SYMPHONY SOCIETY OF SAN ANTONIO

Audited Financial Statements

June 30, 2021

ADKF, P.C.
Certified Public Accountants

SYMPHONY SOCIETY OF SAN ANTONIO
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Symphony Society of San Antonio
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Symphony Society of San Antonio (Symphony), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the ten months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Symphony Society of San Antonio as of June 30, 2021, and its activities, functional expenses and cash flows for the ten months then ended in accordance with U.S. generally accepted accounting principles.

Going Concern

The accompany financial statements have been prepared assuming that the Symphony Society of San Antonio will continue as a going concern. The Symphony has a deficit in working capital of $649,747 on June 30, 2021 and due to the COVID-19 outbreak has reduced the 2020-2021 season to 14 split orchestra weeks. Management has been actively soliciting and receiving donations to support operations, has contracted with an advertising firm to raise awareness and is taking advantage of the Consolidated Appropriations Act. With the current economic conditions, it is not known if Management's plan will be successful, or if the Symphony will be able to continue as a going concern. See Note N.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
January 19, 2022

SYMPHONY SOCIETY OF SAN ANTONIO
Statement of Financial Position
June 30, 2021

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 153,521
Grants receivable	94,181
Pledges receivable, net	170,375
Prepaid expenses	88,378
Total current assets	506,455
Property and Equipment:	
Furniture and fixtures	254,716
Equipment	148,628
Total property and equipment	403,344
Less: accumulated depreciation	(314,581)
Property and equipment, net	88,763
Other Assets:	
Deposits	5,320
Endowment investments held in trust	2,225,226
Total other assets	2,230,546
Total Assets	$ 2,825,764

See notes to audited financial statements.

SYMPHONY SOCIETY OF SAN ANTONIO
Statement of Financial Position
June 30, 2021

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable, trade	$ 338,147
Accrued expenses	165,477
Deferred revenue, subscriptions and other	499,010
Note payable, third party	153,568
Total current liabilities	1,156,202
Long Term Liabilities	
PPP loan	953,900
Note payable, third party	317,740
Total long-term liabilities	1,271,640
Total liabilities	2,427,842
Net Assets:	
Without donor restrictions (deficit)	(1,935,492)
With donor restrictions	2,333,414
Total net assets	397,922
Total Liabilities and Net Assets	$ 2,825,764

See notes to audited financial statements.

SYMPHONY SOCIETY OF SAN ANTONIO
Statement of Activities
Ten Months Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public support:			
Corporations and corporate foundations	$ 64,377	$ -	$ 64,377
Governments	1,637,461	-	1,637,461
Foundations	550,685	-	550,685
Other organizations	131,828	-	131,828
Individuals	1,204,034	55,687	1,259,721
Donated services	53,797	-	53,797
Revenue:			
Ticket sales and related revenue	269,088	-	269,088
Other income	19	-	19
Special events, net of fees	97,016	-	97,016
Investment earnings, net	27,409	328,742	356,151
Total public support and revenue	4,035,714	384,429	4,420,143
Expenses			
Program:			
Production	1,990,453	-	1,990,453
Marketing and sales	119,374	-	119,374
Total program	2,109,827	-	2,109,827
General and administrative	660,796	-	660,796
Development and fundraising	273,771	-	273,771
Total expenses	3,044,394	-	3,044,394
Change in Net Assets	991,320	384,429	1,375,749
Net assets released from restrictions	91,622	(91,622)	-
Net assets at beginning of year	(3,018,434)	2,040,607	(977,827)
Net Assets at End of Year	$ (1,935,492)	$ 2,333,414	$ 397,922

See notes to audited financial statements.

SYMPHONY SOCIETY OF SAN ANTONIO
Statement of Functional Expenses
Ten Months Ended June 30, 2021

	Program				
	Productions	Marketing and Sales	General and Administrative	Development and Fundraising	Totals
Salaries	$ 809,589	$ 33,895	$ 289,576	$ 107,385	$ 1,240,445
Payroll taxes	111,104	2,283	22,431	10,957	146,775
Substitute and extra musicians	9,738	-	-	-	9,738
Concert and production	194,444	-	-	-	194,444
Benefits	430,790	3,316	33,626	15,257	482,989
Guest artist fees and related expense	224,547	-	-	-	224,547
Instruments and music	61,242	-	-	-	61,242
Education	-	-	30	-	30
Advertising	-	35,255	-	30,780	66,035
Legal and professional fees	37,735	23,494	125,496	94,542	281,267
Rent, utilities, and maintenance	28,364	-	26,431	-	54,795
Transportation and travel	500	-	-	-	500
Credit card processing fees	-	12,278	-	10,308	22,586
Bank service charges	-	-	36,686	-	36,686
Depreciation	-	-	8,134	-	8,134
Bad debts	-	-	25,020	-	25,020
Licenses, dues, taxes and insurance	79,788	-	28,598	-	108,386
In-kind expenses	-	-	54,202	-	54,202
Other expenses	2,612	8,853	10,566	4,542	26,573
Total Expenses	$ 1,990,453	$ 119,374	$ 660,796	$ 273,771	$ 3,044,394
Special event costs, not included above:					
Direct expenses				$ 25,895	$ 25,895

See notes to audited financial statements.

SYMPHONY SOCIETY OF SAN ANTONIO
Statement of Cash Flows
Ten Months Ended June 30, 2021

Operating Activities	
Change in net assets	$ 1,375,749
Adjustments to reconcile change in net assets to net (used) provided by operating activities:	
Depreciation	8,134
Net (gain) loss on investments	(308,197)
Debt forgiveness	(420,000)
Bad debts	25,020
PPP loan forgiveness	(953,900)
Changes in operating assets and liabilities:	
Pledges receivable	(78,914)
Grants receivable	(94,181)
Accounts receivable	4,958
Prepaid expenses	1,528
Accounts payable and accrued expenses	(71,459)
Deferred revenue	278,662
Net cash (used) by operating activities	(232,600)
Investing Activities	
Endowment investments held in trust, net	19,088
Net cash provided by investing activities	19,088
Financing Activities	
Payments on line of credit, net	(500,000)
PPP loan, net	953,900
Payments on note payable	(108,692)
Net cash provided by financing activities	345,208
Net change in cash	131,696
Cash and cash equivalents at beginning of year	21,825
Cash and Cash Equivalents at End of Year	$ 153,521

Supplemental Disclosures	
Cash paid for interest	$ 22,618

See notes to audited financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Symphony and Nature of Activities: Symphony Society of San Antonio (Symphony) is a not-for-profit corporation organized to establish, maintain, and operate orchestras, theatrical acts, and concert attractions in San Antonio, Texas and surrounding areas.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restriction are available for use in the general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs of the Symphony generally are not considered "restricted" under GAAP, though for internal reporting management tracks such grants and contributions to verify the disbursement matches the donor's intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, Board designated.

Net Assets With Donor Restrictions – Net assets with donor restrictions are subject to donor-imposed restrictions that are more restrictive than the Symphony's mission and purpose. 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. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: Revenue from individual and subscription ticket sales are reported as deferred revenue and included in income at the time of the event. Contributions are recognized when cash, securities or other assets; unconditional promise to give; or notification of a beneficial interest is 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: Contributions and grants are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Gifts of equipment are reported as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as with donor restrictions support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Allocation of Expenses: The costs of providing services and other activities of the Symphony have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort, as well as depreciation, office and occupancy, which are allocated on square-footage or other reasonable basis.

Cash and Cash Equivalents: Cash and cash equivalents consist of unrestricted cash on hand, demand deposits held by financial institutions and any equivalent securities with a maturity of three months or less.

Pledges Receivable: The Symphony recognizes pledges as receivables and contribution revenue when the pledge commitment is received (generally in writing). Management evaluates the allowance for pledges receivable at the end of each year. The allowance is generally determined based on an account-by-account review and historical trends. An allowance of $2,000 was recorded at June 30, 2021.

Prepaid Expenses: Prepaid expenses primarily include costs of insurance policies and amortized over the life of the policies.

Property and Equipment: Property and equipment are valued at historical cost or estimated fair value at date of donation. Expenses for betterments that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related asset ranging from three to ten years.

Impairment of Long-Lived Assets: The Symphony reviews the carrying value of furniture and equipment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. The Symphony did not recognize an impairment loss during the ten months ended June 30, 2021.

Endowment Investments Held in Trust and Charitable Lead Trust: Endowment investments and the beneficial interest in a charitable lead trust are reported at fair market value. Investment earnings are reported net of fees and gains and losses (realized and unrealized) are reported in investment earnings, net of fees in the accompanying statement of activities. See footnote C for more detail.

Deferred Revenue: Subscriptions for the program season and advance ticket sales are recorded as deferred revenue when notice of ticket sale is received, and revenue is recognized as events are performed.

Special Events: Costs associated with special events are netted against the related revenues.

Advertising: Advertising revenues and costs are recognized in the periods in which the related performance occurs. Direct response advertising costs, primarily relating to subscription revenues for the season, are capitalized and amortized over the related season. Prepaid expenses include subscription and cultivation costs of $28,061 at June 30, 2021.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Employee Benefit Plan: The Symphony sponsors a defined contribution 403(b) retirement plan (Plan) for all non-union staff. A discretionary matching contribution is provided by the Symphony. The Symphony's contributions to the Plan were $3,629 for the ten months ended June 30, 2021.

The Symphony also contributes to the American Federation of Musicians' and Employees' Pension Fund on behalf of eligible staff musicians as required under the collective bargaining agreement. See Note K.

Income Taxes: The Symphony is a not-for-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Symphony is not a private foundation; accordingly, donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination. The Symphony is not subject to the Texas margin tax.

Concentrations of Credit Risk: Financial instruments that potentially subject the Symphony to concentrations of credit risk consist principally of cash, investments, and pledges receivable. The Symphony places its temporary cash investments with financial institutions and limits the amount of credit exposure, although it may from time to time have cash balances in excess of that insured by the FDIC. The Symphony periodically assesses the financial condition of the institution holding the investments, as well as the diverse nature of its investments, and believes that the risk of loss is minimal. Pledges are subject to risk because they are primarily due from donors located in San Antonio and surrounding areas.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07 Not-for-Profit (Topic 958): *Presentation and Disclosures by Not-for Profit entities for Contributed Nonfinancial Assets* to increase the transparency of contributed non-financial assets by enhancing the presentation and disclosures. The update includes the presentation of contributed non-financial assets as a separate line item in the statement of activities while disclosing disaggregated information about the types of contributed non-financial assets, how the contribution was used and various other disclosures. The effective date is for periods beginning after June 15, 2021 with early adoption permitted. Management does not expect the new standard to have a significant impact on its statement of activities and related disclosures.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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 financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

NOTE B – PLEDGES RECEIVABLE

Pledges receivable are scheduled to be collected as follows at June 30, 2021:

Receivables due in less than one year	$ 172,375
Less allowance for uncollectible pledges	(2,000)
Pledges receivable, net	$ 170,375

NOTE C – ENDOWMENT INVESTMENTS

The Symphony's endowment is made up of five donor-restricted funds established for a variety of purposes and held by trustees. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at August 31, 2020	$ -	$ 1,936,117	$ 1,936,117
Investment expense	-	(18,045)	(18,045)
Investment income	-	34,057	34,057
Net appreciation	-	328,743	328,743
Amounts appropriated for expenditures	-	(55,646)	(55,646)
Endowment at June 30, 2021	$ -	$ 2,225,226	$ 2,225,226

The Symphony follows the following policies with respect to its endowment investments:

Interpretation of Relevant Law: The Board of Directors of the Symphony has interpreted the State of Texas Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Symphony classifies as net assets with donor restriction: (a) the original value of gifts to be held in perpetuity, (b) the original value of subsequent gifts to be held in perpetuity, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the net assets with donor-restriction are released when the time restriction has expired or until those amounts are appropriated for expenditure by the Symphony.

NOTE C – ENDOWMENT INVESTMENTS - continued

The following factors, among others, are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund.
2) The purposes of the Symphony and the donor-restricted endowment fund.
3) General economic conditions.
4) The possible effect of inflation and deflation.
5) The expected total return from income and the appreciation of investments.
6) Other resources of the Symphony.
7) The investment policies of the Symphony.

Funds with Deficiencies: From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor required the Symphony to retain as a fund of perpetual duration. The endowment corpus was $1,319,014 at June 30, 2021 and there were no deficiencies.

Return Objectives and Risk Parameters: The Symphony, based on the trust agreements, has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Symphony must hold in perpetuity or for a donor-specified period, as well as Board-designated funds. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to grow the endowment funds while continuing to provide for annual withdrawal for operations, with a moderate level of investment risk. The Symphony expects its endowment funds to provide an average rate of return more than the average rate of inflation. Actual returns in any given year could vary.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Symphony relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Symphony targets a diversified asset allocation that places a greater emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Symphony's policy of annual appropriation for distribution is driven by the donor instrument if specific guidelines are provided. For the general endowment, the Symphony determines the amount of appropriation based on market performance and the Symphony cash flow needs, while also considering the long-term expected return on its endowment. Accordingly, the Symphony expects the current spending policy to allow its endowment to grow in excess of average inflation, over time. This is consistent with the Symphony's objective of maintaining the purchasing power of the endowment assets as well as providing additional new growth through new gifts and investment returns.

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021:

Subject to time restrictions:		
Pledges receivable	$	108,188
Endowment:		
Endowment corpus		1,319,014
Endowment earnings,		
subject to spending policy and appropriations		906,212
Total endowment		2,225,226
	$	2,333,414

NOTE E – FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, the Symphony utilizes a fair value hierarchy that prioritizes the inputs for the 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) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Symphony 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 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.

NOTE E – FAIR VALUE MEASUREMENTS – continued

The following table sets forth by level, within the fair value hierarchy investments measured at fair value:

	Fair Value Measurements Using			
June 30, 2021	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 32,966	$ -	$ -	$ 32,966
Mutual funds:				
Equity securities	810,319	-	-	810,319
Alternative investments	25,685	-	-	25,685
Real estate and specialty assets	19,367	-	-	19,367
Fixed income securities	498,792	-	-	498,792
Investments measured at fair value	$ 1,387,129	$ -	$ -	1,387,129
Investments measured at NAV[(a)]				838,097
Total endowment investments held in trust				$ 2,225,226

[(a)]*certain investments that were measured at net asset value (NA V) per share (or its equivalent) have not been classified in the fair value hierarchy as they are not publicly traded. Such investments are measured at the fair value of the underlying investments. The investments have no unfunded commitments, are eligible for redemption daily and there is not a redemption notice period.*

There have been no changes in methodologies used to determine fair value. Following is a description of the valuation methodologies used for various types of assets measured at fair value:

Cash and Cash Equivalents: Valued at cost plus accrued interest.

Mutual Funds: Valued at the daily closing price as reported by the open-ended fund registered with the Securities and Exchange Commission.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value 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 value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE F – LINE OF CREDIT

The Symphony has a $400,000 line of credit with a bank bearing interest at prime, maturing April 26, 2022. The line is collateralized by three certificates of deposit held by two board members ($100,000 each) and one for $200,000 from an anonymous supporter. There was no outstanding balance at June 30, 2021.

NOTE G – DEBT

Financial Institutions: In July 2020, the Symphony borrowed $300,000 on a note bearing interest at prime plus 3%, with a maturity date of January 15, 2024. The note requires monthly interest only payments through February 2021when the payment changes to a principal and interest payment of $9,171 monthly. The note is secured with assets of the Symphony. The balance at June 30, 2021 is $261,605.

Third-Parties: In October 2019, the Symphony borrowed $80,000 from a third-party. The unsecured note is non-interest bearing, with principal due at maturity on October 31, 2022. The outstanding balance was $60,000 at June 30, 2021.

PPP Loan Payable: The Symphony received funding under the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), administered by the U.S. Small Business Administration (SBA). Under the terms of the note, the Symphony received proceeds of $953,900 with principal and interest payments deferred for the first ten months of the loan.

The proceeds are eligible forgiveness if used for qualifying expenses as described in the CARES Act, such as payroll costs, benefits, rent, and utilities. The Organization applied for forgiveness and was notified subsequent to year end that the amount will be forgiven.

EIDL Loan Payable: The Symphony received funding under the Economic Injury Disaster Loan Program (EIDL) as part of the CARES Act, administered by the SBA. Under the terms of the note, the Symphony received advanced proceeds of $10,000 and a loan of $150,000. The advance proceeds are forgivable and were recognized as revenue in the statement of activities for the period ended August 31, 2020. The loan bears interest at a rate of 2.75 % per annum with a maturity date of June 24, 2050. Principal and interest payments of $641 are due monthly beginning June 2021. The note is secured with assets of the Symphony. The outstanding balance was $149,703 at June 30, 2021.

Debt, exclusive of the PPP loan which has been forgiven, will require the following principal payments:

Year Ended June 30,	
2022	$ 153,568
2023	133,666
2024	45,209
2025	3,816
2026	3,922
Thereafter	131,127
	$ 471,308

NOTE H – RELATED PARTY TRANSACTIONS

The Symphony borrowed $90,000 and $165,000, respectively from members of the Board. The unsecured notes are non-interest bearing and due on demand. In prior years, $35,000 was forgiven and recognized as contribution revenue. In May 2021, the remaining $220,000 was forgiven and recognized as contribution revenue.

In March 2019, the Symphony borrowed $200,000 from a member of the Board. The unsecured note is non-interest bearing, principal due at maturity on March 31, 2022. In April 2021, the entire $200,000 was forgiven and recognized as contribution revenue for the debt forgiveness.

NOTE I – PAYROLL TAX LIABILITY

The Symphony has elected to defer the deposit and payment of the employer's share of Social Security taxes as allowed through the CARES Act. The deferral period began on March 27, 2020 and ended December 31, 2020. Included in accrued liabilities at June 30, 2021 is $99,248 related to the deferral. The Symphony paid 50% of the deferred liability in December 2021 and the remaining 50% will be paid by December 31, 2022.

NOTE J – CONTRIBUTED GOODS AND SERVICES

Certain businesses have made significant contributions to provide various services and office space to the Symphony. The value of these goods and services, totaling $53,797 in 2021, are reflected in the accompanying statements of activities.

NOTE K – PENSION FUND

The Symphony, under the terms of the collective bargaining agreement (CBA) beginning September 1, 2019 (see Note M), will contribute 5.0958% of all eligible staff musicians' earnings to the American Federation of Musicians' and Employees' Pension Fund (Fund) (EIN 51-6120204, Plan 001). The Fund is a multiemployer, noncontributory defined benefit pension fund covering individuals covered under CBAs of the American Federation of Musicians of the United States and Canada, AFL-CIO or one of its affiliated local unions (Union).

The multiemployer pension funds allow musicians to maintain the same pension account when they move between employers who participate in the Fund were single employer pension funds only allow for workers to build their share in a Fund while they are employees. Multiemployer and single employer funds require contributions, but trustees of multiemployer funds can choose to sue a participating employer that fails to pay contributions on time. In the December 31, 2018 financial statements of the Fund it was disclosed that in April 2010, the Fund went into critical status and the Board of Trustees adopted a Rehabilitation Plan that was designed to improve the Fund's financial health and allow it to emerge from critical status within ten years. As the Fund is not currently projected to emerge from critical status, the Rehabilitation Plan has been amended to employ reasonable measures to forestall insolvency and does not have a definite term. The Rehabilitation Plan requires additional employer contributions to the Fund under the CBAs. If the CBA has not been amended, the Rehabilitation Plan requires a 10% surcharge on contributions.

In March 2021, congress passed the American Rescue Plan Act of 2021 which includes the Butch Lewis Emergency Pension Plan Relief Act of 2021. The law appropriates money to pensions in declining and critical status allowing the pensions earned to continue to be paid.

NOTE K – PENSION FUND – continued

The Symphony's contributions to the Fund totaled $39,987 for the ten months ended June 30, 2021, which is less than 5% of total Fund contributions. The Symphony was not required to pay a surcharge on their contributions.

NOTE L – OPERATING LEASES

The Symphony leases certain facilities and equipment under non-cancelable operating leases with third parties. Rent expense on these leases totaled approximately $8,800 for the ten months ended June 30, 2021.

Future rental commitments under the operating leases are as follows:

2021	$	7,566
2022		8,864
2023		8,864

NOTE M – COLLECTIVE BARGAINING AGREEMENTS AND OTHER COMMITMENTS

The Symphony is obligated under a collective bargaining agreement (CBA) with the American Federation of Musicians (AFM Local 23) and also has entered into various employment and service contracts with employees, guest artists, and others. The CBA's purpose to promoting cooperation and harmony, to recognize common interests, to formulate and fix provisions governing the relationship between the Symphony and the Union, and to set and establish wage scales, hours of work and other terms and conditions of employment for all staff musicians. The agreement was renewed effective September 1, 2019 and continues through August 31, 2022.

In August 2020 the Symphony and the AFM Local 23 signed a Memorandum of Agreement (MOA) which modified the guaranteed minimum weeks and commitment for the second year of the CBA (September 1, 2020 - August 31, 2021) as a result of the COVID-19 pandemic. The MOA included September 2020 through January 2021 furloughs and an abbreviated season running from February 1, 2021 through June 5, 2021. The total orchestra expense was $1,175,000 for this period compared to $3,660,000 in the year end August 31, 2020.

The commitment under the CBA are as follows:

Season	Guaranteed Minimum Weeks	Commitment
2021-2022	31	$ 4,130,424

The Symphony's employment contract with its music director, emeritus for the next season has a commitment of $40,000. The Symphony's employment contract with its Executive Director effective through December 2023 has a remaining commitment of $400,000. Additionally, the Symphony has contracts for the upcoming season with various guest artist totaling $342,750.

NOTE N – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Symphony has negative working capital of $649,747 at June 30, 2021 (approximately $418,000 in financial assets available to meet cash needs for general expenditure). The line of credit is currently not being utilized and the entire amount is available to the Symphony. The 2021 season was short due to the COVID-19 virus that has caused disruption to business throughout the United States.

During fiscal year 2021, management was able to continue to pay the musicians and administrative staff with proceeds of the PPP loan (See Note G). In August 2020, the Symphony worked with the AFM Local 23 and reached a Memorandum of Agreement (MOA) for year two of the 2019-2022 CBA. This MOA provided relief to reduce expenses and make operating through the pandemic possible while simultaneously addressing debt. The MOA also provides options to reopen and negotiate year three of the CBA.

The pandemic caused significant changes to the strategic and long-term funding plan. The Symphony obtained a second PPP loan, which was fully forgiven subsequent to fiscal year end and received the COVID-19 Shutter Venue Operators Grant in two installments which totaled $577,260. Management is committed to investing in and running best practice fundraising and marketing programs. While the pandemic has reduced ticket sales due to reduced performances and venue capacity, the Symphony's annual fundraising is performing as expected with an increase of over 20% in donors in January 2021. The 2020 – 2021 season was abbreviated to include 9 weeks of programs.

Additionally, the 2022 season is being postponed due to the musicians being on a strike (See Note O). Management and the Board are dedicated to the survival of the Symphony but, under the current economic environment, there is substantial doubt about the Symphony's ability to continue as a going concern.

NOTE O – CONTINGENCY

The AFM Local 23 filed a grievance stating the Symphony had violated the terms of the August 2020 MOA. On September 27, 2021, the musicians of the Symphony went on strike due to an impasse in negotiations. The Union has until December 9, 2021 to request a panel of Arbitrators. On October 29, 2021, the Symphony filed an unfair labor practice charge against the Union with the Union responding with a similar charge on November 5, 2021. The National Labor Relations Board Region 16 will hear these cases. Currently, the likely outcome of these disputes is unknown. The Symphony has not recorded a liability in the event of a negative outcome.

NOTE P – CURRENT ECONOMIC CONDITIONS

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen which could impact the Symphony's operations. Mandated and voluntary closings have caused various business disruptions and created volatility in the economy. While these disruptions are currently expected to be temporary, there is considerable uncertainty around the duration or the effect of the stock market. Any related financial impact and duration cannot be reasonably estimated at this time. The Symphony is dependent on contributions and grants from individuals, corporations and foundations throughout the surrounding area. It is unknown if funding from these traditional sources will continue to be available in the same amounts or align with the focus of the Symphony.