

1945-2020
75
YEARS

**SAN DIEGO
YOUTH SYMPHONY**

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



Leaf & Cole, LLP
Certified Public Accountants

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 25



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, 2020 and 2019, and the related statements of activities, functional expenses, 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.

To the Board of Directors
San Diego Youth Symphony and Conservatory

Page 2

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, 2020 and 2019, 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.

Leaf & Cole LLP

San Diego, California
January 11, 2021

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
<u>Current Assets:</u> (Notes 2 and 5)		
Cash and cash equivalents	\$ 197,943	\$ 54,243
Grants receivable	52,210	33,068
Other receivables	4,917	6,263
Pledges receivable	9,416	3,300
Prepaid expenses	24,146	16,872
Total Current Assets	<u>288,632</u>	<u>113,746</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 5, 6, 7, 8 and 9)		
Pledges receivable, net	21,691	21,691
Investments	1,561,559	1,461,865
Deposits	3,476	-
Charitable remainder unitrust	230,560	247,116
Musical instruments	661,015	649,680
Property and equipment, net	58,544	47,693
Beneficial interest in endowment funds	234,430	242,628
Total Noncurrent Assets	<u>2,771,275</u>	<u>2,670,673</u>
TOTAL ASSETS	\$ <u>3,059,907</u>	\$ <u>2,784,419</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 14)		
Accounts payable and accrued expenses	\$ 126,637	\$ 117,590
Deferred revenue	308,015	36,527
Total Current Liabilities	<u>434,652</u>	<u>154,117</u>
<u>Commitments and Contingencies</u> (Notes 10 and 14)		
<u>Net Assets:</u> (Notes 2, 11, 12 and 13)		
Without Donor Restrictions:		
Undesignated	329,377	411,466
Undesignated spending allowance	52,255	42,255
Board designated quasi-endowment	458,799	479,933
Total Without Donor Restrictions	<u>840,431</u>	<u>933,654</u>
With Donor Restrictions:		
Purpose restrictions	624,655	559,425
Perpetual in nature	1,160,169	1,137,223
Total With Donor Restrictions	<u>1,784,824</u>	<u>1,696,648</u>
Total Net Assets	<u>2,625,255</u>	<u>2,630,302</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,059,907</u>	\$ <u>2,784,419</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, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 495,936	\$ 168,070	\$ 664,006	\$ 297,473	\$ 129,600	\$ 427,073
Conservatory tuition and fees	464,368	-	464,368	404,791	-	404,791
Other program revenue	204,901	-	204,901	294,563	-	294,563
Fundraising activities	142,188	-	142,188	187,087	-	187,087
City of San Diego Commission for Arts and Culture	135,666	-	135,666	139,783	-	139,783
Government grants	67,400	-	67,400	-	112,300	112,300
In-kind donations	47,792	-	47,792	44,738	-	44,738
Investment income	18,866	9,283	28,149	41,848	77,065	118,913
Other income	609	-	609	-	-	-
Net assets released from restrictions	89,177	(89,177)	-	329,237	(329,237)	-
Total Revenue and Support	<u>1,666,903</u>	<u>88,176</u>	<u>1,755,079</u>	<u>1,739,520</u>	<u>(10,272)</u>	<u>1,729,248</u>
Expenses:						
Music program	<u>1,154,721</u>	<u>-</u>	<u>1,154,721</u>	<u>1,328,700</u>	<u>-</u>	<u>1,328,700</u>
Supporting Services:						
General and administrative	206,208	-	206,208	233,460	-	233,460
Fundraising	399,197	-	399,197	362,254	-	362,254
Total Supporting Services	<u>605,405</u>	<u>-</u>	<u>605,405</u>	<u>595,714</u>	<u>-</u>	<u>595,714</u>
Total Expenses	<u>1,760,126</u>	<u>-</u>	<u>1,760,126</u>	<u>1,924,414</u>	<u>-</u>	<u>1,924,414</u>
Change in Net Assets	(93,223)	88,176	(5,047)	(184,894)	(10,272)	(195,166)
Net Assets at Beginning of Year	<u>933,654</u>	<u>1,696,648</u>	<u>2,630,302</u>	<u>1,118,548</u>	<u>1,706,920</u>	<u>2,825,468</u>
NET ASSETS AT END OF YEAR	<u>\$ 840,431</u>	<u>\$ 1,784,824</u>	<u>\$ 2,625,255</u>	<u>\$ 933,654</u>	<u>\$ 1,696,648</u>	<u>\$ 2,630,302</u>

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

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Supporting Services				Total
	Music Program	General and Administrative	Fundraising	Total Supporting Services	
Salaries and Related Expenses:					
Salaries and wages	\$ 823,515	127,866	262,261	\$ 390,127	\$ 1,213,642
Payroll taxes and employee benefits	100,762	18,725	38,406	57,131	157,893
Total Salaries and Related Expenses	<u>924,277</u>	<u>146,591</u>	<u>300,667</u>	<u>447,258</u>	<u>1,371,535</u>
Nonsalary Related Expenses:					
Advertising and promotion	15,871	-	2,047	2,047	17,918
Conferences and meetings	5,544	1,411	2,767	4,178	9,722
Contractors	3,968	-	-	-	3,968
Depreciation	13,741	8,116	-	8,116	21,857
Dues and subscriptions	1,266	6,891	208	7,099	8,365
Insurance	9,848	4,925	4,925	9,850	19,698
Occupancy costs	35,292	2,853	17,996	20,849	56,141
Office and information technology	34,960	29,096	24,942	54,038	88,998
Other expenses	67,609	5,244	14,091	19,335	86,944
Printing, postage and shipping	6,644	618	2,181	2,799	9,443
Production and event costs	20,266	-	19,396	19,396	39,662
Royalties, rights and reproductions	6,934	-	-	-	6,934
Special events	-	-	6,106	6,106	6,106
Travel	8,501	463	3,871	4,334	12,835
Total Nonsalary Related Expenses	<u>230,444</u>	<u>59,617</u>	<u>98,530</u>	<u>158,147</u>	<u>388,591</u>
Total Expenses	<u>\$ 1,154,721</u>	<u>\$ 206,208</u>	<u>\$ 399,197</u>	<u>\$ 605,405</u>	<u>\$ 1,760,126</u>

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

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Supporting Services				Total
	Music Program	General and Administrative	Fundraising	Total Supporting Services	
<u>Salaries and Related Expenses:</u>					
Salaries and wages	\$ 917,041	105,612	193,622	\$ 299,234	\$ 1,216,275
Payroll taxes and employee benefits	114,643	15,065	27,620	42,685	157,328
Total Salaries and Related Expenses	<u>1,031,684</u>	<u>120,677</u>	<u>221,242</u>	<u>341,919</u>	<u>1,373,603</u>
<u>Nonsalary Related Expenses:</u>					
Advertising and promotion	14,121	-	342	342	14,463
Conferences and meetings	5,145	1,078	2,933	4,011	9,156
Contractors	10,440	-	-	-	10,440
Depreciation	14,019	7,626	-	7,626	21,645
Dues and subscriptions	1,959	7,052	100	7,152	9,111
Insurance	9,979	4,989	4,989	9,978	19,957
Occupancy costs	21,432	680	8,381	9,061	30,493
Office and information technology	41,421	58,629	27,125	85,754	127,175
Other expenses	12,369	31,717	9,479	41,196	53,565
Printing, postage and shipping	10,850	631	1,038	1,669	12,519
Program expenses	52,165	-	-	-	52,165
Production and event costs	79,826	-	13,127	13,127	92,953
Royalties, rights and reproductions	9,518	-	493	493	10,011
Special events	-	-	70,418	70,418	70,418
Travel	13,772	381	2,587	2,968	16,740
Total Nonsalary Related Expenses	<u>297,016</u>	<u>112,783</u>	<u>141,012</u>	<u>253,795</u>	<u>550,811</u>
Total Expenses	\$ <u>1,328,700</u>	\$ <u>233,460</u>	\$ <u>362,254</u>	\$ <u>595,714</u>	\$ <u>1,924,414</u>

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (5,047)	\$ (195,166)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,857	21,645
Loss on disposal of property and equipment	-	454
Loss on disposal of musical instruments	15,032	5,462
Net realized and unrealized gains on investments	(16,071)	(31,922)
Donated musical instruments	(10,137)	(30,788)
Endowment contributions	(47,700)	(18,835)
Endowment investment loss (income)	14,508	(54,867)
Endowment distributions	10,246	10,039
(Increase) Decrease in:		
Grants receivable	(19,142)	79,993
Other receivables	1,346	(2,840)
Pledges receivable, net	(6,116)	6,250
Prepaid expenses	(7,274)	38,001
Increase (Decrease) in:		
Accounts payable and accrued expenses	9,047	(19,719)
Deferred revenue	271,488	(1,933)
Net Cash Provided by (Used in) Operating Activities	<u>232,037</u>	<u>(194,226)</u>
<u>Cash Flows From Investing Activities:</u>		
Investment purchases and sales, net	(83,623)	139,612
Payment for deposits	(3,476)	-
Change in charitable remainder unitrust	16,556	(47,006)
Purchase of musical instruments	(16,230)	(9,724)
Purchase of property and equipment	(32,708)	(9,639)
Change in beneficial interest in endowment funds	8,198	2,178
Net Cash (Used in) Provided by Investing Activities	<u>(111,283)</u>	<u>75,421</u>
<u>Cash Flows From Financing Activities:</u>		
Endowment contributions	47,700	18,835
Endowment investment (loss) income	(14,508)	54,867
Endowment distributions	(10,246)	(10,039)
Net Cash Provided by Financing Activities	<u>22,946</u>	<u>63,663</u>
Net Increase (Decrease) in Cash and Cash Equivalents	143,700	(55,142)
Cash and Cash Equivalents at Beginning of Year	<u>54,243</u>	<u>109,385</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 197,943</u>	<u>\$ 54,243</u>

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

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 - Organization:

For 75 years, San Diego Youth Symphony and Conservatory (SDYS) has served as a catalyst for investing in the future of thousands of young San Diegans through the study and performance of music. Through SDYS' flagship ensemble program in Balboa Park, its neighborhood engagement projects, and its early childhood music curriculum, SDYS is San Diego's most comprehensive provider of 'cradle through college' music education programs, and is a national leader in innovative community engagement, serving 1,000+ young musicians and their families each year.

At SDYS, we believe that music is a vehicle for giving young people the social, emotional, and academic skills that transcend traditional educational models and prepare them to enter a 21st century workforce. Our values, which focus on personal achievement, inclusiveness, and community leadership, are the foundation of every SDYS program. We respect every young person who takes part in our programs, and celebrate their accomplishments as musicians, as members of our community, and as future leaders, in San Diego and across the nation.

Mission | Vision | Values

Mission

San Diego Youth Symphony instills excellence in musical achievement and personal growth through rigorous and inspiring music education experiences.

Vision

Lives enriched by music.

Values

In its work with young musicians across San Diego County, SDYS embraces the following values:

- Commitment
- Creativity
- Equity
- Collaboration
- Service

Balboa Park Conservatory

SDYS' flagship Conservatory in Balboa Park offers young musicians, from beginning to pre-professional, the opportunity to participate in outstanding music education programs. Built on three levels of instruction in 13 ensembles, the Beginning, Inspiration, Showcase, and Ovation programs feature weekly rehearsals and annual performance opportunities. To focus on the "whole musician," SDYS offers chamber music, concerto competitions, music theory and composition programs, individual and group lessons, student mentoring opportunities, and more.

Neighborhood Engagement

SDYS is committed to giving every young person in Southern California the opportunity to receive quality in-school music education. We collaborate with local schools, feeder patterns, and entire school districts to restore and strengthen in-school music programs. With on-site access as a goal, SDYS launched the Community Opus Project in 2010 in partnership with the Chula Vista Elementary School District (CVESD). In 2015, the success of this program resulted in a landmark \$15M commitment to bringing arts teachers to every campus.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 - Organization: (Continued)

Early Childhood

SDYS supports the critical first phase of children's growth from birth to age five with programs that promote extended learning at home, support family bonding, and pave the way for future musical instruction and achievement. CHIMES (Childhood Introduction to Music Education, with Smiles!) is a strategic element of our educational philosophy. By encouraging ensemble-based experiences from an early age, we promote stronger pro-social skills, improved speech and language abilities, and ensure that children from all backgrounds have access.

International Youth Symphony

Each summer, SDYS collaborates with the International Rotary Youth Exchange to recruit talented young musicians from around the world. This one-of-a-kind collaboration brings young people together to rehearse and perform in the spirit of international cooperation. This three-week program culminates in as many as five performances across San Diego County.

Outreach and Service

SDYS continues to work throughout San Diego County to ensure quality access to music education, and to educate our audiences about classical music. SDYS students participate in a variety of community performances, as well as numerous events in Balboa Park, including SDYS' annual Summer Kick-Off Concert.

Research and Advocacy

SDYS collaborates with multiple partners to gather and analyze data with regard to student learning and achievement through music. We partner with schools and school districts to explore the effects of music on children. Our multi-year partnership with the Center for Human Development at UCSD examines how music education impacts the physical development of the brain, language acquisition, and attention span.

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

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

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board designated quasi-endowment.
- Net Assets With Donor Restrictions - Net assets subject to donor-or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

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.

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 include 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. (Note 7)
- Beneficial interest in endowment funds held by San Diego Foundation is considered a Level 3 asset, which represents the fair value of the underlying assets as reported by San Diego Foundation. (Note 9)

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

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, 2020 and 2019.

Musical Instruments

The Symphony has a collection of musical instruments (the "Collection") that they have purchased or have received as donations. If purchased, items accessioned into the Collection are capitalized at cost, and if donated, they are capitalized at fair value on the accession date, the date on which the item is accepted by the Symphony. Gains or losses on the deaccession of the Collection are classified in the statements of activities as 'with donor restrictions' or 'without donor restrictions,' depending on donor restrictions, if any, placed on the item at the time of accession. Accession of musical instruments to the Collection totaled \$26,367 and \$40,512 for the years ended June 30, 2020 and 2019, respectively. Deaccession of musical instruments from the Collection totaled \$15,032 and \$5,462 during the years ended June 30, 2020 and 2019, respectively, resulting in a loss on disposal of \$15,032 and \$5,462 for the years ended June 30, 2020 and 2019, respectively. Costs incurred in connection with the acquisition and conservation of the Collection are expensed in the period incurred. The Collection totaled \$661,015 and \$649,680 at June 30, 2020 and 2019, respectively.

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 support without donor restrictions 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 support with donor restrictions. Absent donor stipulations regarding how 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 net assets with donor restrictions to net assets without donor restrictions at that time. 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 \$21,857 and \$21,645 for the years ended June 30, 2020 and 2019, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation benefits totaling \$41,991 and \$29,473 at June 30, 2020 and 2019, respectively, are accrued when incurred, and included in accounts payable and accrued expenses.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Revenue and Expense Recognition

Revenue from tuition and fees and other program revenue are recognized as revenue when the related program, performance or event occurs. 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 \$174 and \$3,469 at June 30, 2020 and 2019, respectively, and are included in prepaid expenses. Deferred revenue from tuition and fees totaled \$29,115 and \$36,527 at June 30, 2020 and 2019, respectively.

Contributions are recognized when the donor makes a promise to give to the Symphony that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Donated Services and Facilities

The Symphony occupies office and rehearsal halls in facilities donated by the San Diego Parks and Recreation. Donated facilities are recorded at fair value and totaled \$11,200 for each of the years ended June 30, 2020 and 2019 and have been included in revenue and expenses.

The Symphony received donated musical instruments. These donated musical instruments are recorded at fair value and totaled \$10,137 and \$30,788 for the years ended June 30, 2020 and 2019, respectively, and have been included in revenue and musical instruments. The Symphony has received donations for professional services and furniture. The professional services and furniture are recorded at fair value and totaled \$26,455 and \$2,750 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 did not meet the requirements above; therefore, no amounts were recognized in the financial statements for volunteer time.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. The Symphony allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Symphony's management.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

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, 2020, 2019, 2018 and 2017 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.

Accounting Pronouncements Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis, which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the year ended June 30, 2020.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 for the year ended June 30, 2020 had no effect on cash and cash equivalents for June 30, 2019 and 2018.

Subsequent Events

In preparing these financial statements, the Symphony has evaluated events and transactions for potential recognition or disclosure through January 11, 2021, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 3 - Liquidity and Availability:

The Symphony regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Symphony considers investment income without donor restrictions, appropriated earnings from donor-restricted and board designated quasi-endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Symphony considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 197,943	\$ 54,243
Investments	1,561,559	1,461,865
Grants receivable	52,210	33,068
Other receivables	4,917	6,263
Pledges receivable	9,406	3,300
Appropriation of board designated quasi-endowment and endowment earnings	60,000	54,000
Less: Donor restricted endowment funds	(925,739)	(894,595)
Less: Board designated quasi-endowment	<u>(458,799)</u>	<u>(479,933)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 501,507</u>	<u>\$ 238,211</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Symphony operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Symphony's governing board has designated a portion of its unrestricted resources for endowment purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Directors. Appropriations of board designated quasi-endowment fund earnings are made in accordance with the spending policy, as described in Note 11.

Endowment funds consist of donor restricted endowments. Income from donor restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Appropriations of endowment fund earnings are made in accordance with the spending policy, as described in Note 13. The portion of the donor restricted endowment funds required to be held in perpetuity are not available for general expenditure.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 4 - Fair Value Measurements:

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

	2020			
	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, 2020
Common stocks	\$ 607,061	\$ -	\$ -	\$ 607,061
Mutual and exchange traded funds	375,127	-	-	375,127
Fixed income securities	-	579,371	-	579,371
Charitable remainder unitrust (Note 7)	-	-	230,560	230,560
Beneficial interest in endowment funds (Note 9)	-	-	234,430	234,430
	<u>\$ 982,188</u>	<u>\$ 579,371</u>	<u>\$ 464,990</u>	<u>\$ 2,026,549</u>
	2019			
	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, 2019
Common stocks	\$ 559,237	\$ -	\$ -	\$ 559,237
Mutual and exchange traded funds	387,073	-	-	387,073
Fixed income securities	-	515,555	-	515,555
Charitable remainder unitrust (Note 7)	-	-	247,116	247,116
Beneficial interest in endowment funds (Note 9)	-	-	242,628	242,628
	<u>\$ 946,310</u>	<u>\$ 515,555</u>	<u>\$ 489,741</u>	<u>\$ 1,951,609</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, 2020 AND 2019

Note 4 - 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:

2020				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Charitable remainder unitrust	\$ 230,560	Present value of expected cash flows	Investment yield Discount rate	7% 7%
Beneficial interest in endowment funds	\$ 234,430	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
2019				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Charitable remainder unitrust	\$ 247,116	Present value of expected cash flows	Investment yield Discount rate	7% 7%
Beneficial interest in endowment funds	\$ 242,628	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A

Note 5 - Pledges Receivable:

Pledges receivable consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ <u>9,416</u>	\$ <u>3,300</u>
Due in more than five years	25,000	25,000
Less: Discount to present value	<u>(3,309)</u>	<u>(3,309)</u>
Total Noncurrent, Net	<u>21,691</u>	<u>21,691</u>
Total Pledges Receivable, Net	<u>\$ 31,107</u>	<u>\$ 24,991</u>

The pledges receivable have been discounted to their present value using a discount rate of 2.4% at June 30, 2020 and 2019.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 6 - Investments:

Investments consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Common stocks	\$ 607,061	\$ 559,237
Fixed income securities	579,371	515,555
Mutual and exchange traded funds	<u>375,127</u>	<u>387,073</u>
Total Investments	<u>\$ 1,561,559</u>	<u>\$ 1,461,865</u>

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

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 18,546	\$ 23,791	\$ 42,337
Realized and unrealized gains	16,071	3,189	19,260
Charitable remainder unitrust	-	(16,556)	(16,556)
Investment fees	<u>(15,751)</u>	<u>(1,141)</u>	<u>(16,892)</u>
Total Investment Income	<u>\$ 18,866</u>	<u>\$ 9,283</u>	<u>\$ 28,149</u>
	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 18,802	\$ 22,198	\$ 41,000
Realized and unrealized gains	31,922	9,007	40,929
Charitable remainder unitrust	-	47,006	47,006
Investment fees	<u>(8,876)</u>	<u>(1,146)</u>	<u>(10,022)</u>
Total Investment Income	<u>\$ 41,848</u>	<u>\$ 77,065</u>	<u>\$ 118,913</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 7 - 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 \$321,755 and \$350,992 at June 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
Balance at Beginning of Year	\$ 247,116	\$ 200,110
Change in discount and fair value	(16,556)	47,006
Balance at End of Year	<u>\$ 230,560</u>	<u>\$ 247,116</u>

Note 8 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Tenant improvements	\$ 320,554	\$ 300,993
Music equipment	59,982	59,982
Office equipment and furnishings	135,321	122,174
Subtotal	<u>515,857</u>	<u>483,149</u>
Less: Accumulated depreciation	(457,313)	(435,456)
Property and Equipment, Net	<u>\$ 58,544</u>	<u>\$ 47,693</u>

Note 9 - Beneficial Interest in Endowment Funds:

The Symphony has a beneficial interest in endowment funds held by San Diego Foundation, which is classified as with donor restrictions and 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 25% international equities, 28% domestic equities, 22% alternative investments, 17% fixed income, 6% real estate, and 2% 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 \$10,246 and \$10,039 in distributions for the years ended June 30, 2020 and 2019, respectively. The activity in the beneficial interest in endowment funds consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Balance at Beginning of Year	\$ 242,628	\$ 244,806
Investment income	3,189	9,007
Investment fees	(1,141)	(1,146)
Distributions	<u>(10,246)</u>	<u>(10,039)</u>
Balance at End of Year	<u>\$ 234,430</u>	<u>\$ 242,628</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 10 - Line-of-Credit:

The Symphony has a line of credit with Western Alliance Bank originated in December 2018, in the original amount of \$100,000, at an interest rate of prime plus 1% per annum. There was no outstanding balance on the line-of-credit at June 30, 2020 and 2019. The line of credit expires January 3, 2021 and is secured by a blanket filing on all business assets.

Note 11 - 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, 2020 and 2019 was calculated based on the December 31, 2019 and 2018 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:

\$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>2020</u>	<u>2019</u>
Undesignated Spending Allowance at Beginning of Year	\$ 42,255	\$ 47,255
Allocation	40,000	35,000
Discretionary allocation	-	24,263
Expenditures	<u>(30,000)</u>	<u>(64,263)</u>
Undesignated Spending Allowance at End of Year	<u>\$ 52,255</u>	<u>\$ 42,255</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 12 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Symphony, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Moeser Memorial	\$ 308,042	\$ 331,583
Whitesell/ Fox Scholarship Fund	106,569	103,824
Opus Program	71,305	30,827
Young-Sharin Scholarship Fund	56,381	37,158
Gigli Family Scholarship Fund	50,211	24,918
Pledges receivable, net	21,691	21,691
Inge Manes Memorial Fund	2,631	2,668
Kawashima Fund - Associate Concert Master	1,787	1,625
Brooks First Assistant Chair	1,054	533
Spinner Yates Scholarship Fund	921	537
Blair and Georgia Sadler Fund - Scholarship	810	805
Elaine and Stanley Goff Fund - Scholarship	657	666
Chelsea King Scholarship – French Horn	548	556
Eleanor M. Young Scholarship Fund - Cello	447	453
Betty R. Hiller Scholarship Fund	445	444
La Jolla Debutante Ball Committee - Violin	394	399
Carson Kemp Memorial Fund - Nominated Scholarship	269	272
Julie E. Brewer Conductor’s Achievement Award - Scholarship	263	266
Clark Piano Fund	197	200
Marvin Levine Principal Viola Chair	33	-
Total Subject to Expenditure for Specified Purpose	<u>624,655</u>	<u>559,425</u>
Perpetual in Nature:		
Endowments (Note 13)	1,160,169	1,137,223
Total Net Assets With Donor Restrictions	<u>\$ 1,784,824</u>	<u>\$ 1,696,648</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Fulfilled:		
Opus Program	\$ 34,894	\$ 288,212
Moeser Memorial	31,613	23,695
Endowment earnings appropriated	19,670	17,330
Total Net Assets Released From Restrictions	<u>\$ 89,177</u>	<u>\$ 329,237</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 13 - 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 Uniform Prudent Management of Institutional Funds Act of 2006 (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 donor-restricted net assets of a perpetual nature as (1) the original value of gifts donated to the perpetual endowment; (2) the original value of subsequent gifts donated to the perpetual endowment; (3) accumulations to the perpetual 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 donor-restricted net assets of a perpetual nature is classified as donor restricted net assets with time restrictions, 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

The Symphony considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Symphony has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Symphony has no underwater endowment funds at June 30, 2020 and 2019.

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, 2020 AND 2019

Note 13 - 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 net assets with donor restrictions (time-restricted). The Symphony's spending policy in regard 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 regard to the General Endowment funds (with no specific donor intention) and the Board Designated-Quasi Endowment funds is described in Note 11.

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.

Donor-restricted net assets of a perpetual nature held by the Foundation are comprised of the following:

- 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, 2020 AND 2019

Note 13 - Endowment Net Assets: (Continued)

Endowment composition by type of fund at June 30:

	2020			Total
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Perpetual	
Donor Restricted Endowment Funds:				
San Diego Foundation - General	\$ -	\$ -	\$ 234,430	\$ 234,430
Charitable Remainder Unitrust	-	-	230,560	230,560
Joan Kroc Fund - General	-	-	125,000	125,000
R.P. Foundation - General	-	-	125,000	125,000
Inge Manes Memorial Fund	-	2,631	100,150	102,781
Kawashima Fund - Associate Concert Master	-	1,787	70,000	71,787
Brooks First Assistant Chair	-	1,054	40,200	41,254
Spinner Yates Scholarship Fund	-	921	40,000	40,921
Dorothy and Joel Sollender Fund - General	-	-	38,800	38,800
Blair and Georgia Sadler Fund - Scholarship	-	810	30,850	31,660
Elaine and Stanley Goff Fund - Scholarship	-	657	25,000	25,657
Chelsea King Scholarship – French Horn	-	548	20,867	21,415
Eleanor M. Young Scholarship Fund - Cello	-	447	17,000	17,447
Betty R. Hiller Scholarship Fund	-	445	17,083	17,528
La Jolla Debutante Ball Committee - Violin	-	394	15,000	15,394
Carson Kemp Memorial Fund - Nominated Scholarship	-	269	10,229	10,498
Julie E. Brewer Conductor’s Achievement Award - Scholarship	-	263	10,000	10,263
Clark Piano Fund	-	197	7,500	7,697
Marvin Levine Principal Viola Chair	-	33	2,500	2,533
Total Donor Restricted Endowment Funds	-	10,456	1,160,169	1,170,625
Board Designated Quasi-Endowment	458,799	-	-	458,799
Total Endowment Funds	<u>\$ 458,799</u>	<u>\$ 10,456</u>	<u>\$ 1,160,169</u>	<u>\$ 1,629,424</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 13 - Endowment Net Assets: (Continued)

	2019			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Donor Restricted Endowment Funds:				
San Diego Foundation - General	\$ -	\$ -	\$ 242,628	\$ 242,628
Charitable Remainder Unitrust	-	-	247,116	247,116
Joan Kroc Fund - General	-	-	125,000	125,000
R.P. Foundation - General	-	-	125,000	125,000
Inge Manes Memorial Fund	-	2,668	100,150	102,818
Kawashima Fund - Associate Concert Master	-	1,625	61,000	62,625
Dorothy and Joel Sollender Fund - General	-	-	38,700	38,700
Blair and Georgia Sadler Fund - Scholarship	-	805	30,350	31,155
Elaine and Stanley Goff Fund - Scholarship	-	666	25,000	25,666
Chelsea King Scholarship – French Horn	-	556	20,867	21,423
Eleanor M. Young Scholarship Fund - Cello	-	453	17,000	17,453
Betty R. Hiller Scholarship Fund	-	444	16,683	17,127
La Jolla Debutante Ball Committee - Violin	-	399	15,000	15,399
Brooks First Assistant Chair	-	533	20,000	20,533
Spinner Yates Scholarship Fund	-	537	25,000	25,537
Carson Kemp Memorial Fund - Nominated Scholarship	-	272	10,229	10,501
Julie E. Brewer Conductor's Achievement Award - Scholarship	-	266	10,000	10,266
Clark Piano Fund	-	200	7,500	7,700
Total Donor Restricted Endowment Funds	-	9,424	1,137,223	1,146,647
Board Designated Quasi-Endowment	479,933	-	-	479,933
Total Endowment Funds	<u>\$ 479,933</u>	<u>\$ 9,424</u>	<u>\$ 1,137,223</u>	<u>\$ 1,626,580</u>

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

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Endowment Net Assets at June 30, 2018	\$ 503,595	\$ 7,291	\$ 1,073,560	\$ 1,584,446
Investment income	26,601	9,424	54,867	90,892
Contributions	-	-	18,835	18,835
Distribution of spending allowance	(50,263)	-	-	(50,263)
Distributions	-	(7,291)	(10,039)	(17,330)
Endowment Net Assets at June 30, 2019	<u>479,933</u>	<u>9,424</u>	<u>1,137,223</u>	<u>1,626,580</u>
Investment income	18,866	10,456	(14,508)	14,814
Contributions	-	-	47,700	47,700
Distribution of spending allowance	(40,000)	-	-	(40,000)
Distributions	-	(9,424)	(10,246)	(19,670)
Endowment Net Assets at June 30, 2020	<u>\$ 458,799</u>	<u>\$ 10,456</u>	<u>\$ 1,160,169</u>	<u>\$ 1,629,424</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 14 - Commitments and Contingencies:

Lease Obligations

The Symphony entered into a three-year and three-month operating lease for office space in March 2020, which expires June 15, 2023. The lease payments total \$3,277 per month excluding common area maintenance costs. Rent expense and common area maintenance costs totaled \$14,642 and \$-0- for the years ended June 30, 2020 and 2019, respectively.

The following is a schedule of future minimum lease payments (excluding common area maintenance costs) under the lease:

Years Ended June 30		
2021	\$	33,063
2022		37,430
2023		41,716
Total	\$	112,209

Payroll Protection Program Loan

In April 2020, the Symphony received a loan totaling \$278,900 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”). The loan is forgivable to the extent that the Symphony meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1% and is due in April 2022. The amount received totaling \$278,900 has been included in deferred revenue at June 30, 2020. The Symphony expects to satisfy the terms and conditions of forgiveness of the PPP and will recognize the amount received as revenue during the year ended June 30, 2021, when forgiveness has been granted by the lender.

Coronavirus Pandemic Contingency

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. On March 19, 2020, the Governor of California declared a health emergency and issued an order to close all nonessential businesses until further notice. The Symphony, as a nonessential business, was required to cancel in-person programs and operate rehearsals, classes and business activities remotely. The potential impacts to the Symphony include disruptions or restrictions on employees’ ability to work, suspension of in-person programs, cancellations of performances, and reduction in contributions from donors. In addition, there has been significant volatility in the financial markets, which may have an impact on the Symphony’s valuation of investments and investment income. Changes to the operating environment may also be impacted and may have an impact on operating costs. The future effects of these issues are unknown.