



A S S U R A N C E D I M E N S I O N S

Consolidating Financial Statements and  
Independent Auditor's Report

**Jacksonville Symphony Association, Inc. and  
Jacksonville Symphony Foundation, Inc.**

For the Years Ended June 30, 2020 and 2019

# Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.

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## INDEPENDENT AUDITOR'S REPORT

To the Members' of **Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**

We have audited the accompanying consolidating financial statements of **Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.** (collectively, the "Symphony"), which comprise the consolidating statements of financial position as of June 30, 2020 and 2019, and the related consolidating statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidating financial statements.

### Management's Responsibility for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Symphony's preparation and fair presentation of the consolidating 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 Symphony'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 opinions.

### Opinion

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of the Symphony as of June 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jacksonville, Florida  
January 25, 2021

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**Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**  
**Consolidating Statement of Financial Position**  
**As of June 30, 2020**

	<b>Jacksonville Symphony Association</b>	<b>Jacksonville Symphony Foundation</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 1,340,963	\$ -	\$ 1,340,963
Contributions receivable, net	1,771,199	-	1,771,199
Other receivables	11,628	-	11,628
Investments	7,526,127	9,407,868	16,933,995
Beneficial interest in assets held by community foundation	382,465	-	382,465
Prepaid expenses	255,547	-	255,547
Property and equipment, net	168,733	-	168,733
Total assets	<u>\$ 11,456,662</u>	<u>\$ 9,407,868</u>	<u>\$ 20,864,530</u>
<b><u>Liabilities and Net Assets</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 822,729	\$ -	\$ 822,729
Deferred revenue - concert ticket sales and sponsorships	1,016,263	-	1,016,263
Line of credit	4,180,881	-	4,180,881
Total liabilities	<u>6,019,873</u>	<u>-</u>	<u>6,019,873</u>
Net assets:			
Without donor restrictions	2,945,590	9,407,868	12,353,458
With donor restrictions	2,491,199	-	2,491,199
Total net assets	<u>5,436,789</u>	<u>9,407,868</u>	<u>14,844,657</u>
Total liabilities and net assets	<u>\$ 11,456,662</u>	<u>\$ 9,407,868</u>	<u>\$ 20,864,530</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**  
**Consolidating Statement of Financial Position**  
**As of June 30, 2019**

	<b>Jacksonville Symphony Association</b>	<b>Jacksonville Symphony Foundation</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 532,294	\$ -	\$ 532,294
Contributions receivable, net	4,172,985	-	4,172,985
Other receivables	64,196	-	64,196
Investments	8,678,892	11,067,687	19,746,579
Prepaid expenses	165,754	-	165,754
Property and equipment, net	33,685	-	33,685
Total assets	<u>\$ 13,647,806</u>	<u>11,067,687</u>	<u>\$ 24,715,493</u>
<b><u>Liabilities and Net Assets</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,250,616	\$ -	\$ 1,250,616
Deferred revenue - concert ticket sales and sponsorships	991,338	-	991,338
Line of credit	3,759,311	-	3,759,311
Total liabilities	<u>6,001,265</u>	<u>-</u>	<u>6,001,265</u>
Net assets:			
Without donor restrictions	2,753,556	11,067,687	13,821,243
With donor restrictions	4,892,985	-	4,892,985
Total net assets	<u>7,646,541</u>	<u>11,067,687</u>	<u>18,714,228</u>
Total liabilities and net assets	<u>\$ 13,647,806</u>	<u>\$ 11,067,687</u>	<u>\$ 24,715,493</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**  
**Consolidating Statement of Activities**  
**For the Year Ended June 30, 2020**

	Jacksonville Symphony Association			Jacksonville Symphony Foundation	Total
	Without Donor Restrictions	With Donor Restrictions	Total		
<b>Revenues:</b>					
Ticket sales and concert fees	\$ 2,599,968	\$ -	\$ 2,599,968	\$ -	\$ 2,599,968
Contributions	1,705,026	1,242,255	2,947,281	-	2,947,281
Grants	-	2,091,356	2,091,356	-	2,091,356
Fundraising activities	383,227	-	383,227	-	383,227
Other revenue	243,270	-	243,270	-	243,270
<b>Total revenues</b>	<u>4,931,491</u>	<u>3,333,611</u>	<u>8,265,102</u>	<u>-</u>	<u>8,265,102</u>
<b>Releases, Transfers and Other:</b>					
Interest and dividends	94,857	-	94,857	114,915	209,772
Realized gains on sale of investments, net	22,656	-	22,656	153,527	176,183
Unrealized investment gains (losses), net	(761,330)	-	(761,330)	(752,293)	(1,513,623)
Net assets transferred to the Association	1,237,736	-	1,237,736	(1,237,736)	-
Net assets transferred to the Foundation	(100,000)	-	(100,000)	100,000	-
Net assets released from restriction	5,735,397	(5,735,397)	-	-	-
<b>Total releases, transfers and other</b>	<u>6,229,316</u>	<u>(5,735,397)</u>	<u>493,919</u>	<u>(1,621,587)</u>	<u>(1,127,668)</u>
<b>Expenses:</b>					
Program expenses					
Performances	6,708,784	-	6,708,784	-	6,708,784
Education	265,633	-	265,633	-	265,633
Supporting expenses					
Managerial	2,957,795	-	2,957,795	38,232	2,996,027
Fundraising	1,036,561	-	1,036,561	-	1,036,561
<b>Total expenses</b>	<u>10,968,773</u>	<u>-</u>	<u>10,968,773</u>	<u>38,232</u>	<u>11,007,005</u>
<b>Change in net assets</b>	192,034	(2,401,786)	(2,209,752)	(1,659,819)	(3,869,571)
<b>Net assets at beginning of the year</b>	2,753,556	4,892,985	7,646,541	11,067,687	18,714,228
<b>Net assets at end of year</b>	<u>\$ 2,945,590</u>	<u>\$ 2,491,199</u>	<u>\$ 5,436,789</u>	<u>\$ 9,407,868</u>	<u>\$ 14,844,657</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**  
**Consolidating Statement of Activities**  
**For the Year Ended June 30, 2019**

	Jacksonville Symphony Association			Jacksonville Symphony Foundation	Total
	Without Donor Restrictions	With Donor Restrictions	Total		
<b>Revenues:</b>					
Ticket sales and concert fees	\$ 3,269,731	\$ -	\$ 3,269,731	\$ -	\$ 3,269,731
Contributions	2,194,527	1,958,348	4,152,875	-	4,152,875
Grants	-	271,741	271,741	-	271,741
Fundraising activities	328,915	-	328,915	-	328,915
Other revenue	108,019	-	108,019	-	108,019
<b>Total revenues</b>	<u>5,901,192</u>	<u>2,230,089</u>	<u>8,131,281</u>	<u>-</u>	<u>8,131,281</u>
<b>Releases, Transfers and Other:</b>					
Interest and dividends	133,337	-	133,337	133,753	267,090
Realized gains on sale of investments, net	22,954	-	22,954	389,870	412,824
Unrealized investment gains (losses), net	391,014	-	391,014	(169,850)	221,164
Net assets transferred to the Association	1,440,000	-	1,440,000	(1,440,000)	-
Net assets transferred to the Foundation	-	(100,000)	(100,000)	100,000	-
Net assets released from restriction	4,792,891	(4,792,891)	-	-	-
<b>Total releases, transfers and other</b>	<u>6,780,196</u>	<u>(4,892,891)</u>	<u>1,887,305</u>	<u>(986,227)</u>	<u>901,078</u>
<b>Expenses:</b>					
Program expenses					
Performances	7,243,094	-	7,243,094	-	7,243,094
Education	436,951	-	436,951	-	436,951
Supporting expenses					
Managerial	2,038,750	-	2,038,750	43,835	2,082,585
Fundraising	1,404,043	-	1,404,043	-	1,404,043
<b>Total expenses</b>	<u>11,122,838</u>	<u>-</u>	<u>11,122,838</u>	<u>43,835</u>	<u>11,166,673</u>
<b>Change in net assets</b>	1,558,550	(2,662,802)	(1,104,252)	(1,030,062)	(2,134,314)
<b>Net assets at beginning of the year</b>	1,195,006	7,555,787	8,750,793	12,097,749	20,848,542
<b>Net assets at end of year</b>	<u>\$ 2,753,556</u>	<u>\$ 4,892,985</u>	<u>\$ 7,646,541</u>	<u>\$ 11,067,687</u>	<u>\$ 18,714,228</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

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	Program expenses			Support expenses		
	Performances	Education	Total	Managerial	Fundraising	Total
Expenses:						
Salaries & benefits	\$ 5,218,582	\$ 161,952	\$ 5,380,534	\$ 1,163,630	\$ 558,673	\$ 7,102,837
Guest artist & conductors	1,183,389	6,150	1,189,539	-	-	1,189,539
Services & professional fees	13,948	13,035	26,983	766,349	281,670	1,075,002
Office and occupancy	103,804	65,560	169,364	185,754	191,218	546,336
Supplies and travel	-	15,995	15,995	-	-	15,995
Bad debt expense	-	-	-	875,000	-	875,000
Interest	140,713	-	140,713	-	-	140,713
Depreciation	48,348	2,941	51,289	5,294	5,000	61,583
Total expenses	<u>\$ 6,708,784</u>	<u>\$ 265,633</u>	<u>\$ 6,974,417</u>	<u>\$ 2,996,027</u>	<u>\$ 1,036,561</u>	<u>\$ 11,007,005</u>



**Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2019**

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	Program expenses			Support expenses		
	Performances	Education	Total	Managerial	Fundraising	Total
Expenses:						
Salaries & benefits	\$ 5,313,521	\$ 170,233	\$ 5,483,754	\$ 935,660	\$ 609,921	\$ 7,029,335
Services & professional fees	24,999	179,644	204,643	1,025,176	640,703	1,870,522
Guest artist & conductors	1,624,711	38,022	1,662,733	-	-	1,662,733
Office and occupancy	96,758	39,205	135,963	32,877	143,346	312,186
Supplies and travel	-	4,028	4,028	-	-	4,028
Bad debt expense	-	-	-	78,256	-	78,256
Interest	145,990	-	145,990	-	-	145,990
Depreciation	37,115	5,819	42,934	10,616	10,073	63,623
Total expenses	<u>\$ 7,243,094</u>	<u>\$ 436,951</u>	<u>\$ 7,680,045</u>	<u>\$ 2,082,585</u>	<u>\$ 1,404,043</u>	<u>\$ 11,166,673</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**  
**Consolidating Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	<b>Jacksonville Symphony Association</b>	<b>Jacksonville Symphony Foundation</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Change in net assets	\$ (2,209,752)	\$ (1,659,819)	\$ (3,869,571)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation expense	61,583	-	61,583
Realized and unrealized losses, net	783,986	598,766	1,382,752
Changes in:			
Contributions receivable	2,454,354	-	2,454,354
Other assets	(89,793)	-	(89,793)
Accounts payable and accrued liabilities	(427,887)	-	(427,887)
Deferred revenue	24,925	-	24,925
Net cash provided (used) by operating activities	<u>597,416</u>	<u>(1,061,053)</u>	<u>(463,637)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments	389,910	4,384,170	4,774,080
Purchase of investments	(1,541,332)	(2,185,381)	(3,726,713)
Purchases of property and equipment	(196,631)	-	(196,631)
Net cash provided (used) by investing activities	<u>(1,348,053)</u>	<u>2,198,789</u>	<u>850,736</u>
<b>Cash flows from financing activities:</b>			
Net fund transfers	1,137,736	(1,137,736)	-
Net borrowings on line of credit	421,570	-	421,570
Net cash provided (used) by financing activities	<u>1,559,306</u>	<u>(1,137,736)</u>	<u>421,570</u>
<b>Net increase in cash and cash equivalents</b>	808,669	-	808,669
<b>Cash and cash equivalents, beginning of the year</b>	532,294	-	532,294
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 1,340,963</u>	<u>\$ -</u>	<u>\$ 1,340,963</u>
<b>Supplementary disclosures:</b>			
Cash paid for interest	<u>\$ 140,713</u>	<u>\$ -</u>	<u>\$ 140,713</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc.**  
**Consolidating Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

	<b>Jacksonville Symphony Association</b>	<b>Jacksonville Symphony Foundation</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Change in net assets	\$ (1,104,252)	\$ (1,030,062)	\$ (2,134,314)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation expense	63,623	-	63,623
Realized and unrealized losses, net	(547,305)	(353,773)	(901,078)
Changes in:			
Contributions receivable, net	2,173,606	-	2,173,606
Other assets	72,769	-	72,769
Accounts payable and accrued liabilities	(157,307)	-	(157,307)
Deferred revenue	(153,326)	-	(153,326)
Net cash provided (used) by operating activities	<u>347,808</u>	<u>(1,383,835)</u>	<u>(1,036,027)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments	187,268	4,909,216	5,096,484
Purchase of investments	(1,541,332)	(2,185,381)	(3,726,713)
Purchases of property and equipment	(902)	-	(902)
Net cash provided (used) by investing activities	<u>(1,354,966)</u>	<u>2,723,835</u>	<u>1,368,869</u>
<b>Cash flows from financing activities:</b>			
Net fund transfers	1,340,000	(1,340,000)	-
Net borrowings on line of credit	94,036	-	94,036
Net cash provided (used) by financing activities	<u>1,434,036</u>	<u>(1,340,000)</u>	<u>94,036</u>
<b>Net increase in cash and cash equivalents</b>	426,878	-	426,878
<b>Cash and cash equivalents, beginning of the year</b>	105,416	-	105,416
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 532,294</u>	<u>\$ -</u>	<u>\$ 532,294</u>
<b>Supplementary disclosures:</b>			
Cash paid for interest	<u>\$ 145,990</u>	<u>\$ -</u>	<u>\$ 145,990</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note A – Organization and Description of Business**

The Jacksonville Symphony Association (the “Association”) is a not-for-profit organization established to encourage and expand musical appreciation in the community.

The Jacksonville Symphony Foundation (the “Foundation”) is a not-for-profit organization established to provide financial assistance and support to the Association. The Foundation was fully funded by investments transferred from the Association.

The Association and the Foundation are collectively referred to as the Symphony.

**Note B – Summary of Significant Accounting Policies**

**Basis of Accounting**

The consolidating financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**Principles of Consolidation**

The Association and the Foundation have common members of their boards of directors and utilize the same management and employees and were organized to achieve common goals. The Association appoints the majority of the board members of the Foundation and has an economic interest in the Foundation. Therefore, the financial statements are presented on a consolidated basis. Significant intercompany transactions and balances have been eliminated in the consolidation.

**Use of Estimates**

The preparation of consolidating financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recently Adopted Accounting Standards**

In June 2018, the Financial Accounting Standards Board (“FASB”) released Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 had no effect on total net assets at June 30, 2019.

**Recently Issued Accounting Pronouncements Not Yet Adopted**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Symphony is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures. On June 5, 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which changes the effective date of ASU 2014-09 to years beginning on or after December 15, 2019.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note B – Summary of Significant Accounting Policies (continued)**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. Under ASU 2020-05, ASU 2016-02 is effective for years beginning on or after December 15, 2021. Management is evaluating the impact of this ASU on the Symphony's financial reporting.

**Liquidity**

Assets are presented in the accompanying consolidating statements of financial position according to their nearness of conversion to cash and liabilities according to their nearness of maturity and resulting use of cash.

**Cash and Cash Equivalents**

The Symphony considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents, except for certain money market and commercial paper investments held within the marketable securities portfolio. The Symphony places its temporary cash investments with FDIC insured institutions. At times, such investments may be in excess of FDIC insurance limits. The Symphony does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

**Contributions Receivable**

Contributions, including unconditional promises to give due in future periods, are recognized as revenues in the period made or received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. It is the Symphony's policy to charge off uncollectible accounts when management determines the receivable will not be collected. As of June 30, 2020 and 2019, the allowance for uncollectible contributions was approximately \$57,000 and \$88,000, respectively.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**Investments and Beneficial Interest in Assets Held by Community Foundation**

Investments and the beneficial interest in assets held by community foundation are carried at fair value. Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in the consolidating statements of activities.

**Property and Equipment**

Property and equipment with values of \$1,000 or more, and a useful life longer than a year, are capitalized. Property and equipment are stated at historical cost. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of the asset and related accumulated depreciation accounts are eliminated, and any gain or loss is included in operations. Depreciation is provided over the estimated useful life (3 to 10 years) of the related assets using the straight-line method. Leasehold improvements recorded at the inception of the lease are amortized over the life of the lease, or the useful life of the improvement, whichever is shorter; for improvements made during the lease term, the

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note B – Summary of Significant Accounting Policies (continued)**

amortization period is the shorter of the useful life or the remaining lease term (including any renewal periods that are deemed to be reasonably assured).

The Symphony periodically reviews property and equipment for indicators of potential impairment. If this review indicates that the carrying amount of these assets may not be recoverable, the Symphony estimates the future cash flows expected to result from the operations of the asset and its eventual disposition. If the sum of these future cash flows (undiscounted and without interest charges) is less than the carrying amounts of the asset, the Symphony records an impairment loss based on the fair value of the asset. No impairments were deemed to exist at June 30, 2020 or 2019.

**Net Asset Classifications**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These are presented as undesignated and board designated.

*Undesignated net assets* - Net assets and contributions not subject to donor-imposed stipulations or board designations.

*Board designated net assets.* Net assets subject to Board designation. Generally, the income earned on board designated investments is designated for general or specific purposes. Board designated net assets include investments designated as endowments, certain contributions received and accumulated gains or losses on restricted endowments which are not stipulated by the donor or law for permanent reinvestment.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Contributions**

Contributions are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or Board action. Federal and local grants are recognized as unrestricted revenue to the extent expenses have been incurred under the terms of the respective grant agreements in the consolidating statement of activities. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in designated net assets unless their use is restricted by donor stipulations or law.

Contributions received with donor-imposed restrictions that are met in the same year as the contribution is received are reported initially as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value at the date received. Contributions of cash or other assets to be used to acquire property and equipment

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
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**June 30, 2020 and 2019**

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**Note B – Summary of Significant Accounting Policies (continued)**

are temporarily restricted; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

The Symphony records the value of donated goods or services as in-kind contributions when there is an objective basis available to measure their value. Donated services of a professional or skilled nature are presented at the estimated value of such services. Donated materials are reflected in the accompanying statements at their estimated value at date of receipt.

A substantial number of volunteers have donated significant amounts of their time to the Symphony. When that time includes services that require specialized skills or enhance nonfinancial assets and would otherwise require to be purchased, in-kind values are recorded as contributions and expenses in the statements of activities.

**Deferred Revenue and Ticket Sales and Concert Fees**

The Symphony records amounts received for the purchase of the following season's concert tickets and sponsorships as deferred revenue. These amounts will be recognized as revenue in the related concert year.

**Grants**

Grant revenues from state and local grants are recorded based on the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, the Symphony will be required to reimburse any overpayments.

**Fundraising Activities**

Fundraising activities consists primarily of special event revenue which is recognized as revenue when the event takes place.

**Income Taxes**

The Association and the Foundation are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

The Symphony evaluates its tax positions for any uncertainties based on the technical merits of the positions taken. The Symphony recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities. The Symphony has analyzed the tax positions taken and has concluded that as of June 30, 2020 and 2019, there were no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the consolidating financial statements.

Management is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, including federal and certain state taxing authorities. With few exceptions, at June 30, 2020, the Symphony is no longer subject to U.S. federal, state or local income tax examinations by taxing authorities for years before 2018. As of and for the years ended June 30, 2020 and 2019, the Symphony did not have a liability for any unrecognized taxes. The Symphony has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
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**Note B – Summary of Significant Accounting Policies (continued)**

**Functional Allocation of Expenses**

Expenses that can be identified with a specific function are charged directly to that function, whereas costs common to multiple functions have been allocated. Salaries and wages, benefits and payroll taxes are allocated based on employee estimates of the percentage of time spent in each function. Facilities, telecommunications, office, printing, supplies and insurance expenses are allocated based on salary allocations. These functions are defined as follows:

*Program Services* – The costs related to providing services related to the Symphony’s mission.

*Managerial* – Activities that provide governance, oversight, business and financial management, financial recordkeeping, budgeting, legal, and human resource management services.

*Fundraising* – Activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting fundraising events, and any other activities that solicit contributions from corporations, foundations, individuals and others. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

**Reclassifications**

The contributions with donor restrictions for the year ended June 30, 2019 have been recharacterized to match the current year presentation and separate the contributions without donor restrictions. This reclassification had no effect on previously reported results of operations or net assets.

**Note C – Investments**

The Association's investments consisted of the following at June 30, 2020:

	Fair Value	Cost Basis	Gross Unrealized Gain (Loss)
Cash (interest-bearing)	\$ 80,042	\$ 80,042	\$ -
Money market funds	1,716,016	1,716,016	-
US Treasury bonds	251,308	247,176	4,132
Corporate bonds	1,752,193	1,746,162	6,031
Corporate stock	3,726,568	3,723,527	3,041
Total investments	<u>\$ 7,526,127</u>	<u>\$ 7,512,923</u>	<u>\$ 13,204</u>

The Association's investments consisted of the following at June 30, 2019:

	Fair Value	Cost Basis	Gross Unrealized Gain (Loss)
Cash (interest-bearing)	\$ 809,358	\$ 809,358	\$ -
Money market funds	1,504,683	1,504,683	-
US Treasury bonds	48,227	45,024	3,203
Certificate of deposit - SunTrust	100,000	100,000	-
Corporate bonds	1,615,695	1,615,162	533
Corporate stock	4,600,929	4,540,024	60,905
Total investments	<u>\$ 8,678,892</u>	<u>\$ 8,614,251</u>	<u>\$ 64,641</u>



**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
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**Note C – Investments (continued)**

The Foundation's investments consisted of the following at June 30, 2020:

	Fair Value	Cost Basis	Gross Unrealized Gain (Loss)
Cash (interest-bearing)	\$ 732,497	\$ 732,497	\$ -
Corporate bonds	900,630	900,000	630
Corporate stock	346,109	339,169	6,940
Spitfire Fund, L.P.	34,720	500,000	(465,280)
683 Capital Partners, L.P.	1,035,060	500,000	535,060
TPG Public Equity Partners-B, LTD	615,191	500,000	115,191
Lone Pine Capital, LLC	1,632,608	283,000	1,349,608
Semper Vic Partners, L.P.	4,029,288	175,000	3,854,288
Other limited partnerships	81,765	107,424	(25,659)
Total investments	<u>\$ 9,407,868</u>	<u>\$ 4,037,090</u>	<u>\$ 5,370,778</u>

The Foundation's investments consisted of the following as of June 30, 2019:

	Fair Value	Cost Basis	Gross Unrealized Gain (Loss)
Cash (interest-bearing)	\$ 1,742,046	\$ 1,742,046	\$ -
Corporate stock	707,938	702,450	5,488
Spitfire Fund, L.P.	1,064,319	500,000	564,319
683 Capital Partners, L.P.	917,287	500,000	417,287
TPG Public Equity Partners-B, LTD	624,431	500,000	124,431
Lone Pine Capital, LLC	1,355,699	283,000	1,072,699
Semper Vic Partners, L.P.	4,526,052	175,000	4,351,052
Other limited partnerships	129,915	115,400	14,515
Total investments	<u>\$ 11,067,687</u>	<u>\$ 4,517,896</u>	<u>\$ 6,549,791</u>

The Spitfire Fund, L.P. is an investor in small capitalization U.S. equities. Most of its targets are underfollowed by sell side analysts and institutional investors and are often attractive acquisition candidates. Since inception, fifteen companies representing 25% of its investments have been acquired, by strategic or financial buyers. The Spitfire Fund, L.P. allows for quarterly redemptions and requires at least a 90 day notice period. This fund was closed in April 2020 and the remaining balance is the 5% holding amount until the account is audited.

683 Capital Partners, L.P. emphasizes fundamental-company and industry-specific research in selecting investments. It targets dislocations and special investment situations occurring across all industries and geographies. It is primarily invested in long-short equities and distressed debt as well as equity options and interest rate swap contracts. 683 Capital Partners, L.P. allows for quarterly redemptions and requires at least a 75 day notice period.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
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**Note C – Investments (continued)**

TPG Public Equity Partners-B, LTD (“TPG”) invests in publically traded equities globally across all sectors and capitalizations. TPG allows for redemptions at the end of each quarter and requires at least a 60 day notice period.

Lone Pine Capital, LLC's investment objective is to provide investors with compound annual long-term returns that are superior to the broad market averages while having less risk than the overall stock market. To accomplish this, the partnership invests primarily in public equity securities of U.S. and non-U.S. issuers. The partnership also invests (no more than 5% of partners' capital) in private placement securities, may utilize both over-the-counter and exchange traded instruments (including derivative instruments such as options, swaps, and futures on equities and equity indices and other equity derivatives), invest in other funds and invest in the high yield and convertible fixed income markets. The partnership does not engage in speculative trading in the interest rate, currency or physical commodities markets. Lone Pine Capital, LLC, allows for quarterly redemptions and requires at least a 30 day notice period.

Semper Vic Partners, L.P., is a limited partnership whose purpose is to serve as a fund through which the assets of its partners may be utilized in investing, holding and trading in securities, other financial instruments and rights and options relating thereto. Semper Vic Partners, L.P., allows for quarterly redemptions and requires at least a 30 day notice period.

**Note D – Fair Value Measurements - Investments**

The FASB has established a framework for measuring fair value in ASC 820, *Fair Value Measurements*. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2020 and 2019.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note D – Fair Value Measurements - Investments (continued)**

Following is a description of the valuation methodologies used for Level 2 and 3 assets measured at fair value:

*U.S. Treasury bonds:* Valued using a third party data pricing service.

*Corporate bonds:* Valued using matrix pricing. Matrix pricing is a mathematical technique used without relying exclusively on quoted prices for the specific investments, but rather on the investments' relationship to other benchmark quoted investments.

*Corporate stocks:* Valued at the closing price reported on the market on which the individual securities are traded.

*Money market funds:* These are open-ended money market mutual funds valued at a \$1.00 stable NAV for reporting purposes, and transact at \$1.00 for subscription and redemption activity. However, on a daily basis the funds NAV is calculated using the amortized cost (not market value) of the securities held in the fund.

The preceding methods described may produce fair value calculations that may not be indicative of net realizable values or reflective of future fair values. Furthermore, although the Symphony believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair values of certain financial instruments could result in different fair value measurements at the reporting date.

Investments exempt from the fair value hierarchy under ASC 820 are measured using the net asset value practical expedient and are required to be separately disclosed from the fair value hierarchy. The investments held in limited partnerships are reported at net asset value ("NAV") practical expedient. Investments using the NAV practical expedient are shown as a reconciling item between the total amount of investments categorized within the fair value hierarchy and total assets measured at fair value on the face of the financial statements.

The following table sets forth by level, within the fair value hierarchy, the Symphony's consolidated financial instruments at fair value at June 30, 2020:

	Level 1	Level 2	Total
Money market funds	\$ 1,716,017	\$ -	\$ 1,716,017
Corporate stocks:			
Basic materials	18,522	-	18,522
Consumer services	64,218	-	64,218
Financials	3,715,330	-	3,715,330
Oil and gas	35,136	-	35,136
Industrial goods	40,517	-	40,517
Technology	118,289	-	118,289
Other	80,664	-	80,664
U.S treasury bonds	251,308	-	251,308
Corporate bonds	-	2,652,823	2,652,823
Total assets at fair value	<u>\$ 6,040,001</u>	<u>\$ 2,652,823</u>	8,692,824
Cash (interest-bearing)			812,539
Investments at NAV expedient			7,428,632
Total investments			<u>\$ 16,933,995</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note D – Fair Value Measurements - Investments (continued)**

The following table sets forth by level, within the fair value hierarchy, the Symphony's consolidated financial instruments at fair value at June 30, 2019:

	Level 1	Level 2	Total
Money market funds	\$ 1,504,683	\$ -	\$ 1,504,683
Corporate stocks:			
Basic materials	58,287	-	58,287
Consumer goods	14,710	-	14,710
Consumer services	93,042	-	93,042
Financials	4,556,684	-	4,556,684
Oil and gas	54,026	-	54,026
Industrial goods	232,164	-	232,164
Technology	217,836	-	217,836
Other	82,116	-	82,116
U.S treasury bonds	48,227	-	48,227
Corporate bonds	-	1,615,695	1,615,695
Total assets at fair value	<u>\$ 6,861,775</u>	<u>\$ 1,615,695</u>	<u>8,477,470</u>
Cash (interest-bearing)			2,551,404
Certificates of deposit			100,000
Investments at NAV expedient			8,617,705
Total investments			<u>\$ 19,746,579</u>

**Note E – Beneficial Interest in Assets Held by Community Foundation**

The Symphony transferred asset to the Community Foundation for Northeast Florida (“Community Foundation”), which is holding them as an endowed component fund (the “Fund”) for the benefit of the Association. The Fund is reported as beneficial interest in assets held by community foundation in the consolidating statements of activities in accordance with Statements of Financial Accounting Standards No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, which was codified within FASB Accounting Standards Codification (“ASC”) 958-605 principally in sections 15 and 25.

The Association has granted the Community Foundation variance power, which gives the Community Foundation’s Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Community Foundation’s investment and spending policies which currently result in a distribution to the Association of 5% of the average quarterly value over the previous 12 quarters. The Association reports the fair value of the Fund as a beneficial interest in assets held by community foundation in the consolidating statements of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the consolidating statement of activities. Changes in the Fund are as follows for the years ended June 30, 2020 and 2019:

Balance at June 30, 2018	\$ 407,894
Unrealized gains	4,536
Distributions	(15,561)
Balance at June 30, 2019	396,869
Unrealized gains	1,126
Distributions	(15,530)
Balance at June 30, 2020	<u>\$ 382,465</u>

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note E – Beneficial Interest in Assets Held by Community Foundation (continued)**

The beneficial interest in assets held by community foundation has been valued, as a practical expedient, at the fair value of the Association's share of the Community Foundation's investment pool as of the measurement date. The Community Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Community Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Community Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The Association's investments are composed approximately of 35% domestic equities, 30% foreign stocks, 25% bonds, and 10% alternative investments including hedge funds, real estate and private equity funds. The Symphony has determined that these assets are Level 3 assets in the fair value hierarchy.

The Association is also the beneficiary, but not the legal owner, of twelve designated donor endowments held and controlled by the Community Foundation. Since these funds are held in donor advised funds, the Association does not record the endowed funds as assets. For the years ended June 30, 2020 and 2019, the Association received income earned on these endowment funds of approximately \$216,000 and \$157,000, respectively, and has recorded these as contributions in the accompanying consolidating statements of activities. Unrealized gains (losses) are reflected in other revenue in the accompanying consolidating statements of activities.

**Note F – Property and Equipment**

Property and equipment consisted of the following at June 30:

	2020	2019
Furniture and fixtures	\$ 961,481	\$ 816,428
Instruments	444,001	444,001
Stage Sets	43,979	-
Leasehold improvements	344,953	344,953
Total property and equipment	1,794,414	1,605,382
Less: accumulated depreciation	(1,625,681)	(1,571,697)
Property and equipment, net	<u>\$ 168,733</u>	<u>\$ 33,685</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was approximately \$62,000 and \$64,000, respectively.

**Note G – Line of Credit**

The Symphony has a \$4,500,000 asset-based revolving line of credit with a bank which is due on demand and bears interest at 1-month LIBOR plus 1.50% (3.10% at June 30, 2020). The line renews each June 30 until such time when the bank wishes to terminate, and is secured by assets held in the Symphony's brokerage account that had a balance of \$5,558,256 at June 30, 2020. The Symphony may borrow up to 75% of the collateral's value. As of June 30, 2020, the Symphony had approximately \$32,000 of available borrowing on the line of credit.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note H – In-Kind Contributions**

In-kind contributions include the following in-kind amounts for the years ended June 30:

	2020	2019
Production expenses	\$ 52,800	\$ 258,117
Advertising and promotions	50,000	55,000
In-kind rent	33,798	-
General and administrative	6,532	12,388
Total	<u>\$ 143,130</u>	<u>\$ 325,505</u>

The Association receives rent-free rehearsal space for the Jacksonville Symphony Youth Orchestra as a contribution from an unrelated party. During the years ended June 30, 2020 and 2019, the Association recognized \$0 and \$140,197, respectively, for such facilities in the consolidating statements of activities as both contributions and production expenses. In-kind rent is recorded at fair value on a straight line basis over the life of the lease and is included in contributions and production expense on the consolidating statement of activities.

**Note I – Contributions**

Contributions receivable consisted of the following at June 30:

	2020	2019
Unconditional promises expected to be collected in:		
Less than one year	\$ 1,481,007	\$ 560,811
Between one to five years	400,000	3,647,938
More than five years	25,000	175,000
Total contributions	<u>1,906,007</u>	<u>4,383,749</u>
Less: discount to present value	(77,595)	(122,589)
Less: allowance for uncollectible contributions	(57,213)	(88,175)
Total	<u>\$ 1,771,199</u>	<u>\$ 4,172,985</u>

Contributions have been discounted by a 2.00% annual rate of interest. Two donors represented 29% of contributions receivable at June 30, 2020. Two donors represented 40% of contributions receivable at June 30, 2019.

# Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.

## Notes to Consolidating Financial Statements

June 30, 2020 and 2019

### Note J – Grant Programs – City of Jacksonville

The Association applied for and received a grant from the Cultural Council of Greater Jacksonville, Inc. (the “City”) for the years ended June 30, 2020 and 2019 as outlined in the table below. The Association requests funds to support the 2019-2020 and 2018-2019 seasons of programs, music education and community enrichment.

	City FY 2019-2020	City FY 2018-2019
Amount of award (per City budget ordinance)	\$ 275,396	\$ 261,580
Amount received 7/1/19 - 6/30/20	(275,798)	
Amount received 7/1/18 - 6/30/19	-	(261,580)
Amount remaining to be distributed	\$ -	\$ -

#### Expenditures of City Funds

	Approved Budget	Actual Expenditures 10/1/18- 6/30/19	Actual Expenditures 7/1/18- 9/30/18	Total Expenditures	Remaining Balance
Artistic salaries and expenses	\$ 261,580	\$ 261,580	\$ -	\$ 261,580	\$ -
Total	\$ 261,580	\$ 261,580	\$ -	\$ 261,580	\$ -

#### City FY 2019/20 CGSP

	Approved Budget	Actual Expenditures 10/1/19- 6/30/20	Actual Expenditures 7/1/19- 9/30/19	Total Expenditures	Remaining Balance
Artistic salaries and expenses	\$ 275,798	\$ 206,549	\$ -	\$ 206,549	\$ 69,249
Total	\$ 275,798	\$ 206,549	\$ -	\$ 206,549	\$ 69,249

### Note K – Multi-Employer Plan

The Symphony contributes to the American Federation of Musicians and Employers’ Pension Plan (“Pension Plan”), a multiemployer defined benefit pension plan, under the terms of a collective-bargaining agreement, see Note J, which covers its union-represented musicians. The risks of participating in a multiemployer plan are different from single-employer plan in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Symphony chooses to stop participating in the Pension Plan, the Symphony may be required to pay the Pension Plan an amount based on the underfunded status of the Pension Plan, referred to as a withdrawal liability.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note K – Multi-Employer Plan (continued)**

The Symphony's participation in the Pension Plan for the periods ended June 30, 2020 and 2019 is outlined in the table below. The EIN/Pension Plan Number column provides the Employer Identification Number ("EIN") and the three-digit plan number. Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in 2020 is for the Pension Plan's year-end at March 31, 2020. The zone status is based on information that the Symphony received from the Pension Plan and is certified by the Pension Plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The FIP /RP Status Pending/Implemented column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

The last column lists the expiration date of the collective-bargaining agreement is also disclosed in Note O, and reflects the Symphony's commitment to the Pension Plan.

American Federation of Musicians and Employers' Pension Plan	EIN/Pension Plan Number	Pension Protection Act Zone Status	FIP /RP Status Pending/Implemented	Contributions for the Year Ended			Expiration Date of Collective Bargaining Agreement?
				June 30, 2020	June 30, 2019	Surcharge Imposed?	
	51-6120204 Plan 001	Red	Yes	\$218,261	220,643	No	September 3 2022

As of June 30, 2020 and 2019, the Symphony had \$5,060 and \$17,257, respectively, of contributions to the Pension Fund in accounts payable and accrued liabilities on the consolidating statement of financial position. The contributions above did not exceed 5% of the total contributions to the Pension Fund in any of the years listed above.

**Note L – Net Assets with Donor Restrictions - Permanently Restricted**

The Symphony has three endowment programs (Fine Arts I, Fine Arts II and Fine Arts III) with assets held at Stifel Nicholas. The endowments were set up in order to obtain matching funds from the State of Florida Department of State Division of Cultural Affairs (the "State"). The Symphony contributed \$360,000 and applied for and received \$240,000 from the State for each endowment fund. The Symphony is required, at all times, to maintain \$600,000 for each award in these separate accounts. If the funds fall below \$600,000 the Symphony would be required to refund the State matching contribution. Therefore, the matching contributions from the State are considered permanently restricted.



**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note L – Net Assets with Donor Restrictions - Permanently Restricted (continued)**

As of June 30, 2020 and 2019, the balance of the Fine Arts endowment accounts that have received State matching funds was as follows, and the Symphony was in compliance with the minimum balance requirement.

	Fine Arts I	Fine Arts II	Fine Arts III
June 30, 2020			
Cash	\$ 2,126	\$ 287	\$ 423
Corporate stocks	27,515	31,810	76,311
Corporate bonds	603,182	590,980	558,031
Total	<u>\$ 632,823</u>	<u>\$ 623,077</u>	<u>\$ 634,765</u>
June 30, 2019			
Cash	\$ 108,990	\$ 136,995	\$ 305,252
Corporate stocks	116,444	116,123	91,280
Corporate bonds	510,516	569,840	330,941
Total	<u>\$ 735,950</u>	<u>\$ 822,958</u>	<u>\$ 727,473</u>

**Note M – Net Assets with Donor Restrictions - Temporarily Restricted**

Temporarily restricted net assets of \$1,771,199 and \$4,172,985 as of June 30, 2020 and 2019, respectively, consist of pledges receivable that are time restricted and have not been collected and support designated for specific purposes. Net assets are released from temporary restrictions through the occurrence of expenses satisfying the restricted purposes or by occurrence of events specified by the donors and are summarized as follows for the years ended June 30:

	2020	2019
Time restrictions satisfied	\$ 3,643,639	\$ 4,521,150
City of Jacksonville Cultural Services Grant Program	275,798	261,580
Paycheck Protection Program funding	1,468,560	-
City of Jacksonville COVID-19 business grant	347,400	-
Cultural enrichment and music education programs	-	10,161
Net assets released from temporary restrictions	<u>\$ 5,735,397</u>	<u>\$ 4,792,891</u>

**Note N – Net Assets without Donor Restrictions - Board Designated**

At June 30, 2020 and 2019, the Board had designated \$16,113,995 and \$18,926,579, respectively, of unrestricted net assets of the Association and the Foundation as a general endowment to support the mission of the Symphony. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note N – Net Assets without Donor Restrictions - Board Designated (continued)**

The Symphony has a spending policy of appropriating for distribution each year of no less than 5% and no more than 7% of its Board designated endowment's fair market value at year end. The transfer rate is based on a five year average return. In establishing this policy, the Symphony considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Symphony expects the current spending policy to allow its general endowment fund to grow at an average of 3% annually. This is consistent with the Symphony's objective to maintain, and preferably enhance, the transfer power of its assets in perpetuity.

To achieve that objective, the Symphony has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a diversified asset mix, which includes equity and debt securities and certain approved alternative investments, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund if possible. Accordingly, the Symphony expects its endowment assets, over time, to produce an average rate of return of approximately 7.5%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

A reconciliation of the board designated of the Association's and Foundation's endowment funds are as follows for the years ended June 30, 2020 and 2019:

Board designated net assets at June 30, 2018	\$ 19,395,272
Transfers in, net	100,000
Interest and dividends	267,090
Net realized gain on investments	412,824
Net unrealized gain on investments	235,228
Investment fees	(43,835)
Distributions	<u>(1,440,000)</u>
Board designated net assets at June 30, 2019	18,926,579
Transfers in, net	100,000
Interest and dividends	209,772
Net realized gain on investments	176,183
Net unrealized losses on investments	(1,513,623)
Investment fees	(38,232)
Distributions	<u>(1,746,684)</u>
Board designated net assets at June 30, 2020	<u>\$ 16,113,995</u>

The distributions to the Association's operating fund are consistent with the Association's "Endowment Investment and Spending Policy."

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2020 and 2019**

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**Note O – Commitments & Contingencies**

Collective Bargaining Agreement

The Symphony has a collective bargaining agreement with the International Alliance of Theatrical Stage Employees, Local 115, representing its stage hands, which expires in August 31, 2021. The Symphony also has a collective bargaining agreement with the American Federation of Musicians, Local 444, representing its Musicians, which is in effect until September 3, 2022.

COVID-19

In March 2020, Congress established the Paycheck Protection Program (“PPP”) to provide relief to small businesses during the coronavirus pandemic (“COVID-19”) as part of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The legislation authorized Treasury to use the Small Business Association’s (“SBA’s”) 7(a) small business lending program to fund forgivable loans that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities during the “Covered Period” defined as the 24-week period starting on the date the PPP loan proceeds are received. Upon meeting certain criteria as specified in the PPP program, the loans are eligible for partial or total forgiveness.

In June 2020, the AICPA issued Technical Question and Answer (“TQA”) 3200.18, *Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program*. The TQA addresses accounting for not-for-profit entities that believe the PPP loan represents, in substance, a grant that is expected to be forgiven, it may account for the loan as revenue. The TQA further states that if such an entity expects to meet the PPP’s eligibility criteria and concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, it may analogize to ASC 958-605 to account for the PPP loan as a conditional contribution.

The Symphony applied for and received proceeds of \$1,468,560 through the PPP program on April 18, 2020, and used all of the funds for covered eligible expenses from April 2020 to June 2020. In analogizing to ASC 958-605, the Association considers the PPP loan a grant that is expected to be forgiven.

Due to the COVID-19 outbreak in 2020, the Symphony had to close from March 16, 2020 to August 22, 2020 per CDC guidelines. Ticket holders were given the option to convert their purchase to donations, receive a refund, or the option to receive a ticket to a future performance. All staff worked remotely during the shutdown, and the Symphony did not furlough any employees. The Symphony was able to reopen on August 23<sup>rd</sup> in a limited capacity. The Symphony lost income from canceled performances during the shutdown and from a loss of seats upon reopening due to limited seated required for social distancing. This resulted in a loss of approximately \$750,000 of revenue. The PPP loan described above and in Note M helped offset the lost revenue from the cancelled performances.

Due to the level of risk this virus may have on the global economy, it is at least reasonably possible that it could continue to have an impact on the operations of the Symphony in the near term that could affect the Symphony’s financials. In addition, with vaccines and therapeutics coming to market by the end of 2020, the Symphony is hopeful they will be able to return to full capacity for performances in 2021.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
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**Note O – Commitments & Contingencies (continued)**

Operating Leases

The Symphony leases the concert hall and its office facility under an operating lease agreement that expires on June 30, 2021. The lease was entered into on July 1, 2016 with payments of approximately \$7,500 at inception, and a 3% increase on rental fees every year after. The lease agreement includes a rent abatement clause associated with ticket sales ranging from an abatement of \$3,000 for 27,000 tickets sold to \$9,000 for 33,000 tickets sold. In addition, due to COVID-19, the property manager granted a rent abatement to the Symphony for the months of April through August of 2020. The Symphony received an abatement of \$34,000 and \$9,000 for fiscal years 2020 and 2019, respectively. Total rent expense for the years ended June 30, 2020 and 2019 was approximately \$62,000 and \$89,000, respectively.

Scheduled future minimum lease payments on the lease agreements are as follows for fiscal year ended June 30:

2021	\$	104,435
Thereafter		-
Total	\$	<u>104,435</u>

**Note P – Liquidity and Availability of Financial Assets**

The Symphony's management monitors its liquidity so that it is able to cover operating expenses. Management budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the board of directors in June for the following year.

Management has budgeted approximately \$12,152,000 of operating expenses to be paid within one year of the balance sheet date. The Symphony has the following financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$	1,340,963
Contributions receivable, due within one year		1,481,007
Other receivables		11,628
Investments		<u>16,933,995</u>
Total	\$	<u>19,767,593</u>

The Symphony's endowment funds consist of board-designated endowments. The investments available within one year include an estimated distribution from the endowment of \$1,500,000. However, if additional funds are needed, the board of directors may elect to transfer more.

As part of the Symphony's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Symphony invests cash in excess of daily requirements in short-term investments. The Symphony's funds are invested conservatively with the primary objective of preservation of capital (including diversification of risk of institutional failure) and liquidity in order to provide sufficient cash to meet obligations in a timely manner and maintain reserves to cover between 5 and 6 months of expenses. This range provides a conservative figure intended to balance the desire to mitigate risks while ensuring that cash needs are met without adding administrative burdens. The Symphony relies on ticket sales, sponsorships and contributions to meet its operating needs.

**Jacksonville Symphony Association, Inc. and Jacksonville Symphony, Inc.**  
**Notes to Consolidating Financial Statements**  
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**Note Q – Subsequent Events**

Subsequent events have been evaluated through January 25, 2021, which is the date the consolidating financial statements were available to be issued.