

THE SYMPHONY SPACE, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2017 AND 2016

THE SYMPHONY SPACE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Symphony Space, Inc.

We have audited the accompanying financial statements of The Symphony Space, Inc. (a nonprofit organization), 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.

Auditors' 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 of 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 auditors' 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 The Symphony Space, Inc. 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.

Lotz + Carr, LLP

New York, New York
November 15, 2017

THE SYMPHONY SPACE, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	2017	2016
Assets		
Cash and cash equivalents (Notes 1b and 8)	\$ 561,762	\$ 560,406
Unconditional promises to give (Notes 1c and 3)		
Unrestricted	225,029	205,543
Temporarily restricted	489,435	636,678
Accounts and other receivables	47,897	44,854
Inventory (Note 1d)	66,599	67,339
Prepaid expenses	70,179	81,231
Investments (Notes 1b, 1e, 1f and 4)	9,805,423	9,436,616
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 5)	10,306,189	10,541,053
Total Assets	\$21,572,513	\$21,573,720
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 283,059	\$ 279,139
Deferred income (Note 1h)	195,968	195,913
Theater rental deposits	156,960	179,500
Refundable advances (Note 6)	500,000	500,000
Total Liabilities	1,135,987	1,154,552
Commitments and Contingency (Note 9)		
Net Assets		
Unrestricted		
Board designated endowment (Notes 2a and 7)	2,848,802	3,027,091
Property and equipment	10,306,189	10,541,053
Other	(240,892)	(240,892)
Total Unrestricted	12,914,099	13,327,252
Temporarily restricted (Note 2b)	2,420,811	1,990,300
Permanently restricted (Note 2c)	5,101,616	5,101,616
Total Net Assets	20,436,526	20,419,168
Total Liabilities and Net Assets	\$21,572,513	\$21,573,720

See notes to financial statements.

THE SYMPHONY SPACE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017						2016							
	Unrestricted						Unrestricted							
	Operating	Property and Equipment	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Operating	Property and Equipment	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Net Assets														
Revenue, Gains and Other Support														
Contributions														
Government	\$ 106,520	\$ -	\$ -	\$ 106,520	\$ -	\$ -	\$ 106,520	\$ 145,683	\$ -	\$ -	\$ 145,683	\$ 86,667	\$ -	\$ 232,350
Foundations	326,500	-	-	326,500	160,500	-	487,000	290,520	-	-	290,520	16,000	-	306,520
Corporations	252,250	-	-	252,250	62,500	-	314,750	227,000	-	-	227,000	31,250	-	258,250
Individuals	344,085	-	-	344,085	97,816	-	441,901	243,104	-	-	243,104	443,461	-	686,565
Donated materials	230	-	-	230	-	-	230	1,500	-	-	1,500	-	-	1,500
Benefit income	603,947	-	-	603,947	-	-	603,947	652,710	-	-	652,710	-	-	652,710
Less: Direct benefit expenses	(69,750)	-	-	(69,750)	-	-	(69,750)	(85,878)	-	-	(85,878)	-	-	(85,878)
Membership	261,870	-	-	261,870	-	-	261,870	333,530	-	-	333,530	-	-	333,530
Rental income	1,515,518	-	-	1,515,518	-	-	1,515,518	1,333,197	-	-	1,333,197	-	-	1,333,197
Ticket sales, performance fees and related income	1,212,470	-	-	1,212,470	-	-	1,212,470	1,346,342	-	-	1,346,342	-	-	1,346,342
Concession and compact disc sales	450,189	-	-	450,189	-	-	450,189	473,810	-	-	473,810	-	-	473,810
Less: Cost of sales (including obsolete inventory write-off of \$61,635 (2016))	(64,176)	-	-	(64,176)	-	-	(64,176)	(131,217)	-	-	(131,217)	-	-	(131,217)
Handling charges	244,444	-	-	244,444	-	-	244,444	237,356	-	-	237,356	-	-	237,356
Appropriations for use in operations	606,683	53,090	(403,704)	256,069	(256,069)	-	-	744,344	31,137	(301,481)	474,000	(474,000)	-	-
Net investment income (loss) (Note 4)	-	-	225,415	225,415	744,548	-	969,963	-	-	40,542	40,542	(169,410)	-	(128,868)
Miscellaneous	145,800	-	-	145,800	-	-	145,800	159,547	-	-	159,547	-	-	159,547
	<u>5,936,580</u>	<u>53,090</u>	<u>(178,289)</u>	<u>5,811,381</u>	<u>809,295</u>	<u>-</u>	<u>6,620,676</u>	<u>5,971,548</u>	<u>31,137</u>	<u>(260,939)</u>	<u>5,741,746</u>	<u>(66,032)</u>	<u>-</u>	<u>5,675,714</u>
Net assets released from restrictions														
Satisfaction of time and program restrictions	154,433	224,351	-	378,784	(378,784)	-	-	102,500	213,224	-	315,724	(315,724)	-	-
Total Revenue, Gains and Other Support	<u>6,091,013</u>	<u>277,441</u>	<u>(178,289)</u>	<u>6,190,165</u>	<u>430,511</u>	<u>-</u>	<u>6,620,676</u>	<u>6,074,048</u>	<u>244,361</u>	<u>(260,939)</u>	<u>6,057,470</u>	<u>(381,756)</u>	<u>-</u>	<u>5,675,714</u>
Expenses														
Program Services														
Rental	861,572	88,689	-	950,261	-	-	950,261	720,289	87,043	-	807,332	-	-	807,332
Wall to Wall	149,667	23,970	-	173,637	-	-	173,637	166,612	23,525	-	190,137	-	-	190,137
Education	829,838	91,087	-	920,925	-	-	920,925	701,031	89,396	-	790,427	-	-	790,427
Broadcasting	134,877	14,382	-	149,259	-	-	149,259	147,531	14,115	-	161,646	-	-	161,646
Film	355,399	47,940	-	403,339	-	-	403,339	518,124	47,050	-	565,174	-	-	565,174
Music	813,453	62,323	-	875,776	-	-	875,776	667,930	61,166	-	729,096	-	-	729,096
Family	333,348	40,750	-	374,098	-	-	374,098	394,717	39,993	-	434,710	-	-	434,710
Literary programs	1,049,473	79,102	-	1,128,575	-	-	1,128,575	821,991	77,633	-	899,624	-	-	899,624
Other programs	385,020	31,162	-	416,182	-	-	416,182	480,789	30,583	-	511,372	-	-	511,372
Total Program Services	<u>4,912,647</u>	<u>479,405</u>	<u>-</u>	<u>5,392,052</u>	<u>-</u>	<u>-</u>	<u>5,392,052</u>	<u>4,619,014</u>	<u>470,504</u>	<u>-</u>	<u>5,089,518</u>	<u>-</u>	<u>-</u>	<u>5,089,518</u>
Supporting Services														
Management and general	783,358	15,465	-	798,823	-	-	798,823	804,550	15,178	-	819,728	-	-	819,728
Fundraising	343,462	17,435	-	360,897	-	-	360,897	558,696	20,237	-	578,933	-	-	578,933
Special projects	51,546	-	-	51,546	-	-	51,546	91,788	-	-	91,788	-	-	91,788
Total Supporting Services	<u>1,178,366</u>	<u>32,900</u>	<u>-</u>	<u>1,211,266</u>	<u>-</u>	<u>-</u>	<u>1,211,266</u>	<u>1,455,034</u>	<u>35,415</u>	<u>-</u>	<u>1,490,449</u>	<u>-</u>	<u>-</u>	<u>1,490,449</u>
Total Expenses	<u>6,091,013</u>	<u>512,305</u>	<u>-</u>	<u>6,603,318</u>	<u>-</u>	<u>-</u>	<u>6,603,318</u>	<u>6,074,048</u>	<u>505,919</u>	<u>-</u>	<u>6,579,967</u>	<u>-</u>	<u>-</u>	<u>6,579,967</u>
Increase (decrease) in net assets	-	(234,864)	(178,289)	(413,153)	430,511	-	17,358	-	(261,558)	(260,939)	(522,497)	(381,756)	-	(904,253)
Net assets, beginning of year	(240,892)	10,541,053	3,027,091	13,327,252	1,990,300	5,101,616	20,419,168	(240,892)	10,802,611	3,288,030	13,849,749	2,372,056	5,101,616	21,323,421
Net Assets, End of Year	<u>\$ (240,892)</u>	<u>\$10,306,189</u>	<u>\$2,848,802</u>	<u>\$12,914,099</u>	<u>\$ 2,420,811</u>	<u>\$ 5,101,616</u>	<u>\$20,436,526</u>	<u>\$ (240,892)</u>	<u>\$10,541,053</u>	<u>\$3,027,091</u>	<u>\$13,327,252</u>	<u>\$ 1,990,300</u>	<u>\$ 5,101,616</u>	<u>\$20,419,168</u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 17,358	\$ (904,253)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	512,305	505,919
Realized gains on sales of investments	(588,830)	(225,098)
Unrealized (gains) losses on investments	(305,924)	517,848
(Increase) decrease in:		
Unconditional promises to give	127,757	(180,649)
Accounts and other receivables	(3,043)	38,396
Inventory	740	62,852
Prepaid expenses	11,052	(29,054)
Increase (decrease) in:		
Accounts payable and accrued expenses	3,920	(193,034)
Deferred income	55	20,996
Theater rental deposits	(22,540)	(9,472)
Refundable advances	-	500,000
Net Cash Provided (Used) By Operating Activities	<u>(247,150)</u>	<u>104,451</u>
Cash Flows From Investing Activities		
Acquisition of equipment and theater renovations	(277,441)	(244,361)
Purchases of investments	(5,968,831)	(5,985,383)
Proceeds from sale of investments	6,494,778	6,295,502
Net Cash Provided By Investing Activities	<u>248,506</u>	<u>65,758</u>
Cash Flows From Financing Activities		
Proceeds from margin loan payable	350,000	350,000
Repayment of margin loan	(350,000)	(350,000)
Net Cash Used By Financing Activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	1,356	170,209
Cash and cash equivalents, beginning of year	<u>560,406</u>	<u>390,197</u>
Cash and Cash Equivalents, End of Year	<u>\$ 561,762</u>	<u>\$ 560,406</u>

See notes to financial statements.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Symphony Space presents more than 600 events each season, including literature in performance, music, film, theater, dance, and performance in HD. Our original programming focuses on bringing art, artists, and audiences together in an intimate setting, creating a sense of mutual access that is unique to Symphony Space.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for cash and cash equivalents held in the Organization's investment portfolio. Cash and cash equivalents include amounts held as theater rental deposits.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Contributions that the donor requires to be used to acquire long-lived assets are reclassified to unrestricted net assets at the time long-lived assets are placed in service. All other 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 restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

d - Inventory

Merchandise inventory is stated at the lower of cost (first-in, first-out method) or market.

e - Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

f - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All of the Organization's investments are classified within Level 1 of the fair value hierarchy.

g - Property and Equipment

Property and equipment are stated at cost and are being depreciated using the straight-line method over the estimated useful life of the asset.

h - Deferred Income

Ticket sales revenue and theater rental income are recognized in the period the performance takes place.

i - Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising expense was \$314,742 and \$341,284 for the years ended June 30, 2017 and 2016, respectively.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

k - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l - Income Taxes

The Symphony Space, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization is subject to federal and state income taxes on any net income derived from advertising revenue, a business activity which is regularly conducted and is, by statute, unrelated to its exempt purpose.

m - Subsequent Events

The Organization has evaluated subsequent events through November 15, 2017, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Assets

a - Board Designated Endowment

The Board designated endowment was created with the net proceeds of a real estate sale for the long-term stability of the Organization. The Board authorizes transfers for use in operations of approximately 5% of the preceding rolling twenty-quarter average market value of the portfolio and may authorize additional amounts to fund operations, construction projects or other purposes.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets consists of grants and contributions that are restricted for either future periods or programs of the Organization and accumulated investment earnings on donor-restricted endowment funds, which are restricted to either future periods or future programs of the Organization.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Restrictions on Assets (continued)

c - Permanently Restricted

Permanently restricted net assets consist of endowment contributions whereby the donor has directed that the principal remain intact and investment income used to support programs and general operations.

The Board authorizes transfers of endowment earnings of approximately 5% of the preceding rolling twenty-quarter average market value of the portfolio for use in operations.

The original value of gifts donated to the initial permanently restricted endowment fund was \$3,621,331, and the original value of gifts donated to a second permanently restricted endowment fund was \$1,480,285 as of June 30, 2017.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2017</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2016</u>
Due in one year	\$225,029	\$424,435	\$649,464	\$697,961
Due in two to five years	-	<u>65,000</u>	<u>65,000</u>	<u>150,000</u>
	<u>225,029</u>	489,435	714,464	847,961
Less: Discount to present value	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,740)</u>
Net Present Value	<u>\$225,029</u>	<u>\$489,435</u>	<u>\$714,464</u>	<u>\$842,221</u>

Unconditional promises to give due after one year are discounted to net present value using a discount rate of 3%. Uncollectible promises to give are expected to be insignificant.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 4 - Investments

Investments, all of which are classified within Level 1 of the fair value hierarchy, consist of the following at June 30:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 6,052	\$ 6,052	\$ 30,396	\$ 30,396
Fixed income	3,924,894	3,918,388	4,331,977	4,365,937
Equity	<u>5,310,007</u>	<u>5,880,983</u>	<u>4,815,697</u>	<u>5,040,283</u>
Total	<u>\$9,240,953</u>	<u>\$9,805,423</u>	<u>\$9,178,070</u>	<u>\$9,436,616</u>

Investment income (loss) is comprised of the following at June 30:

	2017		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 34,663	\$123,776	\$158,439
Realized gain on sale of investments	222,647	366,183	588,830
Unrealized gain (loss) on investments	(5,227)	311,151	305,924
Investment custodial fees	<u>(26,668)</u>	<u>(56,562)</u>	<u>(83,230)</u>
	<u>\$225,415</u>	<u>\$744,548</u>	<u>\$969,963</u>
	2016		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 85,485	\$ 173,598	\$ 259,083
Realized gain on sale of investments	71,348	153,750	225,098
Unrealized loss on investments	(85,756)	(432,092)	(517,848)
Investment custodial fees	<u>(30,535)</u>	<u>(64,666)</u>	<u>(95,201)</u>
	<u>\$ 40,542</u>	<u>\$(169,410)</u>	<u>\$(128,868)</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2017</u>	<u>2016</u>
Furniture, fixtures and equipment	5-7 years	\$ 1,049,218	\$ 996,128
Theater building and improvements	10-39 years	15,570,185	15,570,185
Sprinkler system	5 years	30,557	30,557
Work in progress		<u>626,062</u>	<u>401,711</u>
		17,276,022	16,998,581
Less: Accumulated depreciation		<u>(6,986,348)</u>	<u>(6,474,043)</u>
		10,289,674	10,524,538
Theater property - land		<u>16,515</u>	<u>16,515</u>
		<u>\$10,306,189</u>	<u>\$10,541,053</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$512,305 and \$505,919, respectively.

The Organization is planning to renovate its building. In connection with this project, New York City will provide \$4,115,000 in funding.

The City's investment of capital expenditures obligates the Organization to continue to operate the facility as a non-profit entity, open to and used and maintained for the benefit of the people of the City for cultural, educational or artistic uses and/or related purposes approved by the City.

Note 6 - Refundable Advances

During 2016, the Organization received a restricted grant totaling \$500,000 that includes donor conditions, one of which requires that theater renovations must begin by July 1, 2018. Since the grant is a promise conditioned on future uncertain events, it is not recorded as contribution revenue until donor conditions are met. This \$500,000 received from the donor in advance of the conditions being met are recorded as refundable advances, and will subsequently be recognized as contribution revenue when donor conditions are met.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7 - Endowment Funds

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any 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 Organization.

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

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Organization and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Organization;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization; and
- (viii) the investment policy of the Organization

As of June 30, 2017 and 2016, the Organization’s invested endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	2017			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted endowment funds	\$ -	\$1,674,043	\$5,101,616	\$6,775,659
Board designated endowment funds	<u>2,757,419</u>	-	-	<u>2,757,419</u>
Total	<u>\$2,757,419</u>	<u>\$1,674,043</u>	<u>\$5,101,616</u>	<u>\$9,533,078</u>
	2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$1,185,564	\$5,101,616	\$6,287,180
Board designated endowment funds	<u>2,877,091</u>	-	-	<u>2,877,091</u>
Total	<u>\$2,877,091</u>	<u>\$1,185,564</u>	<u>\$5,101,616</u>	<u>\$9,164,271</u>

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7 - Endowment Funds (continued)

Changes in the Organization's endowment funds for the years ended June 30, 2017 and 2016 are summarized as follows:

	2017			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	\$2,877,091	\$1,185,564	\$5,101,616	\$9,164,271
Net investment return	225,415	744,548	-	969,963
Appropriation of endowment assets for expenditure	<u>(403,704)</u>	<u>(256,069)</u>	<u>-</u>	<u>(659,773)</u>
Endowment Funds, End of Year	<u>\$2,698,802</u>	<u>\$1,674,043</u>	<u>\$5,101,616</u>	<u>\$9,474,461</u>
	2016			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	\$3,138,030	\$1,828,974	\$5,101,616	\$10,068,620
Net investment return	40,542	(169,410)	-	(128,868)
Appropriation of endowment assets for expenditure	<u>(301,481)</u>	<u>(474,000)</u>	<u>-</u>	<u>(775,481)</u>
Endowment Funds, End of Year	<u>\$2,877,091</u>	<u>\$1,185,564</u>	<u>\$5,101,616</u>	<u>\$9,164,271</u>

The Organization has investment and spending policies for endowment assets that endeavor to provide a stream of funding for the Organization's operations while seeking to enhance the purchasing power of the endowment's assets.

The Organization has a policy of appropriating for distribution each year 5% of the preceding rolling thirteen-quarter average market value of the permanently restricted endowment funds. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization's objectives are to safeguard its assets and preserve the real purchasing power of its assets while earning investment returns commensurate with the Organization's risk tolerance and that are sufficient to meet its operational requirements.

THE SYMPHONY SPACE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 8 - Concentration of Credit Risk

The Organization maintains cash and cash equivalent balances in financial institutions, which from time to time, exceed the Federal Depository Insurance Corporation limit and subject the Organization to concentration of credit risk. However, the Organization monitors this risk on a regular basis.

Note 9 - Commitments and Contingency

- a - The Organization maintains a contributory and non-contributory 403(b) tax deferred retirement plan for all eligible employees. Participating employees in the contributory may contribute up to the statutory maximum. The Organization contributes 2% of eligible employees' gross salary to the non-contributory plan. For the year ended June 30, 2017, the Organization contributed \$42,944 to the plan.
- b - Government supported projects are subject to audit by the applicable government granting agencies.
- c - The Organization has access to a margin loan collateralized by the investment portfolio. The available margin fluctuates not to exceed 10% of the value of the portfolio. As of June 30, 2017 there were no outstanding amounts due.

Note 10 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
The Symphony Space, Inc.

We have audited the financial statements of The Symphony Space, Inc. as of and for the years ended June 30, 2017 and 2016, and our report thereon dated November 15, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2017 with comparative totals for 2016 is presented for purposes of additional analysis and is 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 audits 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.

Lutz + Carr, LLP

New York, New York
November 15, 2017

THE SYMPHONY SPACE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	Program Services									Total Program Services (carried forward)
	Rental	Wall to Wall	Education	Broadcasting	Film	Music	Family	Literary Programs	Other Programs	
Salaries, payroll taxes and benefits	\$519,452	\$ 70,481	\$639,423	\$ 75,694	\$172,683	\$446,347	\$127,797	\$ 639,689	\$269,667	\$2,961,233
Program consultants	-	-	4,000	-	-	18,500	-	21,950	-	44,450
Professional fees	-	-	456	-	-	304	-	456	-	1,216
Artistic fees and artist services	132,750	56,368	88,147	53,204	115,151	142,070	50,053	152,147	29,369	819,259
Occupancy costs	49,849	-	35,151	-	11,946	23,549	23,549	35,151	8,894	188,089
Postage and delivery	-	-	2,843	-	804	-	-	775	-	4,422
Insurance	54,769	-	16,109	-	7,517	7,517	3,222	7,517	-	96,651
Advertising and promotion	6,098	2,815	13,395	20	13,188	104,226	82,314	100,943	10,598	333,597
Office supplies and expenses	18,406	-	12,506	1,169	5,390	9,534	7,846	12,807	6,258	73,916
Telephone	3,829	-	2,871	-	958	1,914	1,914	2,871	-	14,357
Conference and travel	-	2,007	-	-	-	-	502	-	-	2,509
Storage rental	-	-	667	-	-	1,334	-	667	-	2,668
Production costs	76,419	17,996	14,270	1,317	24,289	57,520	32,678	71,027	60,234	355,750
Computer expense	-	-	-	3,473	3,473	-	3,473	3,473	-	13,892
Miscellaneous	-	-	-	-	-	638	-	-	-	638
Total expenses before depreciation	861,572	149,667	829,838	134,877	355,399	813,453	333,348	1,049,473	385,020	4,912,647
Depreciation	88,689	23,970	91,087	14,382	47,940	62,323	40,750	79,102	31,162	479,405
Total Expenses, 2017	<u>\$950,261</u>	<u>\$173,637</u>	<u>\$920,925</u>	<u>\$ 149,259</u>	<u>\$403,339</u>	<u>\$875,776</u>	<u>\$374,098</u>	<u>\$1,128,575</u>	<u>\$416,182</u>	<u>5,392,052</u>
Total Expenses, 2016	<u>\$807,332</u>	<u>\$190,137</u>	<u>\$790,427</u>	<u>\$ 161,646</u>	<u>\$565,174</u>	<u>\$729,096</u>	<u>\$434,710</u>	<u>\$ 899,624</u>	<u>\$511,372</u>	<u>5,089,518</u>

See independent auditors' report on supplementary information.

THE SYMPHONY SPACE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	Total Program Services (brought forward)	Supporting Services			Total	2017	2016
		Management and General	Fundraising	Special Projects		Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$2,961,233	\$ 540,253	\$ 210,199	\$ -	\$ 750,452	\$3,711,685	\$3,504,842
Program consultants	44,450	-	-	-	-	44,450	102,858
Professional fees	1,216	33,389	1,216	51,530	86,135	87,351	143,275
Artistic fees and artist services	819,259	16	46,716	-	46,732	865,991	889,551
Occupancy costs	188,089	59,388	344	-	59,732	247,821	237,099
Postage and delivery	4,422	5,369	-	-	5,369	9,791	5,250
Insurance	96,651	10,739	-	-	10,739	107,390	97,359
Advertising and promotion	333,597	618	6,230	-	6,848	340,445	366,291
Office supplies and expenses	73,916	68,725	8,097	-	76,822	150,738	139,319
Telephone	14,357	4,786	-	-	4,786	19,143	19,367
Conference and travel	2,509	2,509	5,018	-	7,527	10,036	16,759
Storage rental	2,668	2,001	2,001	-	4,002	6,670	6,448
Production costs	355,750	-	63,641	16	63,657	419,407	462,806
Computer expense	13,892	55,565	-	-	55,565	69,457	77,761
Miscellaneous	638	-	-	-	-	638	5,063
Total expenses before depreciation	4,912,647	783,358	343,462	51,546	1,178,366	6,091,013	6,074,048
Depreciation	479,405	15,465	17,435	-	32,900	512,305	505,919
Total Expenses, 2017	<u>\$5,392,052</u>	<u>\$ 798,823</u>	<u>\$ 360,897</u>	<u>\$ 51,546</u>	<u>\$1,211,266</u>	<u>\$6,603,318</u>	
Total Expenses, 2016	<u>\$5,089,518</u>	<u>\$ 819,728</u>	<u>\$ 578,933</u>	<u>\$ 91,788</u>	<u>\$1,490,449</u>		<u>\$6,579,967</u>

See independent auditors' report on supplementary information.