

THE SYMPHONY SPACE, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2014 AND 2013

THE SYMPHONY SPACE, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Symphony Space, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Symphony Space, Inc. as of June 30, 2014 and 2013, 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 14, 2014

THE SYMPHONY SPACE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents (Notes 1b and 7)	\$ 279,251	\$ 296,699
Unconditional promises to give (Notes 1c and 3)		
Unrestricted	260,954	116,530
Restricted for future program and periods	833,474	112,100
Restricted for permanent endowment	-	5,500
Accounts and other receivables	114,844	61,783
Inventory (Note 1d)	118,652	116,090
Prepaid expenses	54,844	67,176
Investments (Notes 1b, 1e, 1f and 4)	10,371,883	9,930,835
Security deposit	2,420	2,420
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 5)	<u>11,075,873</u>	<u>11,384,867</u>
Total Assets	<u><u>\$23,112,195</u></u>	<u><u>\$22,094,000</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 472,552	\$ 395,643
Deferred income (Note 1h)	134,058	142,947
Theatre rental deposits	<u>165,159</u>	<u>118,005</u>
Total Liabilities	<u>771,769</u>	<u>656,595</u>
Commitments and Contingency (Note 8)		
Net Assets		
Unrestricted		
Board designated endowment (Notes 2a and 6)	3,370,501	3,630,773
Board designated reserve (Note 2a)	150,000	150,000
Property and equipment	11,075,873	11,384,867
Other	<u>(240,892)</u>	<u>(240,892)</u>
Total Unrestricted	14,355,482	14,924,748
Temporarily restricted (Note 2b)	2,883,328	1,413,541
Permanently restricted (Note 2c)	<u>5,101,616</u>	<u>5,099,116</u>
Total Net Assets	<u>22,340,426</u>	<u>21,437,405</u>
Total Liabilities and Net Assets	<u><u>\$23,112,195</u></u>	<u><u>\$22,094,000</u></u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2014 AND 2013

	2014							2013						
	Unrestricted						Total	Unrestricted						Total
	Operating	Property and Equipment	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted		Operating	Property and Equipment	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	
Changes in Net Assets														
Revenue, Gains and Other Support														
Contributions														
Government	\$ 112,989	\$ -	\$ -	\$ 112,989	\$ 45,000	\$ -	\$ 157,989	\$ 114,620	\$ 55,100	\$ 9,299	\$ 179,019	\$ 30,000	\$ -	\$ 209,019
Foundations	241,323	-	-	241,323	49,178	2,500	293,001	387,600	-	-	387,600	125,100	1,600	514,300
Corporations	337,036	-	-	337,036	302,500	-	639,536	186,270	-	-	186,270	-	2,500	188,770
Individuals	234,326	-	-	234,326	631,572	-	865,898	241,215	-	-	241,215	675	31,853	273,743
Donated materials	17,524	-	-	17,524	-	-	17,524	10,304	-	-	10,304	-	-	10,304
Benefit income	523,478	-	-	523,478	-	-	523,478	520,744	-	-	520,744	-	-	520,744
Less: Direct benefit expenses	(60,595)	-	-	(60,595)	-	-	(60,595)	(74,349)	-	-	(74,349)	-	-	(74,349)
Membership	296,155	-	-	296,155	-	-	296,155	294,762	-	-	294,762	-	-	294,762
Rental income	1,207,178	-	-	1,207,178	-	-	1,207,178	1,186,574	-	-	1,186,574	-	-	1,186,574
Ticket sales, performance fees and related income	1,308,742	-	-	1,308,742	-	-	1,308,742	1,108,106	-	-	1,108,106	-	-	1,108,106
Concession and compact disc sales	538,077	-	-	538,077	-	-	538,077	494,694	-	-	494,694	-	-	494,694
Less: Cost of sales	(112,739)	-	-	(112,739)	-	-	(112,739)	(102,075)	-	-	(102,075)	-	-	(102,075)
Handling charges	183,653	-	-	183,653	-	-	183,653	138,179	-	-	138,179	-	-	138,179
Appropriations for use in operations	698,640	64,893	(476,506)	287,027	(287,027)	-	-	979,291	72,030	(777,238)	274,083	(274,083)	-	-
Net investment income (loss) (Note 4)	-	-	216,234	216,234	1,099,811	-	1,316,045	-	-	62,609	62,609	874,727	-	937,336
Miscellaneous	62,900	-	-	62,900	-	-	62,900	71,760	-	-	71,760	-	-	71,760
	5,588,687	64,893	(260,272)	5,393,308	1,841,034	2,500	7,236,842	5,557,695	127,130	(705,330)	4,979,495	756,419	35,953	5,771,867
Net assets released from restrictions														
Satisfaction of time and program restrictions	274,711	96,536	-	371,247	(371,247)	-	-	390,486	-	-	390,486	(390,486)	-	-
	5,863,398	161,429	(260,272)	5,764,555	1,469,787	2,500	7,236,842	5,948,181	127,130	(705,330)	5,369,981	365,933	35,953	5,771,867
Expenses														
Program Services														
Rental	673,636	80,936	-	754,572	-	-	754,572	1,001,254	240,810	-	1,242,064	-	-	1,242,064
Wall to Wall	177,761	21,875	-	199,636	-	-	199,636	168,558	9,854	-	178,412	-	-	178,412
Education and All Write	620,919	83,124	-	704,043	-	-	704,043	466,314	25,873	-	492,187	-	-	492,187
Broadcasting	144,777	13,125	-	157,902	-	-	157,902	116,715	1,780	-	118,495	-	-	118,495
Film	524,343	43,749	-	568,092	-	-	568,092	386,352	41,058	-	427,410	-	-	427,410
Music programs	562,391	56,874	-	619,265	-	-	619,265	477,715	23,838	-	501,553	-	-	501,553
Family	365,516	37,187	-	402,703	-	-	402,703	256,140	14,641	-	270,781	-	-	270,781
Literary programs and compact discs (including obsolete inventory write-off of \$155,605 (2013))	766,298	72,186	-	838,484	-	-	838,484	1,045,901	33,087	-	1,078,988	-	-	1,078,988
Theatre	-	-	-	-	-	-	-	154,411	10,261	-	164,672	-	-	164,672
Other programs	475,642	28,437	-	504,079	-	-	504,079	549,429	30,693	-	580,122	-	-	580,122
Total Program Services	4,311,283	437,493	-	4,748,776	-	-	4,748,776	4,622,789	431,895	-	5,054,684	-	-	5,054,684
Supporting Services														
Management and general	749,836	14,113	-	763,949	-	-	763,949	485,065	12,165	-	497,230	-	-	497,230
Internship	41,746	-	-	41,746	-	-	41,746	49,068	-	-	49,068	-	-	49,068
Fundraising and benefit	583,584	18,817	-	602,401	-	-	602,401	711,815	14,330	-	726,145	-	-	726,145
Special projects	176,949	-	-	176,949	-	-	176,949	235,049	-	-	235,049	-	-	235,049
Total Supporting Services	1,552,115	32,930	-	1,585,045	-	-	1,585,045	1,480,997	26,495	-	1,507,492	-	-	1,507,492
Total Expenses	5,863,398	470,423	-	6,333,821	-	-	6,333,821	6,103,786	458,390	-	6,562,176	-	-	6,562,176
Increase (decrease) in net assets	-	(308,994)	(260,272)	(569,266)	1,469,787	2,500	903,021	(155,605)	(331,260)	(705,330)	(1,192,195)	365,933	35,953	(790,309)
Net assets, beginning of year	(240,892)	11,384,867	3,780,773	14,924,748	1,413,541	5,099,116	21,437,405	(85,287)	11,716,127	4,486,103	16,116,943	1,047,608	5,063,163	22,227,714
Net Assets, End of Year	\$ (240,892)	\$11,075,873	\$3,520,501	\$14,355,482	\$ 2,883,328	\$ 5,101,616	\$22,340,426	\$ (240,892)	\$11,384,867	\$3,780,773	\$14,924,748	\$ 1,413,541	\$ 5,099,116	\$21,437,405

See notes to financial statements.

THE SYMPHONY SPACE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 903,021	\$ (790,309)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	470,423	458,390
Donated securities	(19,173)	(38,284)
Realized gains on sales of investments	(597,846)	(381,633)
Unrealized (gain) loss on investments	(568,300)	(432,222)
Contributions received for permanent endowment	(2,500)	(35,953)
(Increase) decrease in:		
Unconditional promises to give	(860,298)	102,836
Accounts and other receivables	(53,061)	(11,029)
Inventory	(2,562)	157,993
Prepaid expenses	12,332	19,901
Increase (decrease) in:		
Accounts payable and accrued expenses	76,909	(34,799)
Deferred income	(8,889)	29,937
Theater rental deposits	47,154	11,420
Net Cash Used By Operating Activities	<u>(602,790)</u>	<u>(943,752)</u>
Cash Flows From Investing Activities		
Acquisition of equipment and theatre renovations	(161,429)	(127,130)
Purchases of investments	(2,410,828)	(5,273,315)
Proceeds from sale of investments	3,155,099	6,278,923
Net Cash Provided By Investing Activities	<u>582,842</u>	<u>878,478</u>
Cash Flows From Financing Activities		
Contributions received for permanent endowment	<u>2,500</u>	<u>45,453</u>
Net decrease in cash and cash equivalents	(17,448)	(19,821)
Cash and cash equivalents, beginning of year	<u>296,699</u>	<u>316,520</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 279,251</u></u>	<u><u>\$ 296,699</u></u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Symphony Space, Inc. creates and presents original performing arts events, using inventive new formats, which bring audiences closer to the arts. The Organization serves multi-cultural artists in all fields by making available a well-equipped, professionally run theatre at a highly subsidized rental cost. It serves the diverse community with a continuing calendar of artistically and culturally diverse programs.

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 theatre rental deposits.

c - Contributions and Unconditional Promises to Give

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

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

d - Inventory

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

e - Investments

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

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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 theatre 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 \$240,155 and \$320,037 for the years ended June 30, 2014 and 2013, respectively.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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

j - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

k - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l - Income Taxes

The Symphony Space, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization is subject to federal and state income taxes on any net income derived from advertising revenue, a business activity which is regularly conducted and is, by statute, unrelated to its exempt purpose. Management believes that it has appropriate support for any tax positions taken and does not have any uncertain tax positions that are material to the financial statements. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns files.

m - Subsequent Events

The Organization has evaluated subsequent events through November 14, 2014, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Assets

a - Board Designated

i - 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 thirteen-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, 2013, \$9,299 of contributions were collected and classified as Board designated.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 2 - Restrictions on Assets (continued)

a - Board Designated (continued)

ii - Reserve

The Board of Directors have set aside a cash reserve of \$150,000 available as needs arise. No borrowings were outstanding as of June 30, 2014 or 2013.

b - Temporarily Restricted Net Assets

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

c - Permanently Restricted

Permanently restricted net assets consist of capital campaign contributions, matching contributions received toward a challenge grant awarded by the NEA and other endowment contributions whereby the donor has directed that the principal remain intact and investment income used to support programs and general operations.

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

The original value of gifts donated to the initial permanently restricted endowment fund was \$3,621,331, and the original value of gifts donated to a second permanently restricted endowment fund was \$1,480,285 as of June 30, 2014.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

		<u>2014</u>		
	<u>Unrestricted</u>	<u>Restricted for Future Programs/ Periods</u>	<u>Total</u>	<u>2013</u>
Due in one year	\$260,954	\$530,574	\$ 791,528	\$197,030
Due in two to five years	-	330,000	330,000	40,000
	<u>260,954</u>	<u>860,574</u>	<u>1,121,528</u>	<u>237,030</u>
Less: Discount to present value	<u>-</u>	<u>(27,100)</u>	<u>(27,100)</u>	<u>(2,900)</u>
Net Present Value	<u>\$260,954</u>	<u>\$833,474</u>	<u>\$1,094,428</u>	<u>\$234,130</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 3 - Unconditional Promises to Give (continued)

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

Note 4 - Investments

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

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 99,322	\$ 99,322	\$ 214,672	\$ 214,672
Fixed income	3,407,925	3,492,523	3,479,508	3,493,451
Equity	<u>5,616,268</u>	<u>6,780,038</u>	<u>5,556,587</u>	<u>6,222,712</u>
Total	<u>\$9,123,515</u>	<u>\$10,371,883</u>	<u>\$9,250,767</u>	<u>\$9,930,835</u>

Investment income is comprised of the following at June 30:

	2014		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 85,830	\$ 166,057	\$ 251,887
Realized gain on sale of investments	221,808	376,038	597,846
Unrealized (loss) gain on investments	(63,410)	631,710	568,300
Investment custodial fees	<u>(27,994)</u>	<u>(73,994)</u>	<u>(101,988)</u>
	<u>\$216,234</u>	<u>\$1,099,811</u>	<u>\$1,316,045</u>

	2013		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$106,068	\$130,518	\$236,586
Realized gain on sale of investments	18,262	363,371	381,633
Unrealized gain (loss) on investments	(39,822)	472,044	432,222
Investment custodial fees	<u>(21,899)</u>	<u>(91,206)</u>	<u>(113,105)</u>
	<u>\$ 62,609</u>	<u>\$874,727</u>	<u>\$937,336</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2014</u>	<u>2013</u>
Furniture, fixtures and equipment	5-7 years	\$ 831,274	\$ 762,518
Theatre building and improvements	10-39 years	15,570,185	15,570,185
Sprinkler system	5 years	30,557	30,557
Work in progress		<u>92,673</u>	<u>-</u>
		16,524,689	16,363,260
Less: Accumulated depreciation		<u>(5,465,331)</u>	<u>(4,994,908)</u>
		11,059,358	11,368,352
Theatre property - land		<u>16,515</u>	<u>16,515</u>
		<u><u>\$11,075,873</u></u>	<u><u>\$11,384,867</u></u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$470,423 and \$458,390, respectively.

The New York City Department of Cultural Affairs has supported the Organization through capital expenditures of \$87,642 and \$55,100 during the fiscal years ended 2014 and 2013, respectively. The equipment is owned by the City of New York.

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.

The Organization is planning to renovate its theatre. In connection with this project, New York City will provide \$2,450,000 in funding.

Note 6 - Endowment Funds

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

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 6 - 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, 2014 and 2013, the Organization invested endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	2014			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$2,020,550	\$5,101,616	\$ 7,122,166
Board designated endowment funds	<u>3,370,501</u>	<u>-</u>	<u>-</u>	<u>3,370,501</u>
Total	<u>\$3,370,501</u>	<u>\$2,020,550</u>	<u>\$5,101,616</u>	<u>\$10,492,667</u>

	2013			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$1,207,765	\$5,093,616	\$6,301,381
Board designated endowment funds	<u>3,630,773</u>	<u>-</u>	<u>-</u>	<u>3,630,773</u>
Total	<u>\$3,630,773</u>	<u>\$1,207,765</u>	<u>\$5,093,616</u>	<u>\$9,932,154</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 6 - Endowment Funds (continued)

Changes in the Organization's endowment funds for the years ended June 30, 2014 and 2013 are summarized as follows:

	2014			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	\$3,630,773	\$1,207,765	\$5,093,616	\$ 9,932,154
Net investment return	216,234	1,099,811	-	1,316,045
Appropriation of endowment assets for expenditure	(476,506)	(287,026)	-	(763,532)
Contributions received	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Endowment Funds, End of Year	<u>\$3,370,501</u>	<u>\$2,020,550</u>	<u>\$5,101,616</u>	<u>\$10,492,667</u>

	2013			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	\$4,336,103	\$ 607,121	\$5,048,163	\$9,991,387
Net investment return	62,609	874,727	-	937,336
Appropriation of endowment assets for expenditure	(777,238)	(274,083)	-	(1,051,321)
Contributions received	<u>9,299</u>	<u>-</u>	<u>45,453</u>	<u>54,752</u>
Endowment Funds, End of Year	<u>\$3,630,773</u>	<u>\$1,207,765</u>	<u>\$5,093,616</u>	<u>\$9,932,154</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 thirteen-quarter average market value of the permanently restricted endowment funds. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization's objectives are to safeguard its assets and preserve the real purchasing power of its assets while earning investment returns commensurate with the Organization's risk tolerance and that are sufficient to meet its operational requirements.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 7 - 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 8 - Commitment and Contingency

- a - The Organization maintains a non-contributory 403(b) tax deferred retirement plan for all eligible employees. Participating employees may contribute up to the statutory maximum.
- b - Government supported projects are subject to audit by the applicable government granting agencies.
- c - The Organization has a \$500,000 revolving line of credit with JPMorgan Chase Bank secured by all business assets, available through June 20, 2015. As of June 30, 2014, there are no outstanding amounts due.

Note 9 - Functional Allocation of Expenses

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

SUPPLEMENTARY INFORMATION



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of The Symphony Space, Inc. as of and for the years ended June 30, 2014 and 2013, and our report thereon dated November 14, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2014 with comparative totals for 2013 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
November 14, 2014

THE SYMPHONY SPACE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	Program Services										
	<u>Rental</u>	<u>Wall to Wall</u>	<u>Education and All Write</u>	<u>Broadcasting</u>	<u>Film</u>	<u>Music Programs</u>	<u>Family</u>	<u>Literary Programs and Compact Discs</u>	<u>Theatre</u>	<u>Other Programs</u>	<u>Total Program Services (carried forward)</u>
Salaries, payroll taxes and benefits	\$ 436,605	\$ 77,435	\$369,229	\$ 34,093	\$241,776	\$240,854	\$232,315	\$ 360,458	\$ -	\$295,966	\$2,288,731
Program consultants	-	-	4,700	-	-	-	-	10,000	-	-	14,700
Professional fees	-	-	95	-	-	-	-	-	-	-	95
Artistic fees and artist services	98,610	37,113	107,733	76,533	175,560	142,720	10,584	84,786	-	18,887	752,526
Occupancy costs	58,851	15,906	60,442	9,543	31,811	41,355	27,040	52,489	-	30,243	327,680
Postage and delivery	1,031	279	5,020	167	1,572	725	474	2,642	-	362	12,272
Insurance	13,619	3,681	13,987	2,209	7,362	9,570	6,258	12,147	-	4,785	73,618
Advertising and promotion	7,017	14,227	7,225	7,017	25,228	45,627	37,449	105,940	-	17,708	267,438
Office supplies and expenses	20,688	5,591	21,247	3,355	11,183	14,538	9,505	18,452	-	13,111	117,670
Telephone	3,287	888	3,376	533	1,777	2,310	1,510	2,932	-	1,155	17,768
Conference and travel	2,268	613	2,329	368	1,226	1,593	1,042	2,022	-	797	12,258
Storage rental	1,024	277	1,052	166	554	720	471	913	-	360	5,537
Production costs	21,926	19,309	15,539	9,381	21,586	56,258	34,866	105,749	-	89,208	373,822
Computer expense	8,710	2,354	8,945	1,412	4,708	6,121	4,002	7,768	-	3,060	47,080
Miscellaneous	-	88	-	-	-	-	-	-	-	-	88
Total expenses before depreciation	673,636	177,761	620,919	144,777	524,343	562,391	365,516	766,298	-	475,642	4,311,283
Depreciation	80,936	21,875	83,124	13,125	43,749	56,874	37,187	72,186	-	28,437	437,493
Total Expenses, 2014	<u>\$ 754,572</u>	<u>\$199,636</u>	<u>\$704,043</u>	<u>\$ 157,902</u>	<u>\$568,092</u>	<u>\$619,265</u>	<u>\$402,703</u>	<u>\$ 838,484</u>	<u>\$ -</u>	<u>\$504,079</u>	<u>4,748,776</u>
Total Expenses, 2013	<u>\$1,242,064</u>	<u>\$178,412</u>	<u>\$492,187</u>	<u>\$ 118,495</u>	<u>\$427,410</u>	<u>\$501,553</u>	<u>\$270,781</u>	<u>\$ 1,078,988</u>	<u>\$164,672</u>	<u>\$580,122</u>	<u>5,054,684</u>

See independent auditors' report on supplementary information.

THE SYMPHONY SPACE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	Total Program Services (brought forward)	Supporting Services					2014 Total Expenses	2013 Total Expenses
		Management and General	Internship	Fundraising and Benefit	Special Projects	Total		
Salaries, payroll taxes and benefits	\$2,288,731	\$ 690,036	\$ 2,837	\$ 429,224	\$ -	\$1,122,097	\$3,410,828	\$3,414,088
Program consultants	14,700	-	38,330	-	-	38,330	53,030	23,653
Professional fees	95	37,693	579	10,530	176,949	225,751	225,846	329,586
Artistic fees and artist services	752,526	-	-	35,003	-	35,003	787,529	788,595
Occupancy costs	327,680	10,262	-	13,682	-	23,944	351,624	278,218
Postage and delivery	12,272	213	-	240	-	453	12,725	9,342
Insurance	73,618	2,375	-	3,166	-	5,541	79,159	85,444
Advertising and Promotion	267,438	-	-	-	-	-	267,438	352,430
Office supplies and expenses	117,670	3,607	-	4,810	-	8,417	126,087	112,312
Telephone	17,768	573	-	764	-	1,337	19,105	15,681
Conference and travel	12,258	395	-	527	-	922	13,180	15,679
Storage rental	5,537	179	-	238	-	417	5,954	5,216
Production costs	373,822	-	-	80,126	-	80,126	453,948	627,455
Computer expense	47,080	1,519	-	2,025	-	3,544	50,624	46,087
Miscellaneous	88	2,984	-	3,249	-	6,233	6,321	-
Total expenses before depreciation	4,311,283	749,836	41,746	583,584	176,949	1,552,115	5,863,398	6,103,786
Depreciation	437,493	14,113	-	18,817	-	32,930	470,423	458,390
Total Expenses, 2014	<u>\$4,748,776</u>	<u>\$ 763,949</u>	<u>\$ 41,746</u>	<u>\$ 602,401</u>	<u>\$176,949</u>	<u>\$1,585,045</u>	<u>\$6,333,821</u>	
Total Expenses, 2013	<u>\$5,054,684</u>	<u>\$ 497,230</u>	<u>\$ 49,068</u>	<u>\$ 726,145</u>	<u>\$235,049</u>	<u>\$1,507,492</u>		<u>\$6,562,176</u>

See independent auditors' report on supplementary information.