

**THE SYMPHONY SPACE, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015 AND 2014**

**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, 2015 and 2014, 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, 2015 and 2014, 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 30, 2015

**THE SYMPHONY SPACE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 7)	\$ 390,197	\$ 279,251
Unconditional promises to give (Notes 1c and 3)		
Unrestricted	165,798	260,954
Restricted for future program and periods	495,774	833,474
Accounts and other receivables	83,250	117,264
Inventory (Note 1d)	130,191	118,652
Prepaid expenses	52,177	54,844
Investments (Notes 1b, 1e, 1f and 4)	10,039,485	10,371,883
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 5)	<u>10,802,611</u>	<u>11,075,873</u>
<b>Total Assets</b>	<u><u>\$22,159,483</u></u>	<u><u>\$23,112,195</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 472,173	\$ 472,552
Deferred income (Note 1h)	174,917	134,058
Theatre rental deposits	188,972	165,159
Total Liabilities	<u>836,062</u>	<u>771,769</u>
Commitments and Contingency (Note 8)		
Net Assets		
Unrestricted		
Board designated endowment (Notes 2a and 6)	3,288,030	3,370,501
Board designated reserve (Note 2a)	-	150,000
Property and equipment	10,802,611	11,075,873
Other	<u>(240,892)</u>	<u>(240,892)</u>
Total Unrestricted	13,849,749	14,355,482
Temporarily restricted (Note 2b)	2,372,056	2,883,328
Permanently restricted (Note 2c)	<u>5,101,616</u>	<u>5,101,616</u>
Total Net Assets	<u>21,323,421</u>	<u>22,340,426</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$22,159,483</u></u>	<u><u>\$23,112,195</u></u>

See notes to financial statements.

**THE SYMPHONY SPACE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2015 AND 2014**

	2015						2014							
	Unrestricted			Temporarily Restricted	Permanently Restricted	Total	Unrestricted			Temporarily Restricted	Permanently Restricted	Total		
	Operating	Property and Equipment	Board Designated				Unrestricted	Operating	Property and Equipment				Board Designated	Unrestricted
<b>Changes in Net Assets</b>														
Revenue, Gains and Other Support														
Contributions														
Government	\$ 216,472	\$ -	\$ -	\$ 216,472	\$ 64,500	\$ -	\$ 280,972	\$ 112,989	\$ -	\$ -	\$ 112,989	\$ 45,000	\$ -	\$ 157,989
Foundations	225,257	-	-	225,257	36,722	-	261,979	241,323	-	-	241,323	49,178	2,500	293,001
Corporations	32,875	-	-	32,875	52,500	-	85,375	337,036	-	-	337,036	302,500	-	639,536
Individuals	212,327	-	-	212,327	37,897	-	250,224	234,326	-	-	234,326	631,572	-	865,898
Donated materials	-	-	-	-	-	-	-	17,524	-	-	17,524	-	-	17,524
Benefit income	620,980	-	-	620,980	-	-	620,980	523,478	-	-	523,478	-	-	523,478
Less: Direct benefit expenses	(87,081)	-	-	(87,081)	-	-	(87,081)	(60,595)	-	-	(60,595)	-	-	(60,595)
Membership	300,374	-	-	300,374	-	-	300,374	296,155	-	-	296,155	-	-	296,155
Rental income	1,318,640	-	-	1,318,640	-	-	1,318,640	1,207,178	-	-	1,207,178	-	-	1,207,178
Ticket sales, performance fees and related income	1,291,889	-	-	1,291,889	-	-	1,291,889	1,308,742	-	-	1,308,742	-	-	1,308,742
Concession and compact disc sales	524,756	-	-	524,756	-	-	524,756	538,077	-	-	538,077	-	-	538,077
Less: Cost of sales	(84,632)	-	-	(84,632)	-	-	(84,632)	(112,739)	-	-	(112,739)	-	-	(112,739)
Handling charges	190,614	-	-	190,614	-	-	190,614	183,653	-	-	183,653	-	-	183,653
Appropriations for use in operations	516,465	133,716	(350,181)	300,000	(300,000)	-	-	698,640	64,893	(476,506)	287,027	(287,027)	-	-
Net investment income (Note 4)	-	-	117,710	117,710	108,424	-	226,134	-	-	216,234	216,234	1,099,811	-	1,316,045
Miscellaneous	70,628	-	-	70,628	-	-	70,628	62,900	-	-	62,900	-	-	62,900
	<u>5,349,564</u>	<u>133,716</u>	<u>(232,471)</u>	<u>5,250,809</u>	<u>43</u>	<u>-</u>	<u>5,250,852</u>	<u>5,588,687</u>	<u>64,893</u>	<u>(260,272)</u>	<u>5,393,308</u>	<u>1,841,034</u>	<u>2,500</u>	<u>7,236,842</u>
Net assets released from restrictions														
Satisfaction of time and program restrictions	415,500	95,815	-	511,315	(511,315)	-	-	274,711	96,536	-	371,247	(371,247)	-	-
	<u>5,765,064</u>	<u>229,531</u>	<u>(232,471)</u>	<u>5,762,124</u>	<u>(511,272)</u>	<u>-</u>	<u>5,250,852</u>	<u>5,863,398</u>	<u>161,429</u>	<u>(260,272)</u>	<u>5,764,555</u>	<u>1,469,787</u>	<u>2,500</u>	<u>7,236,842</u>
Expenses														
Program Services														
Rental	695,409	86,505	-	781,914	-	-	781,914	673,636	80,936	-	754,572	-	-	754,572
Wall to Wall	179,553	23,380	-	202,933	-	-	202,933	177,761	21,875	-	199,636	-	-	199,636
Education and All Write	652,659	88,843	-	741,502	-	-	741,502	620,919	83,124	-	704,043	-	-	704,043
Broadcasting	152,645	14,028	-	166,673	-	-	166,673	144,777	13,125	-	157,902	-	-	157,902
Film	432,285	46,760	-	479,045	-	-	479,045	524,343	43,749	-	568,092	-	-	568,092
Music programs	616,822	60,788	-	677,610	-	-	677,610	562,391	56,874	-	619,265	-	-	619,265
Family	374,818	39,746	-	414,564	-	-	414,564	365,516	37,187	-	402,703	-	-	402,703
Literary programs and compact discs	747,256	77,153	-	824,409	-	-	824,409	766,298	72,186	-	838,484	-	-	838,484
Other programs	506,676	30,394	-	537,070	-	-	537,070	475,642	28,437	-	504,079	-	-	504,079
Total Program Services	<u>4,358,123</u>	<u>467,597</u>	<u>-</u>	<u>4,825,720</u>	<u>-</u>	<u>-</u>	<u>4,825,720</u>	<u>4,311,283</u>	<u>437,493</u>	<u>-</u>	<u>4,748,776</u>	<u>-</u>	<u>-</u>	<u>4,748,776</u>
Supporting Services														
Management and general	740,750	15,084	-	755,834	-	-	755,834	749,836	14,113	-	763,949	-	-	763,949
Internship	48,788	-	-	48,788	-	-	48,788	41,746	-	-	41,746	-	-	41,746
Fundraising and benefit	575,382	20,112	-	595,494	-	-	595,494	583,584	18,817	-	602,401	-	-	602,401
Special projects	42,021	-	-	42,021	-	-	42,021	176,949	-	-	176,949	-	-	176,949
Total Supporting Services	<u>1,406,941</u>	<u>35,196</u>	<u>-</u>	<u>1,442,137</u>	<u>-</u>	<u>-</u>	<u>1,442,137</u>	<u>1,552,115</u>	<u>32,930</u>	<u>-</u>	<u>1,585,045</u>	<u>-</u>	<u>-</u>	<u>1,585,045</u>
Total Expenses	<u>5,765,064</u>	<u>502,793</u>	<u>-</u>	<u>6,267,857</u>	<u>-</u>	<u>-</u>	<u>6,267,857</u>	<u>5,863,398</u>	<u>470,423</u>	<u>-</u>	<u>6,333,821</u>	<u>-</u>	<u>-</u>	<u>6,333,821</u>
Increase (decrease) in net assets	-	(273,262)	(232,471)	(505,733)	(511,272)	-	(1,017,005)	-	(308,994)	(260,272)	(569,266)	1,469,787	2,500	903,021
Net assets, beginning 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
<b>Net Assets, End of Year</b>	<u>\$ (240,892)</u>	<u>\$10,802,611</u>	<u>\$3,288,030</u>	<u>\$13,849,749</u>	<u>\$ 2,372,056</u>	<u>\$ 5,101,616</u>	<u>\$21,323,421</u>	<u>\$ (240,892)</u>	<u>\$11,075,873</u>	<u>\$3,520,501</u>	<u>\$14,355,482</u>	<u>\$ 2,883,328</u>	<u>\$ 5,101,616</u>	<u>\$22,340,426</u>

See notes to financial statements.

**THE SYMPHONY SPACE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$(1,017,005)	\$ 903,021
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	502,793	470,423
Donated securities	-	(19,173)
Realized gains on sales of investments	(510,834)	(597,846)
Unrealized (gain) loss on investments	471,974	(568,300)
Contributions received for permanent endowment	-	(2,500)
(Increase) decrease in:		
Unconditional promises to give	432,856	(860,298)
Accounts and other receivables	34,014	(53,061)
Inventory	(11,539)	(2,562)
Prepaid expenses	2,667	12,332
Increase (decrease) in:		
Accounts payable and accrued expenses	(379)	76,909
Deferred income	40,859	(8,889)
Theater rental deposits	23,813	47,154
Net Cash Used By Operating Activities	<u>(30,781)</u>	<u>(602,790)</u>
 <b>Cash Flows From Investing Activities</b>		
Acquisition of equipment and theatre renovations	(229,531)	(161,429)
Purchases of investments	(4,021,264)	(2,410,828)
Proceeds from sale of investments	4,392,522	3,155,099
Net Cash Provided By Investing Activities	<u>141,727</u>	<u>582,842</u>
 <b>Cash Flows From Financing Activities</b>		
Contributions received for permanent endowment	-	2,500
Net increase (decrease) in cash and cash equivalents	110,946	(17,448)
Cash and cash equivalents, beginning of year	<u>279,251</u>	<u>296,699</u>
 <b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 390,197</u></u>	<u><u>\$ 279,251</u></u>

See notes to financial statements.

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**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, 2015 AND 2014**

**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 \$288,797 and \$240,155 for the years ended June 30, 2015 and 2014, respectively.

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**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. The Organization's tax returns are generally subject to examination by taxing authorities for a period of three years from the date of filing.

m - Subsequent Events

The Organization has evaluated subsequent events through November 30, 2015, 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.

ii - Reserve

The Board of Directors had set aside a cash reserve of \$150,000 available as needs arise. According to a Board resolution, the reserve was eliminated and combined with the Board designated endowment effective June 2015.

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 2 - Restrictions on Assets (continued)**

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, 2015.

**Note 3 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	<u>Unrestricted</u>	<u>2015 Restricted for Future Programs/ Periods</u>	<u>Total</u>	<u>2014</u>
Due in one year	\$165,798	\$310,000	\$475,798	\$ 791,528
Due in two to five years	-	200,000	200,000	330,000
	165,798	510,000	675,798	1,121,528
Less: Discount to present value	-	(14,226)	(14,226)	(27,100)
Net Present Value	<u>\$165,798</u>	<u>\$495,774</u>	<u>\$661,572</u>	<u>\$1,094,428</u>

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**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:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 107,276	\$ 107,276	\$ 99,322	\$ 99,322
Fixed income	3,409,982	3,401,962	3,407,925	3,492,523
Equity	<u>5,745,833</u>	<u>6,530,247</u>	<u>5,616,268</u>	<u>6,780,038</u>
Total	<u>\$9,263,091</u>	<u>\$10,039,485</u>	<u>\$9,123,515</u>	<u>\$10,371,883</u>

Investment income is comprised of the following at June 30:

	2015		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 58,135	\$231,418	\$289,553
Realized gain on sale of investments	229,036	281,798	510,834
Unrealized loss on investments	(132,516)	(339,458)	(471,974)
Investment custodial fees	<u>(36,945)</u>	<u>(65,334)</u>	<u>(102,279)</u>
	<u>\$117,710</u>	<u>\$108,424</u>	<u>\$226,134</u>
	2014		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 85,830	\$ 166,057	\$ 251,887
Realized gains on sale of investments	221,808	376,038	597,846
Unrealized gain (loss) 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>

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 5 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2015</u>	<u>2014</u>
Furniture, fixtures and equipment	5-7 years	\$ 964,991	\$ 831,274
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>188,487</u>	<u>92,673</u>
		16,754,220	16,524,689
Less: Accumulated depreciation		<u>(5,968,124)</u>	<u>(5,465,331)</u>
		10,786,096	11,059,358
Theatre property - land		<u>16,515</u>	<u>16,515</u>
		<u>\$10,802,611</u>	<u>\$11,075,873</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$502,793 and \$470,423, respectively.

The New York City Department of Cultural Affairs has supported the Organization through capital expenditures of \$19,483 and \$87,642 during the fiscal years ended 2015 and 2014, 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, 2015 AND 2014**

**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, 2015 and 2014, the Organization's invested endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	<b>2015</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$1,828,974	\$5,101,616	\$ 6,930,590
Board designated endowment funds	<u>3,138,030</u>	<u>-</u>	<u>-</u>	<u>3,138,030</u>
Total	<u>\$3,138,030</u>	<u>\$1,828,974</u>	<u>\$5,101,616</u>	<u>\$10,068,620</u>
	<b>2014</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
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>

**THE SYMPHONY SPACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 6 - Endowment Funds (continued)**

Changes in the Organization's endowment funds for the years ended June 30, 2015 and 2014 are summarized as follows:

	<b>2015</b>			<b>Total</b>
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	
Endowment funds, beginning of year	\$3,370,501	\$2,020,550	\$5,101,616	\$10,492,667
Net investment return	117,710	108,424	-	226,134
Appropriation of endowment assets for expenditure	<u>(350,181)</u>	<u>(300,000)</u>	<u>-</u>	<u>(650,181)</u>
Endowment Funds, End of Year	<u>\$3,138,030</u>	<u>\$1,828,974</u>	<u>\$5,101,616</u>	<u>\$10,068,620</u>
	<b>2014</b>			<b>Total</b>
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	
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>

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, 2015 AND 2014**

**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 - Commitments 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 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, 2015 there were 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**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP  
300 EAST 42ND ST., NEW YORK, NY 10017  
212-697-2299 Fax 212-949-1768

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of The Symphony Space, Inc. as of and for the years ended June 30, 2015 and 2014, and our report thereon dated November 30, 2015, 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, 2015 with comparative totals for 2014 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 30, 2015

## THE SYMPHONY SPACE, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Program Services									
	Rental	Wall to Wall	Education and All Write	Broadcasting	Film	Music Programs	Family	Literary Programs and Compact Discs	Other Programs	Total Program Services (carried forward)
Salaries, payroll taxes and benefits	\$423,483	\$ 89,193	\$433,268	\$ 49,380	\$227,635	\$247,579	\$186,909	\$ 326,334	\$295,629	\$2,279,410
Program consultants	11,100	3,000	15,400	1,800	6,000	7,800	13,600	9,900	3,900	72,500
Professional fees	-	-	-	-	-	-	-	-	-	-
Artistic fees and artist services	117,680	27,688	83,720	74,640	96,890	187,740	49,954	157,405	32,588	828,305
Occupancy costs	40,905	11,055	42,010	6,633	22,111	28,744	18,794	36,482	24,109	230,843
Postage and delivery	1,345	364	2,672	218	1,590	945	618	2,772	473	10,997
Insurance	15,373	4,147	15,757	2,488	8,293	10,781	7,049	13,684	5,391	82,963
Advertising and promotion	7,790	22,471	6,896	7,790	22,842	57,006	48,354	104,652	19,450	297,251
Office supplies and expenses	19,079	5,157	19,595	3,094	10,313	13,407	8,766	17,017	10,265	106,693
Telephone	2,634	712	2,705	427	1,424	1,851	1,210	2,349	925	14,237
Conference and travel	2,958	799	3,038	480	1,599	2,078	1,359	2,638	1,039	15,988
Storage rental	1,067	288	1,096	173	577	750	490	952	375	5,768
Production costs	37,328	10,639	11,283	3,081	25,031	47,681	30,986	59,861	107,278	333,168
Computer expense	14,294	3,863	14,680	2,318	7,727	10,044	6,568	12,749	5,022	77,265
Miscellaneous	373	177	539	123	253	416	161	461	232	2,735
Total expenses before depreciation	695,409	179,553	652,659	152,645	432,285	616,822	374,818	747,256	506,676	4,358,123
Depreciation	86,505	23,380	88,843	14,028	46,760	60,788	39,746	77,153	30,394	467,597
Total Expenses, 2015	<u>\$781,914</u>	<u>\$202,933</u>	<u>\$741,502</u>	<u>\$ 166,673</u>	<u>\$479,045</u>	<u>\$677,610</u>	<u>\$414,564</u>	<u>\$ 824,409</u>	<u>\$537,070</u>	<u>4,825,720</u>
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>\$504,079</u>	<u>4,748,776</u>

See independent auditors' report on supplementary information.

## THE SYMPHONY SPACE, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Total Program Services (brought forward)	Supporting Services				Total	2015	2014
		Management and General	Internship	Fundraising and Benefit	Special Projects		Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$2,279,410	\$ 647,645	\$ -	\$ 429,259	\$ -	\$1,076,904	\$3,356,314	\$3,410,828
Program consultants	72,500	-	48,133	-	-	48,133	120,633	53,030
Professional fees	-	66,650	655	8,800	42,021	118,126	118,126	225,846
Artistic fees and artist services	828,305	-	-	17,250	-	17,250	845,555	787,529
Occupancy costs	230,843	7,132	-	9,510	-	16,642	247,485	351,624
Postage and delivery	10,997	234	-	313	-	547	11,544	12,725
Insurance	82,963	2,646	-	3,567	-	6,213	89,176	79,159
Advertising and promotion	297,251	5,026	-	6,700	-	11,726	308,977	267,438
Office supplies and expenses	106,693	3,326	-	4,436	-	7,762	114,455	126,087
Telephone	14,237	459	-	612	-	1,071	15,308	19,105
Conference and travel	15,988	515	-	688	-	1,203	17,191	13,180
Storage rental	5,768	185	-	248	-	433	6,201	5,954
Production costs	333,168	4,354	-	90,572	-	94,926	428,094	453,948
Computer expense	77,265	2,493	-	3,323	-	5,816	83,081	50,624
Miscellaneous	2,735	85	-	104	-	189	2,924	6,321
Total expenses before depreciation	4,358,123	740,750	48,788	575,382	42,021	1,406,941	5,765,064	5,863,398
Depreciation	467,597	15,084	-	20,112	-	35,196	502,793	470,423
Total Expenses, 2015	<u>\$4,825,720</u>	<u>\$ 755,834</u>	<u>\$ 48,788</u>	<u>\$ 595,494</u>	<u>\$ 42,021</u>	<u>\$1,442,137</u>	<u>\$6,267,857</u>	
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>

See independent auditors' report on supplementary information.