



FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016



Leaf & Cole, LLP
Certified Public Accountants

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
San Diego Youth Symphony and Conservatory

Report on the Financial Statements

We have audited the accompanying financial statements of San Diego Youth Symphony and Conservatory, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Youth Symphony and Conservatory as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of functional expenses for the years ended June 30, 2017 and 2016 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Leaf & Cole LLP

San Diego, California
November 27, 2017

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

ASSETS

	<u>2017</u>	<u>2016</u>
<u>Current Assets:</u> (Notes 2 and 4)		
Cash and cash equivalents	\$ 70,482	\$ 101,654
Grants receivable	114,347	166,696
Other receivables	29,709	29,435
Pledges receivable	18,988	24,000
Prepaid expenses	22,895	13,331
Total Current Assets	<u>256,421</u>	<u>335,116</u>
<u>Noncurrent Assets:</u> (Notes 2, 3, 4, 5, 6, 7 and 8)		
Pledges receivable, net	21,691	-
Investments	1,410,329	1,345,172
Charitable remainder unitrust	243,674	221,758
Musical instruments	561,638	511,020
Property and equipment, net	75,907	95,719
Beneficial interest in endowment funds	240,250	225,365
Total Noncurrent Assets	<u>2,553,489</u>	<u>2,399,034</u>
TOTAL ASSETS	<u><u>\$ 2,809,910</u></u>	<u><u>\$ 2,734,150</u></u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Note 2)		
Accounts payable and accrued expenses	\$ 95,402	\$ 116,763
Deferred revenue	37,745	30,940
Total Current Liabilities	<u>133,147</u>	<u>147,703</u>
<u>Net Assets:</u> (Notes 2, 9, 10 and 11)		
Unrestricted:		
Undesignated	551,602	508,698
Undesignated spending allowance	37,255	45,056
Board designated Quasi-endowment	479,580	416,342
Total Unrestricted	<u>1,068,437</u>	<u>970,096</u>
Temporarily restricted	530,786	583,012
Permanently restricted	1,077,540	1,033,339
Total Net Assets	<u>2,676,763</u>	<u>2,586,447</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,809,910</u></u>	<u><u>\$ 2,734,150</u></u>

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

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
Revenue and Support:								
Contributions	\$ 424,997	\$ 166,486	\$ 7,400	\$ 598,883	\$ 448,571	\$ 255,975	\$ 17,870	\$ 722,416
Tuition and fees	357,742	-	-	357,742	372,607	-	-	372,607
Program revenue	351,703	-	-	351,703	283,023	-	-	283,023
Fundraising activities	205,182	500	-	205,682	203,002	-	-	203,002
City of San Diego Commission for Arts and Culture	167,270	-	-	167,270	110,802	-	-	110,802
Government grants	-	106,900	-	106,900	-	96,091	-	96,091
In-kind donations	49,162	-	-	49,162	45,767	-	-	45,767
Other income	780	-	-	780	1,312	-	-	1,312
Investment income (loss)	131,651	16,873	47,110	195,634	(60,571)	18,916	(27,144)	(68,799)
Net assets released from restrictions	353,294	(342,985)	(10,309)	-	291,875	(281,835)	(10,040)	-
Total Revenue and Support	2,041,781	(52,226)	44,201	2,033,756	1,696,388	89,147	(19,314)	1,766,221
Expenses:								
Music program	1,372,450	-	-	1,372,450	1,289,533	-	-	1,289,533
Supporting Services:								
General and administrative	241,526	-	-	241,526	200,017	-	-	200,017
Fundraising	286,561	-	-	286,561	301,357	-	-	301,357
Total Supporting Services	528,087	-	-	528,087	501,374	-	-	501,374
Total Program and Supporting Services	1,900,537	-	-	1,900,537	1,790,907	-	-	1,790,907
Fundraising Activities	42,903	-	-	42,903	41,324	-	-	41,324
Total Expenses	1,943,440	-	-	1,943,440	1,832,231	-	-	1,832,231
Change in Net Assets	98,341	(52,226)	44,201	90,316	(135,843)	89,147	(19,314)	(66,010)
Net Assets at Beginning of Year	970,096	583,012	1,033,339	2,586,447	1,105,939	493,865	1,052,653	2,652,457
NET ASSETS AT END OF YEAR	\$ 1,068,437	\$ 530,786	\$ 1,077,540	\$ 2,676,763	\$ 970,096	\$ 583,012	\$ 1,033,339	\$ 2,586,447

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

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 90,316	\$ (66,010)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	47,619	46,008
Loss on disposal of property and equipment	80	-
Realized and unrealized (gains) losses on investments	(128,155)	70,223
Donated musical instruments	(33,590)	(19,427)
Permanently restricted contributions	(7,400)	(17,870)
Permanently restricted investment (income) loss	(47,110)	27,144
Permanently restricted distributions	10,309	10,040
(Increase) Decrease in:		
Grants receivable	52,349	(60,609)
Other receivables	(274)	(26,191)
Pledges receivable, net	(16,679)	15,490
Prepaid expenses	(9,564)	13,017
Increase (Decrease) in:		
Accounts payable and accrued expenses	(21,361)	(20,363)
Deferred revenue	6,805	(5,805)
Net Cash Used in Operating Activities	<u>(56,655)</u>	<u>(34,353)</u>
<u>Cash Flows From Investing Activities:</u>		
Investment purchases and sales, net	62,998	14,347
Change in charitable remainder unitrust	(21,916)	22,349
Purchase of musical instruments	(17,028)	(1,740)
Purchase of property and equipment	(27,887)	(16,377)
Change in beneficial interest in endowment funds	(14,885)	14,835
Net Cash Provided by Investing Activities	<u>(18,718)</u>	<u>33,414</u>
<u>Cash Flows From Financing Activities:</u>		
Permanently restricted contributions	7,400	17,870
Permanently restricted investment income (loss)	47,110	(27,144)
Permanently restricted distributions	(10,309)	(10,040)
Net Cash Provided by (Used in) Financing Activities	<u>44,201</u>	<u>(19,314)</u>
Net Decrease in Cash and Cash Equivalents	(31,172)	(20,253)
Cash and Cash Equivalents at Beginning of Year	<u>101,654</u>	<u>121,907</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 70,482</u></u>	<u><u>\$ 101,654</u></u>

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

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1 - Organization:

San Diego Youth Symphony and Conservatory (the “Symphony”) was organized in 1948 under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The Symphony is the sixth oldest continuously operating youth orchestra in the United States. Based in Balboa Park, it is the San Diego region’s leading youth music education organization. The Symphony is committed to developing student performance skills and character through music education and has the goal of “Making Music Education Accessible and Affordable to All.”

Mission| Vision | Values

Mission

Instill excellence in the musical and personal development of students through rigorous and inspiring musical training experiences.

Vision

Make Music Education Accessible and Affordable for All

Core Values

- Personal Achievement — Motivating and facilitating performance excellence
- Inclusiveness — Embracing diversity and promoting collective learning
- Community Leadership — Developing respectful and responsible citizenship for the greater good

Leading the Cause for Music Education

The Symphony believes that every young person inspired by the art and rigor of making music embodies a future rich with hope, joy and the rewards of personal achievement and community involvement. For these reasons, the Symphony continues to advance its vision of making high quality music education accessible and affordable for all students. It pursues this vision through the following four Impact Areas.

Personal Musical Achievement

The Symphony’s conservatory programs in Balboa Park offer students at every level the opportunity to achieve aspirations of personal and artistic excellence. Over six hundred aspiring musicians, aged 8 to 25 from as far as Riverside and Imperial Counties and northern Baja California, Mexico, participate. Students gather every Saturday and Sunday to rehearse under the guidance of Music Director Jeff Edmons and the Symphony’s expert faculty as they prepare for eight concerts in professional performance venues. The Inspiration, Showcase and Ovation programs offer three tiers of increasingly advanced instruction. To supplement its core orchestral and wind ensemble instruction, the Symphony offers chamber music, concerto competitions, mentoring programs, music theory classes, sponsored private lessons and more. Through a partnership with La Jolla Music Society (“LJMS”), the Symphony’s advanced Chamber Orchestra performs with world-class artists on the LJMS winter concert series. The Symphony and LJMS also run The Music Institute, which provides students in 9th through 12th grades with college level instruction in music theory, music history, conducting, and chamber music as well as master classes and performance opportunities with visiting artists. Each summer, the Symphony collaborates with Rotary Youth Exchange to host an International Youth Symphony which attracts the finest young musicians from around the world to play alongside San Diego’s most talented youth musicians. Symphony musicians also receive invitations to the nation’s leading summer programs, including Carnegie Hall National Youth Orchestra of the United States, National Symphony Summer Institute, Tanglewood Music Institute, and LA Phil Take A Stand Festival.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1 - Organization: (Continued)

Personal and Community Access

The Symphony opens pathways and aligns resources to ensure access to music education for all children. It collaborates with schools and districts to restore and strengthen music programs locally and nationally.

The Symphony launched the Community Opus Project (“Opus”) in 2010 in partnership with the Chula Vista Elementary School District (“CVESD”). Opus has grown from 65 students in its first year to over 350 students with after school music instruction. CVESD data show Opus students have better attendance rates, improved test scores in English and math, decreased disciplinary issues and more engaged parents. As a result of Opus’ strong educational outcomes, the CVESD committed \$15 million in June 2015 to fully restore arts education to the regular school day curriculum for all 29,000 District students. This was the largest single year expansion to arts education in the country and a direct result of the Symphony and CVESD partnership. The CVESD renewed its \$15 million arts education investment in June 2017 to extend through the 2020-21.

The Symphony also collaborates with other schools and community partners to expand access to music education across the region. The Symphony’s advisory involvement with the Fortissimo program modeled on Opus has resulted in San Marcos Unified School District returning music education to the school day at all eleven of its elementary schools. Additional partnerships with Casa de Amistad, Gompers Prep Academy, and the Hoover High cluster of schools in the San Diego neighborhood of City Heights are all devoted to strengthening music in schools.

The Symphony is devoted to ensuring access to its conservatory programs by providing need-based tuition waivers as well as instrument loans, sponsored lessons and free tickets for low income eligible families. In 2016-17, the Symphony provided 98 students with \$62,925 in need-based tuition assistance and 54 students with sponsored lessons to support individual improvement. 42 Community Opus Project musicians participated in the conservatory programs alongside their peers from across the region. Additionally, the Symphony collaborates with organizations that serve under-resourced youth through the Tickets with Purpose program to give 550 tickets to low income children and families for free access to performances.

The newest Symphony initiative is Baby and Me Music. This early childhood music offering focuses on child and parent bonding through shared music making and movement. The Symphony runs the program at its Balboa Park location and community sites.

Research, Measurement, and Evaluation

Essential to advancing the cause of music education for all children is having strong evidence of the value of music education to share. The Symphony collaborates with multiple partners to gather and analyze the many outcomes associated with music learning.

Its primary research partner is CVESD. CVESD analyzes their own data and provides it to additional Symphony research partners for analysis. The most profound impact CVESD identified as a result of its district-wide return of music and arts education was a half percent increase in student attendance across the entire system. Not only does this bode well for student learning, but it also brought an extra \$500,000 to the district. The Symphony and University of California, San Diego researchers are now examining multi-year attendance data to identify patterns associated with student access to more robust music learning opportunities.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1 - Organization: (Continued)

Research, Measurement, and Evaluation (Continued)

The Symphony participated in a national research partnership with the Longy School of Music at Bard College and Wolf Brown. The study tracks the social and academic achievements of student musicians in El Sistema-inspired programs compared to each other and non-music students across the country. Key findings show Opus students, who receive two afternoons of music instruction per week, are advancing musically at the same rate as students receiving five days of instruction in other cities. Simultaneously, Opus musicians are showing the largest increases in Academic Behavior measures compared to both the local control group and their national peers. These outcomes affirm Opus contributes to strong preparation for students' ongoing success in school.

The Symphony's five-year SIMPHONY Study with University of California, San Diego's Center for Human Development examines how music learning affects the physical development of the brain, language acquisition and attention. Early results show that students learning music have the more stable progression than the control group in multiple areas of learning. These include perception and cognition to language and vocabulary growth. This study has received international and national media coverage for its role in advancing the emerging field of Music Cognition as it utilizes brain imaging and cognitive tests to map physical changes in the brain and associated capacities.

Storytelling, Awareness, and Advocacy

The Symphony educates the community and the nation about the value of music education and shares stories of individual and social change resulting from music education. Individual student stories garner attention for the Symphony and the cause of music education in the media. KPBS profiled the Symphony's role in providing a new musical home for two sisters when they arrived in San Diego after fleeing the war in Syria. Their story was picked up nationally as an example of the power of the arts to create stability and continuity for young people experiencing extreme change or disruption. The Symphony's impact is widely shared by national funders and partners. The National Endowment for the Arts, Education Commission of the State/Arts Education Partnership, University of California TV, and the NAMM Foundation have all published online, video, or print content featuring the Symphony.

The Symphony uses multiple means to convey the power of music education and share lessons learned in collaboration with school districts. The Symphony meets routinely with policy makers and elected officials to influence decisions that strengthen music education. Likewise, the Symphony speaks locally, regionally and nationally at conferences, on webinars, and during legislative hearings. Recent presentations include Grantmakers for Education, California School Board Association, Miami Performing Arts Council, Los Angeles Philharmonic Take A Stand Symposium, Los Angeles Arts Education Innovation Lab, Sally Ride Science and Society for Music, Cognition and Perception.

To further advance its vision, the Symphony consults with philanthropists, school leaders, and parents to share its knowledge and experience locally and nationally. This enables the Symphony to influence the return of music education well beyond the direct reach of its own programs.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Symphony have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Symphony and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Symphony. The income from these assets is available for either general operations or specific programs as specified by the donor.

The FASB has issued reporting standards for endowments of not-for-profit Organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Symphony invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Significant Accounting Policies:(Continued)

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Symphony's statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual and exchange traded funds and common stocks are considered Level 1 assets and are reported at fair value based on quoted net asset values of the shares held at the measurement date.
- Investments in fixed income securities are considered Level 2 assets and are reported at fair value based on quoted prices in active markets for similar assets at the measurement date.
- Charitable remainder unitrust is considered a Level 3 asset and is reported at fair value based on management's assumptions about the expected investment return on the underlying trust assets, an applicable discount rate and the life expectancy of the donor.
- Beneficial interest in endowment funds held at San Diego Foundation is considered a Level 3 asset which represents the fair value of the underlying assets as reported by San Diego Foundation.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all grants, other and pledges receivable are fully collectible; therefore, no allowance for doubtful grants, other and pledges receivable was recorded at June 30, 2017 and 2016.

Musical Instruments

The Symphony has a collection of musical instruments that they have purchased or have received as donations. The estimated fair value of this collection has been included as an asset totaling \$561,638 and \$511,020 at June 30, 2017 and 2016, respectively.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Significant Accounting Policies:(Continued)

Capitalization and Depreciation

The Symphony capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Symphony reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Symphony reclassifies temporarily restricted net assets to unrestricted net assets at that time. Maintenance, repairs and minor renewals are charged to operations as incurred. Property and equipment is depreciated using the straight-line method over the estimated useful lives as follows:

Tenant improvements	7 - 10 years
Music equipment	5 - 10 years
Office equipment and furnishings	3 - 7 years

Depreciation totaled \$47,619 and \$46,008 for the years ended June 30, 2017 and 2016, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Compensated Absences

Accumulated unpaid vacation benefits totaling \$32,962 and \$42,896 at June 30, 2017 and 2016, respectively, are accrued when incurred and included in accounts payable and accrued expenses.

Revenue and Expense Recognition

Revenues from tuition, fees and expenses directly associated with a future performance or event are deferred until the fiscal year in which the performance or event occurs. Prepaid expenses related to future performances and events totaled \$11,841 and \$3,969 at June 30, 2017 and 2016, respectively and are included in prepaid expenses. Deferred revenues from tuition and fees totaled \$37,745 and \$30,940 at June 30, 2017 and 2016, respectively.

Contributions are recognized when the donor makes a promise to give to the Symphony that is in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets.

Donated Services and Facilities

The Symphony occupies office and rehearsal halls in facilities donated by the San Diego Parks and Recreation. Donated facilities totaled \$11,200 and \$11,200 for of the years ended June 30, 2017 and 2016, recorded at fair value and have been included in revenue and expenses.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Significant Accounting Policies:(Continued)

Donated Services and Facilities (Continued)

The Symphony received donated musical instruments. These donated musical instruments are recorded at fair value and totaled \$33,590 and \$19,427 for the years ended June 30, 2017 and 2016, respectively, and have been included in revenue and musical instruments. The Symphony has received donations for professional services and supplies. The professional services and supplies are recorded at fair value and totaled \$4,372 and \$15,140 for the years ended June 30, 2017 and 2016, respectively, and have been included in revenue and expenses.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Symphony with specific programs and various committee assignments. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended June 30, 2017 and 2016, did not meet the requirements above, therefore no amounts were recognized in the financial statements for volunteer time.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of internal records and estimates made by the Symphony's management.

Income Taxes

The Symphony is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Symphony believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Symphony is not a private foundation.

The Symphony's Return of Organization Exempt from Income Tax for the years ended June 30, 2017, 2016, 2015, and 2014 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

The Symphony maintains its cash in bank deposit accounts and money market funds which, at times, may exceed federally insured limits. The Symphony has not experienced any losses in such accounts. The Symphony believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Symphony considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Reclassification

The Symphony has reclassified certain prior year information to confirm with the current year presentation.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Significant Accounting Policies:(Continued)

Subsequent Events

In preparing these financial statements, the Symphony has evaluated events and transactions for potential recognition or disclosure through November 27, 2017, the date the financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2017			Balance at June 30, 2017
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common Stocks:				
Domestic:				
Communication services	\$ 13,313	\$ -	\$ -	\$ 13,313
Consumer cyclical	87,735	-	-	87,735
Consumer defensive	71,916	-	-	71,916
Energy	21,061	-	-	21,061
Financial Services	59,739	-	-	59,739
Health care	83,309	-	-	83,309
Industrials	92,032	-	-	92,032
Materials	13,859	-	-	13,859
Real estate	5,395	-	-	5,395
Technology	117,899	-	-	117,899
Utilities	8,994	-	-	8,994
Foreign:				
Communication services	9,473	-	-	9,473
Consumer cyclical	18,741	-	-	18,741
Consumer defensive	14,803	-	-	14,803
Energy	8,288	-	-	8,288
Financial services	45,998	-	-	45,998
Health care	5,517	-	-	5,517
Industrials	25,951	-	-	25,951
Materials	11,411	-	-	11,411
Real estate	6,401	-	-	6,401
Technology	31,214	-	-	31,214
Total Common Stocks	<u>753,049</u>	<u>-</u>	<u>-</u>	<u>753,049</u>
Mutual Funds and Exchange Traded Funds:				
Emerging market funds	131,229	-	-	131,229
Exchange traded funds	87,636	-	-	87,636
Total Mutual Funds and Exchange Traded Funds	<u>218,865</u>	<u>-</u>	<u>-</u>	<u>218,865</u>
Fixed Income Securities:				
Corporate bonds	-	294,186	-	294,186
U.S. Treasury securities	-	69,396	-	69,396
U.S. Government bonds	-	74,833	-	74,833
Total Fixed Income Securities	<u>-</u>	<u>438,415</u>	<u>-</u>	<u>438,415</u>
Charitable remainder unitrust (Note 6)	-	-	243,674	243,674
Beneficial interest in endowment funds (Note 8)	-	-	240,250	240,250
	<u>\$ 971,914</u>	<u>\$ 438,415</u>	<u>\$ 483,924</u>	<u>\$ 1,894,253</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 3 - Fair Value Measurements: (Continued)

	2016			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2016
Common Stocks:				
Domestic:				
Communication services	\$ 7,945	\$ -	\$ -	\$ 7,945
Consumer cyclical	58,181	-	-	58,181
Consumer defensive	102,139	-	-	102,139
Energy	10,836	-	-	10,836
Financial services	50,681	-	-	50,681
Health care	69,432	-	-	69,432
Industrials	52,278	-	-	52,278
Materials	25,487	-	-	25,487
Real estate	7,134	-	-	7,134
Technology	108,174	-	-	108,174
Utilities	23,207	-	-	23,207
Foreign:				
Communication services	32,501	-	-	32,501
Consumer cyclical	22,051	-	-	22,051
Consumer defensive	22,560	-	-	22,560
Energy	11,270	-	-	11,270
Financial services	20,923	-	-	20,923
Health care	16,137	-	-	16,137
Industrials	30,535	-	-	30,535
Materials	19,093	-	-	19,093
Real estate	3,073	-	-	3,073
Technology	14,412	-	-	14,412
Utilities	4,683	-	-	4,683
Total Common Stocks	<u>712,732</u>	<u>-</u>	<u>-</u>	<u>712,732</u>
Mutual Funds and Exchange Traded Funds:				
Emerging market funds	139,089	-	-	139,089
Exchange traded funds	66,718	-	-	66,718
Total Mutual Funds and Exchange Traded Funds	<u>205,807</u>	<u>-</u>	<u>-</u>	<u>205,807</u>
Fixed Income Securities:				
Corporate bonds	-	287,137	-	287,137
U.S. Treasury securities	-	77,928	-	77,928
U.S. Government bonds	-	61,567	-	61,567
Total Fixed Income Securities	<u>-</u>	<u>426,632</u>	<u>-</u>	<u>426,632</u>
Charitable remainder unitrust (Note 6)	-	-	221,758	221,758
Beneficial interest in endowment funds (Note 8)	-	-	225,365	225,365
	<u>\$ 918,539</u>	<u>\$ 426,632</u>	<u>\$ 447,123</u>	<u>\$ 1,792,294</u>

The reconciliation for financial instruments measured at fair value on a recurring basis as significant unobservable inputs (Level 3) are included in the Notes as indicated above.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 3 - Fair Value Measurements: (Continued)

The following table represents the Symphony's Level 3 financial instruments, the valuation techniques used to measure the fair value of the financial instruments, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

		2017		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Charitable remainder unitrust	\$ 243,674	Present value of expected cash flows	Investment yield Discount rate	7% 7%
Beneficial interest in endowment funds	\$ 240,250	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A

		2016		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Charitable remainder unitrust	\$ 221,758	Present value of expected cash flows	Investment yield Discount rate	7% 7%
Beneficial interest in endowment funds	\$ 225,365	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A

Note 4 - Pledges Receivable:

Pledges receivable consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Due in less than one year	\$ <u>18,988</u>	\$ <u>24,000</u>
Due in more than five years	25,000	-
Less: Discount to present value	<u>(3,309)</u>	<u>-</u>
Total Noncurrent, Net	<u>21,691</u>	<u>-</u>
Total Pledges Receivable, Net	<u>\$ 40,679</u>	<u>\$ 24,000</u>

The pledges receivable have been discounted to their present value using a discount rate of 2.4% at June 30, 2017.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 5 - Investments:

Investments consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Common stocks	\$ 753,049	\$ 712,733
Fixed income securities	438,415	426,632
Mutual funds and exchange traded funds	218,865	205,807
Total Investments	<u>\$ 1,410,329</u>	<u>\$ 1,345,172</u>

The following schedule summarizes the investment income (loss) for the years ended June 30:

	2017			Total 2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Interest and dividends	\$ 19,203	\$ 16,873	\$ -	\$ 36,076
Realized and unrealized gains	128,155	-	26,315	154,470
Charitable remainder unitrust	-	-	21,916	21,916
Investment fees	(15,707)	-	(1,121)	(16,828)
Total Investment Income	<u>\$ 131,651</u>	<u>\$ 16,873</u>	<u>\$ 47,110</u>	<u>\$ 195,634</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
Interest and dividends	\$ 21,498	\$ 18,916	\$ -	\$ 40,414
Realized and unrealized losses	(70,223)	-	(3,713)	(73,936)
Charitable remainder unitrust	-	-	(22,349)	(22,349)
Investment fees	(11,846)	-	(1,082)	(12,928)
Total Investment (Loss) Income	<u>\$ (60,571)</u>	<u>\$ 18,916</u>	<u>\$ (27,144)</u>	<u>\$ (68,799)</u>

Note 6 - Charitable Remainder Unitrust:

The Symphony was named as the remainder beneficiary of a charitable remainder unitrust (the "Trust"). The Trust was established and funded by the donor and provides for a distribution annually to the donor during their lifetime. Upon the death of the donor, the remaining value of the Trust will be distributed to the Symphony subject to the donor restriction that the corpus be maintained in perpetuity. The assets held in the Trust totaling \$362,708 and \$338,764 at June 30, 2017 and 2016, respectively have been discounted to their net present value using a discount rate of 7%. The activity of the charitable remainder unitrust consisted of the following for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Balance at Beginning of Year	\$ 221,758	\$ 244,107
Change in discount and fair value	21,916	(22,349)
Balance at End of Year	<u>\$ 243,674</u>	<u>\$ 221,758</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Tenant improvements	\$ 296,920	\$ 296,920
Music equipment	59,021	52,720
Office equipment and furnishings	76,469	74,323
Construction in progress	30,000	12,000
Subtotal	<u>462,410</u>	<u>435,963</u>
Less: Accumulated depreciation	<u>(386,503)</u>	<u>(340,244)</u>
Property and Equipment, Net	<u>\$ 75,907</u>	<u>\$ 95,719</u>

Note 8 - Beneficial Interest in Endowment Funds:

The Symphony has a beneficial interest in endowment funds held at San Diego Foundation, which are classified as permanently restricted as these investments must be maintained in perpetuity. The beneficial interest in endowment funds is invested in a portfolio of equity and debt securities, which is structured for long-term total return, consisting of 28% international equities, 24% domestic equities, 20% alternative investments, 17% fixed income, 7% real estate and 4% commodities. The Symphony receives distributions of earnings on an annual basis. The distributions are used to further the Symphony's mission of providing the San Diego community with challenging and exciting music at a high artistic level. The Symphony received \$10,309 and \$10,040 in distributions for the years ended June 30, 2017 and 2016, respectively.

The activity in the beneficial interest in endowment funds consisted of the following for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Balance at Beginning of Year	\$ 225,365	\$ 240,200
Investment income (loss)	26,315	(3,713)
Investment fees	(1,121)	(1,082)
Distributions	<u>(10,309)</u>	<u>(10,040)</u>
Balance at End of Year	<u>\$ 240,250</u>	<u>\$ 225,365</u>

Note 9 - Undesignated Spending Allowance:

San Diego Youth Symphony Board of Trustees has established a spending policy for the General Endowment and Board Designated Quasi-Endowment. The amount to be allocated to the Spending Allowance annually is 5% of the \$100,000 threshold below the combined value of the Board Designated Quasi-Endowment Funds plus the General Endowment Funds (the "Funds"). The Spending Allowance allocation for the years ended June 30, 2017 and 2016 was calculated based on the December 31, 2016 and 2015 value of the Funds, respectively. The matrix below serves as the guide to making this calculation. Higher and lower value \$100,000 thresholds will be applied if the combined Funds rise above or drop below those listed as follows:

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 9 - Undesignated Spending Allowance: (Continued)

\$700,000 to \$800,000	5% of \$700,000 = \$35,000
\$800,000 to \$900,000	5% of \$800,000 = \$40,000
\$900,000 to \$1,000,000	5% of \$900,000 = \$45,000
\$1,000,000 to \$1,100,000	5% of \$1,000,000 = \$50,000

The value calculated on this basis is moved to the Spending Allowance and is available for the management to spend at their discretion. Any additional income is added to the Board Designated Quasi-Endowment and becomes subject to the above restrictions.

The activity of the Undesignated Spending Allowance consisted of the following for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Undesignated Spending Allowance at Beginning of Year	\$ 45,056	\$ 66,770
Allocation	35,000	35,000
Discretionary allocation	33,000	-
Expenditures	<u>(75,801)</u>	<u>(56,714)</u>
Undesignated Spending Allowance at End of Year	<u>\$ 37,255</u>	<u>\$ 45,056</u>

Note 10 - Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of contributions and endowment earnings received with time or purpose restrictions and consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Moeser Memorial	\$ 368,077	\$ 385,061
Opus Program	123,801	189,690
Pledges receivable, net	21,691	-
Young-Sharin Scholarship Fund	9,111	-
Inge Manes Memorial Fund	2,481	2,796
Kawashima Fund - Associate Concert Master	1,362	1,396
Blair and Georgia Sadler Fund - Scholarship	716	785
Elaine and Stanley Goff Fund - Scholarship	619	698
Chelsea King Scholarship – French Horn	517	583
Encore	500	-
Eleanor M. Young Scholarship Fund - Cello	421	475
Betty R. Hiller Scholarship Fund	389	330
La Jolla Debutante Ball Committee - Violin	371	419
Carson Kemp Memorial Fund - Nominated Scholarship	296	291
Julie E. Brewer Conductor’s Achievement Award - Scholarship	248	279
Clark Piano Fund	<u>186</u>	<u>209</u>
Total Temporarily Restricted Net Assets	<u>\$ 530,786</u>	<u>\$ 583,012</u>

Net assets in the amount of \$342,985 and \$281,835 were released from donor restrictions for the years ended June 30, 2017 and 2016, respectively, by incurring expenses satisfying the purpose or time restrictions specified by donors.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 11 - Endowment Net Assets:

The Symphony's endowment consists of individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. The Symphony holds and manages fifteen of the funds, with the remaining fund held and managed by San Diego Foundation.

Symphony Managed Funds

In regards to the funds held and managed by the Symphony, the Symphony has interpreted the enacted version of the UPMIFA 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 permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent 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 donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Symphony in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Symphony considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Symphony and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Symphony
- The investment policies of the Symphony

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Symphony to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2017 and 2016.

The Symphony has adopted investment and spending policies for endowment funds that:

- Manage the funds in a prudent manner recognizing risk and return tradeoffs
- Maintain a diversified portfolio that provides for asset growth through a combination of investment income and capital appreciation comparable to established industry benchmarks
- Maintain sufficient liquidity to fund expenses and support the spending policy
- Comply with applicable laws

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 11 - Endowment Net Assets: (Continued)

Symphony Managed Funds (Continued)

The Symphony's endowment funds are invested in a diversified portfolio of individual securities and mutual funds that are structured 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).

On an annual basis, the interest and dividends earned on the restricted endowment funds are added to temporarily restricted net assets. The Symphony's spending policy in regards to these funds is to disburse them for their restricted purpose to meet the current program needs of the Symphony. The Symphony's spending policy in regards to the General Endowment funds (with no specific donor intention) and the Board Designated-Quasi Endowment funds is described in Note 9.

San Diego Foundation Managed Funds

The Symphony has a beneficial interest in endowment funds that are held at San Diego Foundation (the "Foundation"). The Foundation manages the funds in accordance with UPMIFA. The Foundation's objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require the Symphony to retain as a fund of perpetual duration. The Symphony classifies permanently restricted net assets held by the Foundation as:

- The original value of gifts donated to the fund
- The original value of Symphony funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income and realized and unrealized gains and losses on investments
- Distributions from the fund in accordance with the spending policy

The Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Foundation's endowment funds are invested in a portfolio of equity and debt securities, which is structured for long-term total return. The Foundation's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 11 - Endowment Net Assets: (Continued)

Endowment composition by type of fund at June 30:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
Donor Restricted Endowment Funds:				
Charitable Remainder Unitrust	\$ -	\$ -	\$ 243,674	\$ 243,674
San Diego Foundation - General	-	-	240,250	240,250
Joan Kroc Fund - General	-	-	125,000	125,000
R.P. Foundation - General	-	-	125,000	125,000
Inge Manes Memorial Fund	-	2,481	100,150	102,631
Kawashima Fund - Associate Concert Master	-	1,362	55,000	56,362
Dorothy and Joel Sollender Fund - General	-	-	37,500	37,500
Blair and Georgia Sadler Fund - Scholarship	-	716	29,200	29,916
Elaine and Stanley Goff Fund - Scholarship	-	619	25,000	25,619
Chelsea King Scholarship – French Horn	-	517	20,867	21,384
Eleanor M. Young Scholarship Fund - Cello	-	421	17,000	17,421
La Jolla Debutante Ball Committee - Violin	-	371	15,000	15,371
Betty R. Hiller Scholarship Fund	-	389	15,733	16,122
Carson Kemp Memorial Fund - Nominated Scholarship	-	296	10,666	10,962
Julie E. Brewer Conductor’s Achievement Award - Scholarship	-	248	10,000	10,248
Clark Piano Fund	-	186	7,500	7,686
Total Donor Restricted Endowment Funds	-	7,606	1,077,540	1,085,146
Board Designated-Quasi Endowment	479,580	-	-	479,580
Total Endowment Funds	\$ 479,580	\$ 7,606	\$ 1,077,540	\$ 1,564,726
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
Donor Restricted Endowment Funds:				
San Diego Foundation - General	\$ -	\$ -	\$ 225,365	\$ 225,365
Charitable Remainder Unitrust	-	-	221,758	221,758
Joan Kroc Fund - General	-	-	125,000	125,000
R.P. Foundation - General	-	-	125,000	125,000
Inge Manes Memorial Fund	-	2,796	100,150	102,946
Kawashima Fund - Associate Concert Master	-	1,396	50,000	51,396
Dorothy and Joel Sollender Fund - General	-	-	37,500	37,500
Blair and Georgia Sadler Fund - Scholarship	-	785	28,100	28,885
Elaine and Stanley Goff Fund - Scholarship	-	698	25,000	25,698
Chelsea King Scholarship – French Horn	-	583	20,867	21,450
Eleanor M. Young Scholarship Fund - Cello	-	475	17,000	17,475
La Jolla Debutante Ball Committee - Violin	-	419	15,000	15,419
Betty R. Hiller Scholarship Fund	-	330	14,433	14,763
Carson Kemp Memorial Fund - Nominated Scholarship	-	291	10,666	10,957
Julie E. Brewer Conductor’s Achievement Award - Scholarship	-	279	10,000	10,279
Clark Piano Fund	-	209	7,500	7,709
Total Donor Restricted Endowment Funds	-	8,261	1,033,339	1,041,600
Board Designated-Quasi Endowment	416,342	-	-	416,342
Total Endowment Funds	\$ 416,342	\$ 8,261	\$ 1,033,339	\$ 1,457,942

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 11 - Endowment Net Assets: (Continued)

Changes in endowment net assets for the years ended June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at June 30, 2015	\$ 512,187	\$ 7,557	\$ 1,052,653	\$ 1,572,397
Investment return:				
Interest and dividends	21,224	8,261	-	29,485
Investment expenses	(11,846)	-	(1,082)	(12,988)
Net realized and unrealized losses	(70,223)	-	(26,062)	(96,285)
Total Investment Return	(60,845)	8,261	(27,144)	(79,728)
Contributions	-	-	17,870	17,870
Distribution of spending allowance	(35,000)	(7,557)	-	(42,557)
Distributions	-	-	(10,040)	(10,040)
Endowment Net Assets at June 30, 2016	416,342	8,261	1,033,339	1,457,942
Investment return:				
Interest and dividends	18,789	7,606	-	26,395
Investment expenses	(15,706)	-	(1,121)	(16,827)
Net realized and unrealized gains	128,155	-	48,231	176,386
Total Investment Return	131,238	7,606	47,110	185,954
Contributions	-	-	7,400	7,400
Distribution of spending allowance	(35,000)	(8,261)	-	(43,261)
Distributions	(33,000)	-	(10,309)	(43,309)
Endowment Net Assets at June 30, 2017	<u>\$ 479,580</u>	<u>\$ 7,606</u>	<u>\$ 1,077,540</u>	<u>\$ 1,564,726</u>

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	Supporting Services				Total 2017
	Music Program	General and Administrative	Fundraising	Total Supporting Services	
<u>Salaries and Related Expenses:</u>					
Salaries and wages	\$ 968,384	\$ 88,175	\$ 213,177	\$ 301,352	\$ 1,269,736
Payroll taxes and employee benefits	128,585	14,752	35,664	50,416	179,001
Total Salaries and Related Expenses	<u>1,096,969</u>	<u>102,927</u>	<u>248,841</u>	<u>351,768</u>	<u>1,448,737</u>
<u>Nonsalary Related Expenses:</u>					
Advertising and promotion	21,861	-	7,287	7,287	29,148
Awards	2,925	-	-	-	2,925
Balboa Park program expenses	6,224	-	-	-	6,224
Bank and credit card charges	-	9,687	-	9,687	9,687
Board and advocacy expenses	-	-	618	618	618
Board and employee training	4,515	1,204	301	1,505	6,020
BPOC services	870	435	435	870	1,740
Community program expenses	22,777	-	-	-	22,777
Concert expenses	24,423	-	-	-	24,423
Concert hall/rehearsal and office rent	61,969	6,000	-	6,000	67,969
Consession expenses	9,060	-	-	-	9,060
Copier	3,560	1,780	1,780	3,560	7,120
Database	3,211	-	3,211	3,211	6,422
Depreciation	7,115	40,504	-	40,504	47,619
Development	-	-	7,750	7,750	7,750
History center - storage and office	14,632	-	4,877	4,877	19,509
In-kind expenses	4,372	-	-	-	4,372
Insurance	-	18,256	-	18,256	18,256
Memberships and dues	-	8,248	-	8,248	8,248
Mileage, gas and parking	8,156	-	2,718	2,718	10,874
Minor equipment purchase and rental	7,693	-	-	-	7,693
Office and computer supplies	5,522	7,716	2,761	10,477	15,999
Program expenses	1,250	-	-	-	1,250
Postage and shipping	3,016	1,508	1,508	3,016	6,032
Printing	15,489	-	-	-	15,489
Professional services	27,278	37,437	-	37,437	64,715
Repairs and maintenance	4,909	875	875	1,750	6,659
Royalty fees	1,213	-	-	-	1,213
Staff expenses	2,549	1,275	1,275	2,550	5,099
Storage and janitorial	1,350	1,350	-	1,350	2,700
Telephone	4,648	2,324	2,324	4,648	9,296
Transportation	4,894	-	-	-	4,894
Total Nonsalary Related Expenses	<u>275,481</u>	<u>138,599</u>	<u>37,720</u>	<u>176,319</u>	<u>451,800</u>
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	\$ <u>1,372,450</u>	\$ <u>241,526</u>	\$ <u>286,561</u>	\$ <u>528,087</u>	\$ <u>1,900,537</u>

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	Supporting Services				Total 2016
	Music Program	General and Administrative	Fundraising	Total Supporting Services	
<u>Salaries and Related Expenses:</u>					
Salaries and wages	\$ 856,095	\$ 70,696	\$ 228,863	\$ 299,559	\$ 1,155,654
Payroll taxes and employee benefits	117,935	10,295	33,328	43,623	161,558
Total Salaries and Related Expenses	<u>974,030</u>	<u>80,991</u>	<u>262,191</u>	<u>343,182</u>	<u>1,317,212</u>
<u>Nonsalary Related Expenses:</u>					
Advertising and promotion	20,475	-	-	-	20,475
Awards	2,875	-	-	-	2,875
Balboa Park program expenses	19,716	-	-	-	19,716
Bank and credit card charges	-	13,031	-	13,031	13,031
Board and advocacy expenses	571	732	-	732	1,303
Board and employee training	3,546	-	3,546	3,546	7,092
BPOC services	870	435	435	870	1,740
China tour	279	-	-	-	279
Community program expenses	24,634	-	-	-	24,634
Concert expenses	18,631	-	-	-	18,631
Concert hall/rehearsal and office rent	60,473	6,000	-	6,000	66,473
Consession expenses	9,498	-	-	-	9,498
Copier	3,952	1,975	1,975	3,950	7,902
Database	8,089	-	8,089	8,089	16,178
Depreciation	6,270	39,738	-	39,738	46,008
Development	-	-	10,042	10,042	10,042
History center - storage and office	16,500	-	-	-	16,500
In-kind expenses	15,140	-	-	-	15,140
Insurance	-	15,871	-	15,871	15,871
Memberships and dues	-	7,116	-	7,116	7,116
Mileage, gas and parking	5,661	-	5,661	5,661	11,322
Minor equipment purchase and rental	10,332	-	-	-	10,332
Office and computer supplies	5,536	6,066	2,767	8,833	14,369
Program expenses	12,361	-	-	-	12,361
Postage and shipping	3,080	1,540	1,540	3,080	6,160
Printing	13,147	-	-	-	13,147
Professional services	36,606	20,551	-	20,551	57,157
Repairs and maintenance	3,822	1,437	1,437	2,874	6,696
Royalty fees	990	-	-	-	990
Staff expenses	1,534	767	767	1,534	3,068
Storage and janitorial	861	860	-	860	1,721
Telephone	5,813	2,907	2,907	5,814	11,627
Transportation	4,241	-	-	-	4,241
Total Nonsalary Related Expenses	<u>315,503</u>	<u>119,026</u>	<u>39,166</u>	<u>158,192</u>	<u>473,695</u>
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	\$ <u>1,289,533</u>	\$ <u>200,017</u>	\$ <u>301,357</u>	\$ <u>501,374</u>	\$ <u>1,790,907</u>