

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.**

**CONSOLIDATING FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**with  
INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Jacksonville Symphony Association, Inc. and Jacksonville Symphony Foundation, Inc. (collectively, the "Symphony"), which comprise the consolidating statement of financial position as of June 30, 2021 and the related consolidating statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidating financial statements.

### **Management's Responsibility for the 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 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 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 audits to obtain reasonable assurance about whether the consolidating financial statements are free of 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 auditors' 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 consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of the Symphony as of June 30, 2021 and the results of their operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

The financial statements of the Symphony as of and for the year ended June 30, 2020 were audited by other auditors whose report is dated January 25, 2021 expressed an unqualified opinion on those consolidating financial statements.

*Smith and Howard*

February 24, 2022

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021**

	<b><u>Jacksonville Symphony Association</u></b>	<b><u>Jacksonville Symphony Foundation</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,651,989	\$ -	\$ 1,651,989
Contributions receivable, net	1,410,110	-	1,410,110
Other receivables	530,646	-	530,646
Investments	10,234,219	11,614,969	21,849,188
Beneficial interest in assets held by community foundation	502,485	-	502,485
Prepaid expenses	80,601	-	80,601
Property and equipment, net	<u>151,326</u>	<u>-</u>	<u>151,326</u>
 Total Assets	 <u>\$ 14,561,376</u>	 <u>\$ 11,614,969</u>	 <u>\$ 26,176,345</u>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable and accrued expenses	\$ 683,962	\$ -	\$ 683,962
Deferred revenue - concert ticket sales and sponsorships	548,127	-	548,127
Line of Credit	<u>2,680,881</u>	<u>-</u>	<u>2,680,881</u>
 Total Liabilities	 <u>3,912,970</u>	 <u>-</u>	 <u>3,912,970</u>
Net Assets			
Without donor restrictions	8,803,406	11,614,969	20,418,375
With donor restrictions	<u>1,845,000</u>	<u>-</u>	<u>1,845,000</u>
 Total Net Assets	 <u>10,648,406</u>	 <u>11,614,969</u>	 <u>22,263,375</u>
 Total Liabilities and Net Assets	 <u>\$ 14,561,376</u>	 <u>\$ 11,614,969</u>	 <u>\$ 26,176,345</u>

The accompanying notes are an integral part of these financial statements.

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

	<b><u>Jacksonville Symphony Association</u></b>	<b><u>Jacksonville Symphony Foundation</u></b>	<b><u>Total</u></b>
<b>ASSETS</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	<u>168,733</u>	<u>-</u>	<u>168,733</u>
 Total Assets	 <u>\$ 11,456,662</u>	 <u>\$ 9,407,868</u>	 <u>\$ 20,864,530</u>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable and accrued expenses	\$ 822,729	\$ -	\$ 822,729
Deferred revenue - concert ticket sales and sponsorships	1,016,263	-	1,016,263
Line of Credit	<u>4,180,881</u>	<u>-</u>	<u>4,180,881</u>
 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	<u>2,491,199</u>	<u>-</u>	<u>2,491,199</u>
 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>

The accompanying notes are an integral part of these financial statements.

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

	<u>Jacksonville Symphony Association</u>			<u>Jacksonville Symphony Foundation</u>	<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>		
<b>Revenues</b>					
Ticket sales and concert fees	\$ 1,446,858	\$ -	\$ 1,446,858	\$ -	\$ 1,446,858
Contributions	5,659,575	750,000	6,409,575	-	6,409,575
Governmental Grants	2,855,008	-	2,855,008	-	2,855,008
Fundraising activities	315,312	-	315,312	-	315,312
Other revenue	78,794	-	78,794	-	78,794
Total Revenues and Other Support	<u>10,355,547</u>	<u>750,000</u>	<u>11,105,547</u>	<u>-</u>	<u>11,105,547</u>
<b>Releases, Transfers and Other</b>					
Net assets transferred to the Association	844,000	-	844,000	(844,000)	-
Net assets released from restriction	1,396,199	(1,396,199)	-	-	-
Total releases, transfers and other	<u>2,240,199</u>	<u>(1,396,199)</u>	<u>844,000</u>	<u>(844,000)</u>	<u>-</u>
<b>Expenses</b>					
Program expenses					
Performances	6,226,276	-	6,226,276	-	6,226,276
Education	236,997	-	236,997	-	236,997
Supporting expenses					
Managerial	1,784,678	-	1,784,678	-	1,784,678
Fundraising	715,981	-	715,981	-	715,981
Total Expenses	<u>8,963,932</u>	<u>-</u>	<u>8,963,932</u>	<u>-</u>	<u>8,963,932</u>
Changes in Net Assets from Operations	<u>3,631,814</u>	<u>(646,199)</u>	<u>2,985,615</u>	<u>(844,000)</u>	<u>2,141,615</u>
<b>Nonoperating Activities:</b>					
Net investment return	2,105,982	-	2,105,982	3,051,101	5,157,083
Change in beneficial trust held at the Community Foundation	120,020	-	120,020	-	120,020
	<u>2,226,002</u>	<u>-</u>	<u>2,226,002</u>	<u>3,051,101</u>	<u>5,277,103</u>
Changes in Net Assets	<u>5,857,816</u>	<u>(646,199)</u>	<u>5,211,617</u>	<u>2,207,101</u>	<u>7,418,718</u>
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<u>\$ 8,803,406</u>	<u>\$ 1,845,000</u>	<u>\$ 10,648,406</u>	<u>\$ 11,614,969</u>	<u>\$ 22,263,375</u>

The accompanying notes are an integral part of these financial statements.

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	<u>Jacksonville Symphony Association</u>			<u>Jacksonville Symphony Foundation</u>	<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>		
<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
Total Revenues and Other Support	<u>7,022,847</u>	<u>1,242,255</u>	<u>8,265,102</u>	<u>-</u>	<u>8,265,102</u>
<b>Releases and Transfers</b>					
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	<u>3,644,041</u>	<u>(3,644,041)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total releases, transfers and other	<u>4,781,777</u>	<u>(3,644,041)</u>	<u>1,137,736</u>	<u>(1,137,736)</u>	<u>-</u>
<b>Expenses</b>					
Program expenses					
Performances	7,005,337	-	7,005,337	-	7,005,337
Education	270,082	-	270,082	-	270,082
Supporting expenses					
Managerial	2,640,239	-	2,640,239	-	2,640,239
Fundraising	1,053,115	-	1,053,115	-	1,053,115
Total Expenses	<u>10,968,773</u>	<u>-</u>	<u>10,968,773</u>	<u>-</u>	<u>10,968,773</u>
Changes in Net Assets from Operations	835,851	(2,401,786)	(1,565,935)	(1,137,736)	(2,703,671)
<b>Nonoperating Activity:</b>					
Net investment loss	<u>(643,817)</u>	<u>-</u>	<u>(643,817)</u>	<u>(522,083)</u>	<u>(1,165,900)</u>
Changes in Net Assets	192,034	(2,401,786)	(2,209,752)	(1,659,819)	(3,869,571)
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<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>

The accompanying notes are an integral part of these financial statements.



**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
 JACKSONVILLE SYMPHONY FOUNDATION, INC.  
 CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED JUNE 30, 2021**

	<u>Program expenses</u>			<u>Support expenses</u>		<u>Total</u>
	<u>Performances</u>	<u>Education</u>	<u>Total</u>	<u>Managerial</u>	<u>Fundraising</u>	
Expenses						
Salaries and benefits	\$ 4,902,851	\$ 167,150	\$ 5,070,001	\$ 1,022,312	\$ 388,451	\$ 6,480,764
Guest artists and conductors	965,568	1,793	967,361	-	-	967,361
Services and professional fees	97,147	7,241	104,388	463,124	152,390	719,902
Office and occupancy	80,380	50,766	131,146	150,903	148,068	430,117
Interest	165,634	-	165,634	-	-	165,634
Bad debt expense	-	-	-	122,040	-	122,040
Depreciation	14,696	9,282	23,978	26,299	27,072	77,349
Supplies and travel	-	765	765	-	-	765
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	<u>\$ 6,226,276</u>	<u>\$ 236,997</u>	<u>\$ 6,463,273</u>	<u>\$ 1,784,678</u>	<u>\$ 715,981</u>	<u>\$ 8,963,932</u>

The accompanying notes are an integral part of these financial statements.

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
 JACKSONVILLE SYMPHONY FOUNDATION, INC.  
 CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED JUNE 30, 2020**

	<u>Program expenses</u>			<u>Support expenses</u>		<u>Total</u>
	<u>Performances</u>	<u>Education</u>	<u>Total</u>	<u>Managerial</u>	<u>Fundraising</u>	
Expenses						
Salaries and benefits	\$ 5,456,226	\$ 161,952	\$ 5,618,178	\$ 925,984	\$ 558,673	\$ 7,102,835
Guest artists and conductors	1,183,389	6,150	1,189,539	-	-	1,189,539
Services and professional fees	109,504	13,035	122,539	618,612	281,670	1,022,821
Bad debt expense	-	-	-	888,948	-	888,948
Office and occupancy	103,804	65,560	169,364	185,756	191,218	546,338
Interest	140,713	-	140,713	-	-	140,713
Depreciation	11,701	7,390	19,091	20,939	21,554	61,584
Supplies and travel	-	15,995	15,995	-	-	15,995
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	<u>\$ 7,005,337</u>	<u>\$ 270,082</u>	<u>\$ 7,275,419</u>	<u>\$ 2,640,239</u>	<u>\$ 1,053,115</u>	<u>\$ 10,968,773</u>

The accompanying notes are an integral part of these financial statements.

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

	<b><u>Jacksonville Symphony Association</u></b>	<b><u>Jacksonville Symphony Foundation</u></b>	<b><u>Total</u></b>
Cash Flows from Operating Activities:			
Change in Net Assets	\$ 5,211,617	\$ 2,207,101	\$ 7,418,718
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Required) by Operating Activities:			
Depreciation expense	77,349	-	77,349
Bad debt expense	122,040	-	122,040
Realized and unrealized gains, net	(2,069,980)	(3,015,581)	(5,085,561)
Change in beneficial interest	(120,020)	-	(120,020)
Changes in:			
Contributions receivables	(604,951)	-	(604,951)
Other assets	(344,072)	-	(344,072)
Accounts payable and accrued expenses	(138,767)	-	(138,767)
Deferred revenue	(468,136)	-	(468,136)
Net Cash Provided (Required) by Operating Activities	<u>1,665,080</u>	<u>(808,480)</u>	<u>856,600</u>
Cash Flows from Investing Activities:			
Proceeds from sale of investments	77,890	1,769,449	1,847,339
Purchase of investments	(716,002)	(116,969)	(832,971)
Purchases of property and equipment	(59,942)	-	(59,942)
Net Cash Provided (Required) by Investing Activities	<u>(698,054)</u>	<u>1,652,480</u>	<u>954,426</u>
Cash Flows from Financing Activities:			
Net fund transfers	844,000	(844,000)	-
Net payments on line of credit	(1,500,000)	-	(1,500,000)
Net Cash Required by Financing Activities	<u>(656,000)</u>	<u>(844,000)</u>	<u>(1,500,000)</u>
Net Increase in Cash and Cash Equivalents	311,026	-	311,026
Cash and Cash Equivalents at Beginning of Year	<u>1,340,963</u>	<u>-</u>	<u>1,340,963</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,651,989</u>	<u>\$ -</u>	<u>\$ 1,651,989</u>
<u>Supplementary Disclosures:</u>			
Cash paid for interest	<u>\$ 165,634</u>	<u>\$ -</u>	<u>\$ 165,634</u>

The accompanying notes are an integral part of these financial statements.

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

	<b><u>Jacksonville Symphony Association</u></b>	<b><u>Jacksonville Symphony Foundation</u></b>	<b><u>Total</u></b>
Cash Flows from Operating Activities:			
Change in Net Assets	\$ (2,209,752)	\$ (1,659,819)	\$ (3,869,571)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Required) by Operating Activities:			
Depreciation expense	61,583	-	61,583
Realized and unrealized losses, net	783,986	598,766	1,382,752
Changes in:			
Contributions receivables	2,454,354	-	2,454,354
Other assets	(89,793)	-	(89,793)
Accounts payable and accrued expenses	(427,887)	-	(427,887)
Deferred revenue	24,925	-	24,925
Net Cash Provided (Required) by Operating Activities	<u>597,416</u>	<u>(1,061,053)</u>	<u>(463,637)</u>
Cash Flows from Investing Activities:			
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	<u>(196,631)</u>	<u>-</u>	<u>(196,631)</u>
Net Cash Provided (Required) by Investing Activities	<u>(1,348,053)</u>	<u>2,198,789</u>	<u>850,736</u>
Cash Flows from Financing Activities:			
Net fund transfers	1,137,736	(1,137,736)	-
Net borrowings on line of credit	<u>421,570</u>	<u>-</u>	<u>421,570</u>
Net Cash Provided (Required) by Financing Activities	<u>1,559,306</u>	<u>(1,137,736)</u>	<u>421,570</u>
Net Increase in Cash and Cash Equivalents	808,669	-	808,669
Cash and Cash Equivalents at Beginning of Year	<u>532,294</u>	<u>-</u>	<u>532,294</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,340,963</u>	<u>\$ -</u>	<u>\$ 1,340,963</u>
<u>Supplementary Disclosures:</u>			
Cash paid for interest	<u>\$ 140,713</u>	<u>\$ -</u>	<u>\$ 140,713</u>

The accompanying notes are an integral part of these financial statements.

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 – 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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Symphony follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“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 consolidating basis. Significant intercompany transactions and balances have been eliminated in the consolidation.

Use of Estimates

The preparation of consolidating financial statements in conformity with 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 May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers Topic 606*. This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principles of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Symphony adopted this ASU on July 1, 2020. The Symphony implemented ASU 2014-09 using a full retrospective method of application. The adoption of ASU 2014-09 resulted in changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

**JACKSONVILLE SYMPHONY ASSOCIATION, INC. AND  
JACKSONVILLE SYMPHONY FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recently Adopted Accounting Standards (Continued)

Effective July 1, 2020, the Symphony adopted ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*, which simplifies fair value measurement disclosures through the removal and modification of a number of investment related disclosure requirements. Certain disclosures are no longer required including amount of and reasons for transfers between Levels 1 and 2; policy for timing of transfers between levels and valuation processes for Level 3 investments. The adoption of the ASU did not have a material impact on the Symphony's consolidated financial statement disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

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.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021 and should be applied on a retrospective basis. The Symphony is evaluating the effect that ASU No. 2020-07 will have on its consolidating financial statements and related disclosures.

Risks and Uncertainties

The Symphony's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, contributions receivable, and investments. At times, cash and cash equivalents exceeds federally insured amounts. The Symphony believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors contributions receivable balances and believes that its exposure to credit risk is limited. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidating financial statements.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Risks and Uncertainties (Continued)

The Symphony has experienced a disruption of normal business operations caused from COVID-19. The overall financial impact cannot be determined through the date of this report, however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the consolidating financial statements.

Investments

Investments are carried at fair value. The investment return of the Symphony includes interest and dividends and realized and unrealized gains and losses. Investment income (interest and dividends) and gains and losses on investments carried at fair value are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted for purpose or restricted by explicit donor stipulations or by law. Income is recognized from interest and dividends as earned

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 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, 2021 or 2020.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

*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.

Recognition of Revenue

*Ticket Sales and Concert Fees -*

The Symphony recognizes revenue for ticket sales and concert fees on the satisfaction of performance obligations. Performance obligations are determined based on the service provided by the Symphony. Ticket sales and concert fee revenues are associated with tickets sold for shows produced by the Symphony. Ticket sales are recognized when the show occurs for which the ticket relates. Amounts not earned by the end of the fiscal year are reported as deferred revenue. Advanced ticket sales outstanding at June 30, 2020 of \$662,203 were recognized in revenue in 2021. The balance of advanced ticket sales at June 30, 2021 of \$299,053 will be recognized in fiscal year 2022.

*Governmental Grants*

*Payroll Protection Program* - In April 2020, the Symphony obtained a Small Business Administration (“SBA”) loan under the Paycheck Protection Program (“PPP”) totaling \$1,468,560. In April 2021, the Symphony obtained a second loan under the PPP totaling \$1,328,292. The Symphony treated the loans as a conditional grant under ASU 2018-08 as the grant has barriers. The Symphony interpreted the grant to have conditional requirements surrounding the full-time equivalent requirement. The Symphony has met all the requirements of the grant and recognized the grant income of \$1,328,292 as of June 30, 2021 and \$1,468,560 as of June 30, 2020. The Symphony was notified of full forgiveness during 2021.



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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recognition of Revenue (Continued)

*Employee Retention Credit* - As part of the Coronavirus Aid, Relief and Economic Stabilization Act (the “CARES” Act), employers have the option to participate in the Employee Retention Credit (“ERC”). The ERC is a benefit provided through payroll tax credits to encourage maintaining employee headcounts throughout the Coronavirus pandemic. The Symphony is treating the ERC as a conditional grant and records revenue when the conditions are substantially met. During 2021, the Symphony met the conditions required by the ERC and recognized grant revenue of \$1,143,697 in the accompanying consolidating statement of activities. An associated receivable for \$521,000 has also been included within and other receivables on the accompanying consolidating statement of financial position.

A portion of the Symphony’s revenue is derived from federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Symphony has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidating statement of financial position.

*Contributions*

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using a risk-adjusted rate appropriate for the expected term of the promise to give. Amortization of the discount is recorded as contribution revenue in accordance with donor-imposed restrictions, if any. 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 fund-raising activity.

All contributions are considered available for the Symphony’s general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as without donor restrictions. 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 are recorded as donor restricted; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recognition of Revenue (Continued)

*Contributions (Continued)*

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.

*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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, 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.

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**NOTE 2 – 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

Certain reclassifications of amounts previously reported have been made to the accompanying consolidating financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent events

We have evaluated subsequent events through the date of this report, which is the date the consolidating financial statements were available to be issued.

**NOTE 3 – FAIR VALUE MEASUREMENTS - INVESTMENTS**

FASB establishes 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 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

*Level 2* - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

*Level 3* - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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**NOTE 3 – FAIR VALUE MEASUREMENTS – INVESTMENTS (Continued)**

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, 2021 and 2020.

The table below represents fair value measurement hierarchy of the Symphony's assets at fair value as of June 30:

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 4,453,058	\$ -	\$ -	\$ 4,453,058
Corporate stocks	6,675,297		-	6,675,297
U.S. treasury bonds	-	-	-	-
Corporate bonds	-	324,241	-	324,241
Beneficial interest trust	-	-	502,485	502,485
Total assets at fair value	<u>\$ 11,128,355</u>	<u>\$ 324,241</u>	<u>\$ 502,485</u>	11,955,081
Cash (interest-bearing)				298,396
Investments at NAV* expedient				10,098,196
Total investments and beneficial interest trust				<u>\$ 22,351,673</u>

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,716,017	\$ -	\$ -	\$ 1,716,017
Corporate stocks	4,072,676		-	4,072,676
U.S. treasury bonds	251,308	-	-	251,308
Corporate bonds	-	2,652,823	-	2,652,823
Beneficial interest trust	-	-	382,465	382,465
Total assets at fair value	<u>\$ 6,040,001</u>	<u>\$ 2,652,823</u>	<u>\$ 382,465</u>	9,075,289
Cash (interest-bearing)				812,539
Investments at NAV* expedient				7,428,632
Total investments and beneficial interest trust				<u>\$ 17,316,460</u>

Fair values for investments are determined by reference to quoted market prices, market transactions and other relevant information.

(\*) Certain investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidating statement of financial position.

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**NOTE 3 – FAIR VALUE MEASUREMENTS – INVESTMENTS (Continued)**

Level 3 Measurements

*Beneficial Interest in Perpetual Trusts and Charitable Remainder Trust*

Fair value for the irrevocable beneficial interests are measured using the fair value of the assets held in the trust as reported by the respective trustees as of June 30, 2021 and 2020. The Symphony considers the measurement of its beneficial interest in these trusts to be a Level 3 measurement within the fair value hierarchy as further described in Note 4.

Measured at NAV per Share or Equivalent

The significant unobservable inputs used in the fair value measurement of the Symphony's alternative investments are subject to market risks resulting from changes in the market value of its investments. Investments measured at NAV per share or equivalent may be sold at amounts different than the NAV per share due to various restriction and redemptive requirements as described below.

<u>Alternative Investment</u>		<u>Fair Value at June 30, 2021</u>	<u>Fair Value at June 30, 2020</u>
683 Capital Partners	(a)	\$ 1,543,282	\$ 1,035,060
TPG Public Equity Partners - B, LTD	(b)	632,410	615,191
Lone Pine Capital, LLC	(c)	2,302,515	1,632,608
Semper Vic Partners, L.P.	(d)	5,619,989	4,029,287
Other		-	116,486
		<u>\$ 10,098,196</u>	<u>\$ 7,428,632</u>

- (a) 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.
- (b) TPG Public Equity Partners-B, LTD (“TPG”) invests in publicly 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.
- (c) 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.

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**NOTE 3 – FAIR VALUE MEASUREMENTS – INVESTMENTS (Continued)**

Measured at NAV per Share or Equivalent (Continued)

(d) 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 4 – BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

The Symphony transferred assets 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 Symphony. 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 Symphony 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. The beneficial interest in assets held by the Community Foundation was \$502,485 and \$382,465 at June 30, 2021 and 2020, respectively.

The beneficial interest in assets held by community foundation has been valued, as a practical expedient, at the fair value of the Symphony’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 Symphony 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 Symphony does not record the endowed funds as assets. For the years ended June 30, 2021 and 2020, the Symphony received income earned on these endowment funds of approximately \$243,000 and \$216,000, respectively, and has recorded these as contributions in the accompanying consolidating statements of activities.

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**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 1,021,424	\$ 961,481
Instruments	444,001	444,001
Stage Sets	43,979	43,979
Leasehold improvements	<u>344,953</u>	<u>344,953</u>
Total property and equipment	1,854,357	1,794,414
Less: accumulated depreciation	<u>(1,703,031)</u>	<u>(1,625,681)</u>
Property and equipment, net	<u>\$ 151,326</u>	<u>\$ 168,733</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was approximately \$77,000 and \$62,000, respectively.

**NOTE 6 – 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 the 1-month LIBOR plus 1.50% an effective rate of (1.74% at June 30, 2021). 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 \$7,581,632 at June 30, 2021. The Symphony may borrow up to 75% of the collateral's value. As of June 30, 2021, the Symphony had approximately \$1,819,000 of available borrowing on the line of credit.

**NOTE 7 – IN-KIND CONTRIBUTIONS**

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

	<u>2021</u>	<u>2020</u>
Production expenses	\$ -	\$ 52,800
Advertising and promotions	41,400	50,000
In-kind rent	-	33,798
General and administrative	<u>-</u>	<u>6,532</u>
Total	<u>\$ 41,400</u>	<u>\$ 143,130</u>

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**NOTE 8 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 1,008,678	\$ 1,481,007
Between one to five years	525,000	400,000
More than five years	<u>-</u>	<u>25,000</u>
Total contributions	1,533,678	1,906,007
Less: discount to present value	(80,478)	(77,595)
Less: allowance for uncollectible contributions	<u>(43,090)</u>	<u>(57,213)</u>
Total contributions	<u>\$ 1,410,110</u>	<u>\$ 1,771,199</u>

Contributions have been discounted by a 2% annual rate of interest. Two donors represented 55% of contributions receivable at June 30, 2021. Two donors represented 29% of contributions receivable at June 30, 2020.

**NOTE 9 – 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, 2021 and 2020 as outlined in the table below. The Association requests funds to support the 2020-2021 and 2019-2020 seasons of programs, music education and community enrichment.

	<u>2020-2021</u>	<u>2019-2020</u>
Amount of award (per City budget ordinance)	\$ 273,930	\$ 275,796
Amount received 7/1/20 - 6/30/21	(205,448)	-
Amount received 7/1/19 - 6/30/20	<u>-</u>	<u>(275,796)</u>
Amount remaining to be distributed	<u>\$ 68,482</u>	<u>\$ -</u>

Expenditures of City Funds

	<u>Approved Budget</u>	<u>Actual Expenditures 10/1/2019 6/30/2020</u>	<u>Actual Expenditures 7/1/2020 9/30/2020</u>	<u>Total Expenditures</u>	<u>Remaining Balance</u>
Artistic salaries and expenses	\$ 275,796	\$ 206,547	\$ 69,249	\$ 275,796	\$ -



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**NOTE 9 – GRANT PROGRAMS – CITY OF JACKSONVILLE (Continued)**

	<u>Approved Budget</u>	<u>Actual Expenditures 10/1/2020 6/30/2021</u>	<u>Actual Expenditures 7/1/2021 9/30/2021</u>	<u>Total Expenditures</u>	<u>Remaining Balance</u>
Artistic salaries and expenses	\$ 273,930	\$ 205,448	\$ -	\$ 205,448	\$ 68,482

**NOTE 10 – 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 14, which covers its union-represented musicians. The risks of participating in a multiemployer plan are different from single-employer plan in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. 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.

The Symphony's participation in the Pension Plan for the periods ended June 30, 2021 and 2020 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 2021 is for the Pension Plan's year-end at March 31, 2021. 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 14, and reflects the Symphony's commitment to the Pension Plan.

<u>EIN/Pension Plan Number</u>	<u>Pension Protection Act Zone Status</u>	<u>FIP/RP Status Pending/ Implemented</u>	<u>Contributions for the Year Ended</u>		<u>Surcharge Imposed</u>	<u>Expiration Date of Collective Bargaining Agreement</u>
			<u>June 30, 2021</u>	<u>June 30, 2020</u>		
51-6120204 Plan 001	Red	Yes	\$ 194,157	\$ 218,261	No	September 3, 2022

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**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2021 and 2020, net assets with donor restrictions were as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose or passage of time:		
Program	\$ 300,000	\$ -
Promises to give that are not restricted by donors, but which are unavailable for expenditures until due	<u>825,000</u>	<u>1,771,199</u>
	<u>1,125,000</u>	<u>1,771,199</u>
Endowments:		
Investments in perpetuity - Fine Arts (Note 11)	<u>720,000</u>	<u>720,000</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 1,845,000</u>	 <u>\$ 2,491,199</u>

As of June 30, 2021 and 2020, net assets released from restricted were as follows \$1,396,199 and \$3,644,041, respectively. The releases from restricted related to time restriction being satisfied.

**Fine Arts Endowment**

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 of \$720,000 are considered with donor restrictions to be held in perpetuity.

As of June 30, 2021 and 2020, 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.

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**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

*Fine Arts Endowment (Continued)*

	<u>Fine Arts I</u>	<u>Fine Arts II</u>	<u>Fine Arts III</u>
June 30, 2021			
Cash	\$ 49,304	\$ 1,813	\$ 2,065
Money market funds	380,101	630,024	705,038
Corporate bonds	<u>215,656</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 645,061</u>	<u>\$ 631,837</u>	<u>\$ 707,103</u>
	<u>Fine Arts I</u>	<u>Fine Arts II</u>	<u>Fine Arts III</u>
June 30, 2020			
Cash	\$ 2,126	\$ 287	\$ 423
Corporate stocks	27,515	31,810	76,311
Corporate bonds	<u>603,182</u>	<u>590,980</u>	<u>558,031</u>
Total	<u>\$ 632,823</u>	<u>\$ 623,077</u>	<u>\$ 634,765</u>

**NOTE 12 – BOARD DESIGNATED ENDOWMENT**

At June 30, 2021 and 2020, the Board had designated endowment within the investment account of the Association and Foundation in the amount of \$21,129,188 and \$16,213,995, respectively. The Board designated endowment is 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 without donor restrictions.

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.

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**NOTE 12 – BOARD DESIGNATED ENDOWMENT (Continued)**

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, 2021 and 2020:

Board designated net assets at June 30, 2019	\$ 19,026,579
Transfers in, net	100,000
Investment income, net	(1,165,900)
Distributions	<u>(1,746,684)</u>
Board designated net assets at June 30, 2020	16,213,995
Transfers in, net	602,110
Investment income, net	5,157,083
Distributions	<u>(844,000)</u>
Board designated net assets at June 30, 2021	<u>\$ 21,129,188</u>

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

**NOTE 13 – COMMITMENTS & CONTINGENCIES**

Collective Bargaining Agreement

The Symphony has a collective bargaining agreement with the International Alliance of Theatrical Stage Employees, Local 115, representing its stagehands, which expires in August 31, 2022. 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, 2024.

Operating Leases

The Symphony leases the concert hall and its office facility under an operating lease agreement that was renewed during 2021 to be extended through June 30, 2026. The lease has monthly payments of approximately \$8,700 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. Total rent expense for the years ended June 30, 2021 and 2020 was approximately \$87,000 and \$62,000, respectively.

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**NOTE 13 – COMMITMENTS & CONTINGENCIES (Continued)**

Operating Leases (Continued)

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

2022	\$ 109,989
2023	112,389
2024	116,385
2025	120,195
2026	<u>121,080</u>
Total	<u>\$ 580,038</u>

**NOTE 14 – 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. The Symphony has the following financial assets available within one year of the statement of financial position for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,651,989	\$ 1,340,963
Contributions receivable, due within one year	1,008,678	1,481,007
Other receivables	530,646	11,628
Investments allocated for the following year	<u>1,400,000</u>	<u>845,000</u>
Total	<u>\$ 4,591,313</u>	<u>\$ 3,678,598</u>

The Symphony's endowment funds consist primarily of board-designated endowments. The investments allocated for the following year is determined based on the Symphony's spending policy. However, if additional funds are needed, the board of directors may elect to transfer above the spending policy in the need for additional liquidity.

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.