

THE SYMPHONY SPACE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



LUTZ AND GARR

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, 2021 and 2020, 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 from 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, 2021 and 2020, 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 temporarily 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
December 1, 2021

THE SYMPHONY SPACE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents (Notes 1b and 9)	\$ 1,667,507	\$ 1,542,991
Unconditional promises to give (Notes 1c and 4)		
Without donor restrictions	53,675	33,625
With donor restrictions	1,455,978	1,299,998
Accounts and other receivables	127,673	109,637
Inventory (Note 1d)	11,276	34,988
Prepaid expenses	156,726	149,115
Investments (Notes 1b, 1e, 1f and 5)	10,482,088	9,114,608
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 6)	<u>9,125,793</u>	<u>9,310,106</u>
Total Assets	<u><u>\$23,080,716</u></u>	<u><u>\$21,595,068</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 278,073	\$ 340,386
Deferred income (Note 1h)	126,342	177,016
Theater rental deposits (Note 1h)	101,500	148,500
Refundable advances (Notes 7a and 7b)	<u>582,010</u>	<u>1,159,902</u>
Total Liabilities	<u>1,087,925</u>	<u>1,825,804</u>
Commitments and Contingencies (Notes 10 and 11)		
Net Assets (Note 3)		
Without Donor Restrictions		
Board designated endowment (Notes 3a and 8)	2,863,711	2,537,492
Property and equipment	8,312,798	8,583,028
Other (deficit)	<u>(368,168)</u>	<u>(340,503)</u>
Total Without Donor Restrictions	<u>10,808,341</u>	<u>10,780,017</u>
With Donor Restrictions	<u>11,184,450</u>	<u>8,989,247</u>
Total Net Assets	<u>21,992,791</u>	<u>19,769,264</u>
Total Liabilities and Net Assets	<u><u>\$23,080,716</u></u>	<u><u>\$21,595,068</u></u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021						2020					
	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				
Changes in Net Assets												
Revenue, Gains and Other Support												
Contributions												
Government (Note 7b)	\$1,339,142	\$ -	\$ -	\$ 1,339,142	\$ 20,000	\$ 1,359,142	\$ 87,493	\$ -	\$ -	\$ 87,493	\$ 15,000	\$ 102,493
Foundations	374,500	-	-	374,500	670,000	1,044,500	263,000	-	-	263,000	238,000	501,000
Corporations	15,000	-	-	15,000	-	15,000	214,500	-	-	214,500	-	214,500
Individuals	513,673	-	-	513,673	705,303	1,218,976	571,778	-	-	571,778	67,833	639,611
Reduction of prior year contribution	-	-	-	-	-	-	-	-	-	-	(80,885)	(80,885)
Benefit income	370,646	-	-	370,646	-	370,646	319,750	-	-	319,750	-	319,750
Less: Direct benefit expenses	-	-	-	-	-	-	-	-	-	-	-	-
Membership	121,250	-	-	121,250	-	121,250	179,575	-	-	179,575	-	179,575
Rental income	55,096	-	-	55,096	-	55,096	1,025,228	-	-	1,025,228	-	1,025,228
Ticket sales, performance fees and related income	417,389	-	-	417,389	-	417,389	1,422,486	-	-	1,422,486	-	1,422,486
Concessions and merchandise sales	17,603	-	-	17,603	-	17,603	400,773	-	-	400,773	-	400,773
Less: Cost of sales	(1,560)	-	-	(1,560)	-	(1,560)	(100,947)	-	-	(100,947)	-	(100,947)
Handling charges	2,808	-	-	2,808	-	2,808	229,413	-	-	229,413	-	229,413
Appropriations for use in operations	-	-	-	-	-	-	823,855	-	(249,622)	574,233	(574,233)	-
Net investment income (loss) (Note 5)	162	-	326,219	326,381	1,206,700	1,533,081	1,090	-	(3,548)	(2,458)	118,436	115,978
Miscellaneous	25,917	-	-	25,917	-	25,917	49,165	-	-	49,165	-	49,165
	<u>3,251,626</u>	<u>-</u>	<u>326,219</u>	<u>3,577,845</u>	<u>2,602,003</u>	<u>6,179,848</u>	<u>5,487,159</u>	<u>-</u>	<u>(253,170)</u>	<u>5,233,989</u>	<u>(215,849)</u>	<u>5,018,140</u>
Net assets released from restrictions												
Satisfaction of time and program restrictions	236,899	169,901	-	406,800	(406,800)	-	269,784	-	-	269,784	(269,784)	-
	<u>3,488,525</u>	<u>169,901</u>	<u>326,219</u>	<u>3,984,645</u>	<u>2,195,203</u>	<u>6,179,848</u>	<u>5,756,943</u>	<u>-</u>	<u>(253,170)</u>	<u>5,503,773</u>	<u>(485,633)</u>	<u>5,018,140</u>
Expenses												
Program Services												
Rental	151,276	-	-	151,276	-	151,276	821,306	85,219	-	906,525	-	906,525
Wall to Wall	468	-	-	468	-	468	28,088	4,261	-	32,349	-	32,349
Education	540,665	-	-	540,665	-	540,665	678,750	63,914	-	742,664	-	742,664
Broadcasting	261,030	-	-	261,030	-	261,030	166,299	-	-	166,299	-	166,299
Film	107,888	-	-	107,888	-	107,888	516,889	59,653	-	576,542	-	576,542
Music	266,808	-	-	266,808	-	266,808	854,776	42,610	-	897,386	-	897,386
Family	92,626	-	-	92,626	-	92,626	338,006	21,305	-	359,311	-	359,311
Literary programs	754,626	-	-	754,626	-	754,626	1,048,080	42,610	-	1,090,690	-	1,090,690
Program support	559,080	440,131	-	999,211	-	999,211	-	-	-	-	-	-
Other programs	-	-	-	-	-	-	450,497	21,305	-	471,802	-	471,802
Total Program Services	<u>2,734,467</u>	<u>440,131</u>	<u>-</u>	<u>3,174,598</u>	<u>-</u>	<u>3,174,598</u>	<u>4,902,691</u>	<u>340,877</u>	<u>-</u>	<u>5,243,568</u>	<u>-</u>	<u>5,243,568</u>
Supporting Services												
Management and general	547,287	-	-	547,287	-	547,287	738,949	63,914	-	802,863	-	802,863
Fundraising	234,436	-	-	234,436	-	234,436	243,780	21,304	-	265,084	-	265,084
Total Supporting Services	<u>781,723</u>	<u>-</u>	<u>-</u>	<u>781,723</u>	<u>-</u>	<u>781,723</u>	<u>982,729</u>	<u>85,218</u>	<u>-</u>	<u>1,067,947</u>	<u>-</u>	<u>1,067,947</u>
	<u>3,516,190</u>	<u>440,131</u>	<u>-</u>	<u>3,956,321</u>	<u>-</u>	<u>3,956,321</u>	<u>5,885,420</u>	<u>426,095</u>	<u>-</u>	<u>6,311,515</u>	<u>-</u>	<u>6,311,515</u>
Increase (decrease) in net assets	(27,665)	(270,230)	326,219	28,324	2,195,203	2,223,527	(128,477)	(426,095)	(253,170)	(807,742)	(485,633)	(1,293,375)
Net assets (deficit), beginning of year	(340,503)	8,583,028	2,537,492	10,780,017	8,989,247	19,769,264	(212,026)	9,009,123	2,790,662	11,587,759	9,474,880	21,062,639
	<u>\$ (368,168)</u>	<u>\$8,312,798</u>	<u>\$2,863,711</u>	<u>\$10,808,341</u>	<u>\$11,184,450</u>	<u>\$21,992,791</u>	<u>\$ (340,503)</u>	<u>\$8,583,028</u>	<u>\$2,537,492</u>	<u>\$10,780,017</u>	<u>\$ 8,989,247</u>	<u>\$19,769,264</u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	Program Services										
	Rental	Wall to Wall	Education	Broadcasting	Film	Music	Family	Literary Programs	Program Support	Other Programs	Total Program Services (carried forward)
Salaries, payroll taxes and benefits	\$125,774	\$ -	\$499,029	\$ 164,043	\$ 91,999	\$247,512	\$ 84,687	\$ 618,112	\$262,442	\$ -	\$2,093,598
Program consultants	-	-	4,000	33,500	-	-	-	550	-	-	38,050
Professional fees	-	-	-	-	-	-	-	-	-	-	-
Artistic fees and artist services	-	468	21,626	44,714	110	3,300	1,415	68,783	-	-	140,416
Occupancy costs	-	-	-	-	-	-	-	-	149,843	-	149,843
Postage and delivery	-	-	236	-	-	-	-	-	35	-	271
Insurance	2,984	-	-	-	-	-	-	-	47,750	-	50,734
Advertising and promotion	-	-	4,418	7,215	3,836	3,551	1,067	36,483	190	-	56,760
Office supplies and expenses	1,657	-	3,645	1,095	1,854	2,585	408	8,210	50,038	-	69,492
Telephone	-	-	-	-	-	-	-	-	6,195	-	6,195
Conference and travel	-	-	-	-	206	206	206	716	2,064	-	3,398
Storage rental	-	-	-	-	-	-	-	-	-	-	-
Production costs	1,750	-	2,933	10,463	327	98	65	12,216	26,189	-	54,041
Computer expense	19,111	-	4,778	-	9,556	9,556	4,778	9,556	14,334	-	71,669
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Total expenses before depreciation	151,276	468	540,665	261,030	107,888	266,808	92,626	754,626	559,080	-	2,734,467
Depreciation	-	-	-	-	-	-	-	-	440,131	-	440,131
Total Expenses, 2021	<u>\$151,276</u>	<u>\$ 468</u>	<u>\$540,665</u>	<u>\$ 261,030</u>	<u>\$107,888</u>	<u>\$266,808</u>	<u>\$ 92,626</u>	<u>\$ 754,626</u>	<u>\$999,211</u>	<u>\$ -</u>	<u>\$3,174,598</u>
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>\$ -</u>	<u>\$471,802</u>	<u>\$5,243,568</u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	Total Program Services (brought forward)	Supporting Services			2021	2020
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$2,093,598	\$ 430,547	\$ 139,076	\$ 569,623	\$2,663,221	\$3,862,267
Program consultants	38,050	-	-	-	38,050	31,498
Professional fees	-	42,688	-	42,688	42,688	39,717
Artistic fees and artist services	140,416	-	34,585	34,585	175,001	739,026
Occupancy costs	149,843	-	-	-	149,843	237,885
Postage and delivery	271	-	355	355	626	1,971
Insurance	50,734	8,954	-	8,954	59,688	73,586
Advertising and promotion	56,760	19,070	2,317	21,387	78,147	180,045
Office supplies and expenses	69,492	17,872	4,740	22,612	92,104	125,917
Telephone	6,195	6,194	-	6,194	12,389	14,167
Conference and travel	3,398	136	27	163	3,561	16,710
Storage rental	-	6,840	-	6,840	6,840	6,840
Production costs	54,041	654	43,780	44,434	98,475	396,532
Computer expense	71,669	14,332	9,556	23,888	95,557	113,994
Miscellaneous	-	-	-	-	-	45,265
Total expenses before depreciation	2,734,467	547,287	234,436	781,723	3,516,190	5,885,420
Depreciation	440,131	-	-	-	440,131	426,095
Total Expenses, 2021	<u>\$3,174,598</u>	<u>\$ 547,287</u>	<u>\$ 234,436</u>	<u>\$ 781,723</u>	<u>\$3,956,321</u>	
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>

See notes to financial statements.

THE SYMPHONY SPACE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 2,223,527	\$(1,293,375)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	440,131	426,095
Realized (gains) losses on sales of investments	(274,376)	127,547
Unrealized gain on investments	(1,223,108)	(79,507)
(Increase) decrease in:		
Unconditional promises to give	(176,030)	484,820
Accounts and other receivables	(18,036)	9,098
Inventory	23,712	284
Prepaid expenses	(7,611)	(113,009)
Increase (decrease) in:		
Accounts payable and accrued expenses	(62,313)	(98,341)
Deferred income	(50,674)	(39,808)
Theater rental deposits	(47,000)	(80,000)
Refundable advances	<u>(577,892)</u>	<u>659,902</u>
Net Cash Provided By Operating Activities	<u>250,330</u>	<u>3,706</u>
Cash Flows From Investing Activities		
Acquisition of equipment and theater renovations	(255,818)	(35,035)
Purchases of investments	(2,702,408)	(3,566,014)
Proceeds from sale of investments	<u>2,832,412</u>	<u>3,959,669</u>
Net Cash Provided (Used) By Investing Activities	<u>(125,814)</u>	<u>358,620</u>
Net increase in cash and cash equivalents	124,516	362,326
Cash and cash equivalents, beginning of year	<u>1,542,991</u>	<u>1,180,665</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,667,507</u></u>	<u><u>\$ 1,542,991</u></u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Symphony Space (the "Organization") presents a vibrant and affordable array of literature, music, film, family, comedy, and arts education programming in a uniquely warm and welcoming environment. While its theaters remained closed throughout the fiscal year, the Organization presented a season of virtual programs, attracting audiences in all 50 states and 56 countries, and delivered its arts education programs virtually, reaching more than 15,000 students.

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. 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.

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, 2021 AND 2020

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 - Revenue Recognition

The Organization has multiple revenue streams that are accounted for as exchange transactions, including ticket sales, theater rental, performance fees, concessions, and merchandise sales.

Memberships

The Organization sells memberships of various categories that typically last for a one-year term, and provides each member with benefits that include ticket discounts, access to advance ticket sales and member-only events. Memberships are billed and collected at the beginning of the membership period.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

h - Revenue Recognition (continued)

Ticket sales and theater rental

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

Concessions and merchandise sales

Revenue from concessions and merchandise sales are recognized in the period earned, when the related goods or services are provided. Revenue from merchandise sales is recognized as revenue when the customer takes possession of the merchandise at the Organization's premises.

i - Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising expense was \$78,147 and \$180,045 for the years ended June 30, 2021 and 2020, respectively.

j - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, 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.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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. During 2021, all Symphony Space programs were virtual, and its facilities remained closed to the public. As a result, the Organization re-allocated occupancy charges and a portion of staff time to program support.

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 - Subsequent Events

The Organization has evaluated subsequent events through December 1, 2021, the date that the financial statements are considered available to be issued.

o - New Accounting Pronouncement

For 2021, the Organization adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which requires entities to recognize revenue through the application of a five-step model, which includes identification of the contract, identification of the performance obligation(s), determination of the transaction price, allocation of the transaction price to the performance obligations, and recognition of revenue as the organization satisfies the performance obligations. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Adoption of ASU 2014-09 had no impact on Organization's financial statements.

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 SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 - Information Regarding Liquidity and Availability (continued)

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, 2021 and 2020 that are available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,667,507	\$ 1,542,991
Unconditional promise to give	1,509,653	1,333,623
Accounts and other receivables	125,253	107,217
Investments	<u>10,482,088</u>	<u>9,114,608</u>
Total Financial Assets	13,784,501	12,098,439
Less: Amounts not Available to be Used within One Year:		
Refundable advance included in cash and cash equivalents	(438,000)	(500,000)
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(3,619,387)	(2,630,884)
Plus: Net assets with donor restrictions expected to be met in less than one year	882,400	283,700
Net assets with donor restrictions for endowment, subject to spending policy and appropriation, in excess of amounts appropriated for expenditure within one year	(2,463,447)	(1,256,747)
Plus: Amounts appropriated for use within one year	-	375,000
Net assets with donor restrictions for endowment	(5,101,616)	(5,101,616)
Net assets restricted by Board, subject to spending policy and appropriation	(2,863,711)	(2,537,492)
Plus: Amounts appropriated for use within one year	<u>352,408</u>	<u>580,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 533,148</u>	<u>\$ 1,310,400</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 - Information Regarding Liquidity and Availability (continued)

In addition to these financial assets available within one year, the Organization manages board designated endowment funds of \$2,511,303, 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. During the year ended June 30, 2021, no transfers were made.

b - Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
All Write!	\$ 35,000	\$ -
Education	35,000	-
Shorts	60,000	55,000
Resilience	254,000	-
Capital Campaign	2,215,505	2,247,884
Family	-	5,000
	<u>2,599,505</u>	<u>2,307,884</u>
Subject to passage of time:		
Future periods	<u>1,019,882</u>	<u>323,000</u>
Endowments subject to spending policy and appropriation:		
Investment income above original gift amount	2,463,447	1,256,747
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>7,565,063</u>	<u>6,358,363</u>
Total Net Assets With Donor Restrictions	<u>\$11,184,450</u>	<u>\$8,989,247</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due as follows at June 30:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Due in one year	\$53,675	\$ 509,000	\$ 562,675	\$ 419,765
Due in two to five years	-	1,037,100	1,037,100	964,500
	53,675	1,546,100	1,599,775	1,384,265
Less: Discount to present value	-	(90,122)	(90,122)	(50,642)
Net Present Value	\$53,675	\$1,455,978	\$1,509,653	\$1,333,623

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:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 692,970	\$ 692,970	\$1,154,434	\$1,154,434
Fixed income	3,043,627	3,167,816	3,853,157	4,084,494
Equity	4,807,813	6,621,302	3,392,447	3,875,680
Total	\$8,544,410	\$10,482,088	\$8,400,038	\$9,114,608

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 5 - Investments (continued)

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

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 38,677	\$ 78,963	\$ 117,640
Realized gain on sale of investments	51,570	222,806	274,376
Unrealized gain on investments	266,511	956,597	1,223,108
Investment custodial fees	<u>(18,466)</u>	<u>(63,577)</u>	<u>(82,043)</u>
	<u>\$338,292</u>	<u>\$1,194,789</u>	<u>\$1,533,081</u>
	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>

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2021</u>	<u>2020</u>
Furniture, fixtures and equipment	5-7 years	\$ 1,285,327	\$ 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>1,011,743</u>	<u>925,826</u>
		17,897,812	17,641,993
Less: Accumulated depreciation		<u>(8,788,534)</u>	<u>(8,348,402)</u>
		9,109,278	9,293,591
Theater property - land		<u>16,515</u>	<u>16,515</u>
		<u>\$ 9,125,793</u>	<u>\$ 9,310,106</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 6 - Property and Equipment (continued)

The Organization is planning to renovate its building. In connection with this project, New York City will provide \$10,357,000 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 December 31, 2023. 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. During 2021, the Organization received approval from the donor to use \$ 62,000 towards reopening cost.

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. On May 3, 2021, the Organization received forgiveness of the full loan amount.

On March 15, 2021, the Organization received a loan totaling \$745,000 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. Through June 30, 2021, eligible expenses totaling \$600,990 have been paid with the proceeds of the loan. The remaining \$144,010 of eligible expenses are expected to be paid during fiscal year 2022. On October 20, 2021, the Organization received forgiveness of the full loan amount.

THE SYMPHONY SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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.

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, 2021, and 2020, the Organization’s invested endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	2021			Total
	Without Donor Restrictions	With Donor Restrictions		
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
Donor-restricted endowment funds	\$ -	\$2,463,447	\$5,101,616	\$ 7,565,063
Board designated endowment funds	<u>2,863,711</u>	-	-	<u>2,863,711</u>
Total	<u>\$2,863,711</u>	<u>\$2,463,447</u>	<u>\$5,101,616</u>	<u>\$10,428,774</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 8 - Endowment Funds (continued)

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
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>

Changes in the Organization's endowment funds for the years ended June 30, 2021 and 2020 are summarized as follows:

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
Endowment funds, beginning of year	\$2,537,492	\$1,256,747	\$5,101,616	\$ 8,895,855
Net investment return	<u>326,219</u>	<u>1,206,700</u>	-	<u>1,532,919</u>
Endowment Funds, End of Year	<u>\$2,863,711</u>	<u>\$2,463,447</u>	<u>\$5,101,616</u>	<u>\$10,428,774</u>

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		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>(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>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 8 - Endowment Funds (continued)

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. The Board may authorize additional amounts to fund operations, construction projects or other purposes. 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.

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, 2021, and 2020, the Organization contributed \$20,196 and \$24,031 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, 2021 and 2020, there were no outstanding amounts due.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 11 - Risk and Uncertainties

As the COVID-19 global pandemic continued throughout fiscal year 2021, management continued to suspend its in-person programming. Management took the steps to mitigate the loss of earned income 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.

In between July and October 2021, the U.S. Small Business Administration awarded grants totaling \$2,128,385 to the Organization through the Shuttered Venue Operators Grant program. This grant will cover allowable expenses, including payroll cost, artistic and independent contractor fees, and other ordinary and necessary business expenses incurred during the period March 2020 through June 30, 2022. Management expects to have sufficient allowable expenses to recognize the full grant amount as revenue during the year ending June 30, 2022.