, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 6 - Property and Equipment (continued)**

The Organization is planning to renovate its building. In connection with this project, New York City will provide \$10,257,000 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

- a - 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, 2021. 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.
- b - On April 30, 2020, the Organization received a loan totaling \$743,750 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan bears interest at 1% per annum and may be forgiven if the Organization meets certain employee retention requirements and the loan proceeds are used for eligible expenses. Management expects to meet requirements for forgiveness of the entire loan amount, and accordingly the loan has been initially recognized as a conditional grant. Through June 30, 2020, eligible expenses totaling \$83,848 have been paid with the proceeds of the loan. The remaining \$659,902 of eligible expenses are expected to be paid during fiscal year 2021.

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
JUNE 30, 2020 AND 2019

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, 2020, and 2019, the Organization's invested endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
	Investment	Investment	Investment	
	Income Above	Income Above	in Perpetuity	
	Original Gift	Original Gift		
	Amount	Amount		
Donor-restricted endowment funds	\$ -	\$1,256,747	\$5,101,616	\$6,358,363
Board designated endowment funds	<u>2,537,492</u>	-	-	<u>2,537,492</u>
Total	<u>\$2,537,492</u>	<u>\$1,256,747</u>	<u>\$5,101,616</u>	<u>\$8,895,855</u>
	2019			
	With Donor Restrictions			
	Without Donor Restrictions	With Donor Restrictions		Total
	Investment	Investment	Investment	
	Income Above	Income Above	in Perpetuity	
	Original Gift	Original Gift		
	Amount	Amount		

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 8 - Endowment Funds (continued)

Changes in the Organization's endowment funds for the years ended June 30, 2020 and 2019 are summarized as follows:

	2020			Total
	Without Donor Restrictions	With Donor Restrictions		
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
Endowment funds, beginning of year	\$2,790,662	\$1,712,544	\$5,101,616	\$9,604,822
Net investment return	(3,548)	118,436	-	114,888
Appropriation of endowment assets for expenditure	<u>(249,622)</u>	<u>(574,233)</u>	<u>-</u>	<u>(823,855)</u>
Endowment Funds, End of Year	<u>\$2,537,492</u>	<u>\$1,256,747</u>	<u>\$5,101,616</u>	<u>\$8,895,855</u>
	2019			
	Without Donor Restrictions	With Donor Restrictions		
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
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	<u>-</u>	<u>(588,217)</u>	<u>-</u>	<u>(588,217)</u>
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>

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
JUNE 30, 2020 AND 2019

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, 2020, and 2019, the Organization contributed \$24,031 and \$25,926 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, 2020, there were no outstanding amounts due.

Note 11 - Risk and Uncertainties

In March 2020, the United States declared a national emergency in response to the Covid-19 global pandemic. Because of the Organization's commitment to the health and safety of its audience, the Organization decided to suspended its live programming, before New York State imposed a shutdown. Management immediately began to assess the potential impact of the loss of income, and has taken steps to mitigate that impact by migrating some programmatic offerings online, instituting across-the-board budget cuts, and reducing staff via both furloughs and permanent layoffs. The Organization has also obtained funding under the federal CARES Act program. With these steps, and ongoing oversight, management believes that its current financial assets are sufficient to support the Organization's operations on an ongoing basis.