

1945-2020
75
YEARS

**SAN DIEGO
YOUTH SYMPHONY**

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



Leaf & Cole, LLP
Certified Public Accountants

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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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, 2021 and 2020, 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

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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, 2021 and 2020, 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 24, 2022

**SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets:</u> (Notes 2 and 5)		
Cash and cash equivalents	\$ 246,138	\$ 197,943
Grants receivable	120,949	52,210
Other receivables	361,342	4,917
Pledges receivable	19,073	9,416
Prepaid expenses	19,795	24,146
Total Current Assets	<u>767,297</u>	<u>288,632</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 5, 6, 7, 8, 9 and 10)		
Pledges receivable, net	21,691	21,691
Investments	1,860,944	1,561,559
Deposits	3,476	3,476
Charitable remainder unitrust	279,313	230,560
Musical instruments	671,570	661,015
Property and equipment, net	39,536	58,544
Beneficial interest in endowment funds	289,514	234,430
Total Noncurrent Assets	<u>3,166,044</u>	<u>2,771,275</u>
TOTAL ASSETS	\$ <u>3,933,341</u>	\$ <u>3,059,907</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 14)		
Accounts payable and accrued expenses	\$ 209,318	\$ 126,637
Deferred revenue	306,503	308,015
Total Current Liabilities	<u>515,821</u>	<u>434,652</u>
<u>Commitments and Contingencies</u> (Notes 10 and 14)		
<u>Net Assets:</u> (Notes 2, 11, 12 and 13)		
Without Donor Restrictions:		
Undesignated	557,783	329,377
Undesignated spending allowance	52,255	52,255
Board designated quasi-endowment	735,849	458,799
Total Without Donor Restrictions	<u>1,345,887</u>	<u>840,431</u>
With Donor Restrictions:		
Purpose restrictions	724,398	624,655
Perpetual in nature	1,347,235	1,160,169
Total With Donor Restrictions	<u>2,071,633</u>	<u>1,784,824</u>
Total Net Assets	<u>3,417,520</u>	<u>2,625,255</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,933,341</u>	\$ <u>3,059,907</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, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
Revenue and Support:						
Government grants	\$ 735,045	\$ 35,000	\$ 770,045	\$ 67,400	\$ -	\$ 67,400
Contributions	280,152	417,804	697,956	495,936	168,070	664,006
Program revenue	482,986	-	482,986	669,269	-	669,269
Investment income	322,050	138,658	460,708	18,866	9,283	28,149
Fundraising activities	198,856	-	198,856	142,188	-	142,188
City of San Diego Commission for Arts and Culture	62,043	-	62,043	135,666	-	135,666
In-kind donations	34,115	-	34,115	47,792	-	47,792
Other income	797	-	797	609	-	609
Net assets released from restrictions	304,653	(304,653)	-	89,177	(89,177)	-
Total Revenue and Support	<u>2,420,697</u>	<u>286,809</u>	<u>2,707,506</u>	<u>1,666,903</u>	<u>88,176</u>	<u>1,755,079</u>
Expenses:						
Music program	<u>1,294,284</u>	<u>-</u>	<u>1,294,284</u>	<u>1,154,721</u>	<u>-</u>	<u>1,154,721</u>
Supporting Services:						
General and administrative	246,783	-	246,783	206,208	-	206,208
Fundraising	374,174	-	374,174	399,197	-	399,197
Total Supporting Services	<u>620,957</u>	<u>-</u>	<u>620,957</u>	<u>605,405</u>	<u>-</u>	<u>605,405</u>
Total Expenses	<u>1,915,241</u>	<u>-</u>	<u>1,915,241</u>	<u>1,760,126</u>	<u>-</u>	<u>1,760,126</u>
Change in Net Assets	505,456	286,809	792,265	(93,223)	88,176	(5,047)
Net Assets at Beginning of Year	840,431	1,784,824	2,625,255	933,654	1,696,648	2,630,302
NET ASSETS AT END OF YEAR	<u>\$ 1,345,887</u>	<u>\$ 2,071,633</u>	<u>\$ 3,417,520</u>	<u>\$ 840,431</u>	<u>\$ 1,784,824</u>	<u>\$ 2,625,255</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, 2021

	Supporting Services			Total Supporting Services	Total
	Music Program	General and Administrative	Fundraising		
<u>Salaries and Related Expenses:</u>					
Salaries and wages	\$ 982,147	\$ 131,995	\$ 229,258	\$ 361,253	\$ 1,343,400
Payroll taxes and employee benefits	119,740	19,948	34,648	54,596	174,336
Total Salaries and Related Expenses	1,101,887	151,943	263,906	415,849	1,517,736
<u>Nonsalary Related Expenses:</u>					
Advertising and promotion	22,650	-	6,493	6,493	29,143
Conferences and meetings	531	44	556	600	1,131
Contractors	6,025	-	-	-	6,025
Depreciation	13,490	8,183	-	8,183	21,673
Dues and subscriptions	1,335	7,154	145	7,299	8,634
Insurance	10,768	5,384	5,384	10,768	21,536
Occupancy costs	38,646	3,883	17,228	21,111	59,757
Office and information technology	54,393	67,174	26,621	93,795	148,188
Other expenses	35,844	1,924	8,786	10,710	46,554
Printing, postage and shipping	867	441	2,385	2,826	3,693
Production and event costs	709	-	4,742	4,742	5,451
Royalties, rights and reproductions	3,923	-	-	-	3,923
Special events	-	-	35,934	35,934	35,934
Travel	3,216	653	1,994	2,647	5,863
Total Nonsalary Related Expenses	192,397	94,840	110,268	205,108	397,505
Total Expenses	\$ 1,294,284	\$ 246,783	\$ 374,174	\$ 620,957	\$ 1,915,241

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 Supporting Services	Total
	Music Program	General and Administrative	Fundraising		
<u>Salaries and Related Expenses:</u>					
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>
<u>Nonsalary Related Expenses:</u>					
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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 792,265	\$ (5,047)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,673	21,857
Loss on disposal of property and equipment	731	-
Loss on disposal of musical instruments	14,296	15,032
Net realized and unrealized gains on investments	(317,820)	(16,071)
Donated musical instruments	(20,521)	(10,137)
Endowment contributions	(83,229)	(47,700)
Endowment investment (income) loss	(16,769)	14,508
Endowment distributions	10,437	10,246
(Increase) Decrease in:		
Grants receivable	(68,739)	(19,142)
Other receivables	(356,425)	1,346
Pledges receivable, net	(9,657)	(6,116)
Prepaid expenses	4,351	(7,274)
Increase (Decrease) in:		
Accounts payable and accrued expenses	82,681	9,047
Deferred revenue	(1,512)	271,488
Net Cash Provided by Operating Activities	<u>51,762</u>	<u>232,037</u>
<u>Cash Flows From Investing Activities:</u>		
Investment (purchases) and sales, net	18,435	(83,623)
Payment for deposits	-	(3,476)
Change in charitable remainder unitrust	(48,753)	16,556
Purchase of musical instruments	(4,330)	(16,230)
Purchase of property and equipment	(5,396)	(32,708)
Proceeds from sale of property and equipment	2,000	-
Change in beneficial interest in endowment funds	(55,084)	8,198
Net Cash Used in Investing Activities	<u>(93,128)</u>	<u>(111,283)</u>
<u>Cash Flows From Financing Activities:</u>		
Endowment contributions	83,229	47,700
Endowment investment income (loss)	16,769	(14,508)
Endowment distributions	(10,437)	(10,246)
Net Cash Provided by Financing Activities	<u>89,561</u>	<u>22,946</u>
Net Increase in Cash and Cash Equivalents	48,195	143,700
Cash and Cash Equivalents at Beginning of Year	<u>197,943</u>	<u>54,243</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 246,138</u>	<u>\$ 197,943</u>

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

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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. 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

SDYS programs consist of the following:

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 Prelude, 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.

Community 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, 2021 AND 2020

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. The next program in this area, Music Discovery, will pilot in 2021-22.

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.

Government Funding in Response to Covid-19

As part of federal government support to non-profit organizations through the American Rescue Plan, SDYS received the following:

- NEA CARES - Received \$50,000 in July 2020, included in government grants in the FY21 statement of activities.
- PPP Round 1 - Received \$278,900 in April 2020, included in deferred revenue in the FY20 statement of position, forgiven in full in March 2021 and included in government grants in the FY21 statement of activities.
- PPP Round 2 - Received \$275,587 in February 2021, included in deferred revenue in the FY21 statement of position.
- ERTC April-December 2020 - \$185,693 is included in governmental grants in the FY21 statement of activities and other receivables on the statement of financial position (not received as of June 30, 2021).
- ERTC April-June 2021 - Received \$173,965 in August 2021, included in government grants in the FY21 statement of activities and other receivables on the statement of financial position (not received as of June 30, 2021).

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 - Organization: (Continued)

Government Funding in Response to Covid-19 (Continued)

Without this level of federal funding, SDYS' FY21 statement of activities would have resulted in a loss of income, as much as 39% when compared to the previous fiscal year.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of SDYS 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.

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

SDYS 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, 2021 AND 2020

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.

SDYS' 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)

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, 2021 and 2020.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 - Significant Accounting Policies: (Continued)

Musical Instruments

SDYS 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 SDYS. 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. As a matter of policy, any proceeds from the sale of musical instruments are used for any purpose that advances SDYS’ mission.

Accession of musical instruments to the Collection totaled \$24,851 and \$26,367 for the years ended June 30, 2021 and 2020, respectively. Deaccession of musical instruments from the Collection totaled \$14,296 and \$15,032 during the years ended June 30, 2021 and 2020, respectively, resulting in a loss on disposal of \$14,296 and \$15,032 for the years ended June 30, 2021 and 2020, respectively. Costs incurred in connection with the acquisition and conservation of the Collection are expensed in the period incurred. The Collection totaled \$671,570 and \$661,015 at June 30, 2021 and 2020, respectively.

Capitalization and Depreciation

SDYS 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, SDYS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. SDYS 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 \$21,673 and \$21,857 for the years ended June 30, 2021 and 2020, 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 \$49,119 and \$41,991 at June 30, 2021 and 2020, 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, 2021 AND 2020

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 \$163 and \$174 at June 30, 2021 and 2020, respectively, and are included in prepaid expenses. Deferred revenue from tuition and fees totaled \$30,916 and \$29,115 at June 30, 2021 and 2020, respectively.

Contributions are recognized when the donor makes a promise to give to SDYS 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

SDYS 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, 2021 and 2020, and have been included in revenue and expenses.

SDYS received donated musical instruments. These donated musical instruments are recorded at fair value and totaled \$22,545 and \$10,137 for the years ended June 30, 2021 and 2020, respectively, and have been included in revenue and musical instruments. SDYS has received donations for professional services, furniture, and supplies. The professional services, furniture, and supplies are recorded at fair value and totaled \$370 and \$26,455 for the years ended June 30, 2021 and 2020, respectively, and have been included in revenue and expenses.

In addition, many individuals volunteer their time and perform a variety of tasks that assist SDYS 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, 2021 and 2020 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. SDYS 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 SDYS' management.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
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Note 2 - Significant Accounting Policies: (Continued)

Income Taxes

SDYS 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. SDYS 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. SDYS is not a private foundation.

SDYS' Return of Organization Exempt from Income Tax for the years ended June 30, 2021, 2020, 2019, and 2018 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

SDYS maintains its cash in bank deposit accounts and money market funds which, at times, may exceed federally insured limits. SDYS has not experienced any losses in such accounts. SDYS 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, SDYS 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 August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This standard removed, modified, and added additional disclosure requirements on fair value measurements, specifically surrounding: (a) the amount of and reasons for transfers between Level 1 and Level 2 investments; (b) the policy for timing of these transfers; (c) the valuation process for Level 3 fair value measurements; and (d) the changes in unrealized gains and losses for the period including earnings on Level 3 fair value measurements held at the end of the reporting period. SDYS has adopted this ASU for the year ended June 30, 2021. The adoption had no material effect on the 2021 financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities – Updating the Definition of Collections*. This standard addresses the use of deaccessioned funds not only for the acquisition of new collection items, but also for direct care of the collection. This standard is applied on a prospective basis. The adoption had no effect on the 2021 financial statements.

Reclassification

SDYS has reclassified certain prior year information to conform with the current-year presentation.

Subsequent Events

In preparing these financial statements, SDYS has evaluated events and transactions for potential recognition or disclosure through January 24, 2022, 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, 2021 AND 2020

Note 3 - Liquidity and Availability:

SDYS 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. SDYS 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, SDYS 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 246,138	\$ 197,943
Investments	1,860,944	1,561,559
Grants receivable	120,949	52,210
Other receivables	361,342	4,917
Pledges receivable	19,073	9,406
Appropriation of board-designated quasi-endowment and endowment earnings	60,000	60,000
Less: Donor-restricted endowment funds	(1,057,721)	(925,739)
Less: Board-designated quasi-endowment	<u>(735,849)</u>	<u>(458,799)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 874,876</u>	<u>\$ 501,507</u>

In addition to financial assets available to meet general expenditures over the next 12 months SDYS has a line-of-credit agreement with available borrowings totaling \$100,000 as described in Note 10. In addition, SDYS operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

SDYS' 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
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Note 4 - Fair Value Measurements:

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

	2021			
	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, 2021
Common stocks	\$ 781,798	\$ -	\$ -	\$ 781,798
Mutual and exchange traded funds	506,138	-	-	506,138
Fixed income securities	-	573,008	-	573,008
Charitable remainder unitrust (Note 7)	-	-	279,313	279,313
Beneficial interest in endowment funds (Note 9)	-	-	289,514	289,514
	\$ 1,287,936	\$ 573,008	\$ 568,827	\$ 2,429,771
	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
	\$ 982,188	\$ 579,371	\$ 464,990	\$ 2,026,549

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, 2021 AND 2020**

Note 4 - Fair Value Measurements: (Continued)

The following table represents SDYS' 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:

2021				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Charitable remainder unitrust	\$ 279,313	Present value of expected cash flows	Investment yield Discount rate	7% 7%
Beneficial interest in endowment funds	\$ 289,514	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A
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

Note 5 - Pledges Receivable:

Pledges receivable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 19,073	\$ 9,416
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>\$ 40,764</u>	<u>\$ 31,107</u>

The pledges receivable have been discounted to their present value using a discount rate of 2.4% at each of the years ended June 30, 2021 and 2020.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
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Note 6 - Investments:

Investments consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Common stocks	\$ 781,798	\$ 607,061
Fixed income securities	573,008	579,371
Mutual and exchange traded funds	506,138	375,127
Total Investments	<u>\$ 1,860,944</u>	<u>\$ 1,561,559</u>

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

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 21,807	\$ 24,383	\$ 46,190
Net realized and unrealized gains	317,820	66,674	384,494
Change in charitable remainder unitrust	-	48,753	48,753
Investment fees	<u>(17,577)</u>	<u>(1,152)</u>	<u>(18,729)</u>
Total Investment Income	<u>\$ 322,050</u>	<u>\$ 138,658</u>	<u>\$ 460,708</u>

	<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
Net realized and unrealized gains	16,071	3,189	19,260
Change in 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>

Note 7 - Charitable Remainder Unitrust:

SDYS 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 SDYS, subject to the donor restriction that the corpus be maintained in perpetuity. The assets held in the Trust totaling \$382,013 and \$321,755 at June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Balance at Beginning of Year	\$ 230,560	\$ 247,116
Change in discount and fair value	48,753	(16,556)
Balance at End of Year	<u>\$ 279,313</u>	<u>\$ 230,560</u>

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Note 8 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Tenant improvements	\$ 315,891	\$ 320,554
Music equipment	58,351	59,982
Office equipment and furnishings	121,055	135,321
Subtotal	<u>495,297</u>	<u>515,857</u>
Less: Accumulated depreciation	<u>(455,761)</u>	<u>(457,313)</u>
Property and Equipment, Net	<u>\$ 39,536</u>	<u>\$ 58,544</u>

Note 9 - Beneficial Interest in Endowment Funds:

SDYS 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 48% international equities, 26% alternative investments, 14% fixed income, 6% real assets and 6% real estate. SDYS receives distributions of earnings on an annual basis. The distributions are used to further SDYS' mission of instilling excellence in musical achievement and personal growth through rigorous and inspiring music education experience. SDYS received \$10,437 and \$10,246 in distributions for the years ended June 30, 2021 and 2020, respectively. The activity in the beneficial interest in endowment funds consisted of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Balance at Beginning of Year	\$ 234,430	\$ 242,628
Investment income	66,674	3,189
Investment fees	(1,153)	(1,141)
Distributions	<u>(10,437)</u>	<u>(10,246)</u>
Balance at End of Year	<u>\$ 289,514</u>	<u>\$ 234,430</u>

Note 10 - Line-of-Credit:

SDYS 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, 2021 and 2020. The line of credit expires January 3, 2023 and is secured by a blanket filing on all business assets.

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
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JUNE 30, 2021 AND 2020

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, 2021 and 2020 was calculated based on the December 31, 2020 and 2019 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>2021</u>	<u>2020</u>
Undesignated Spending Allowance at Beginning of Year	\$ 52,255	\$ 42,255
Allocation	45,000	40,000
Expenditures	<u>(45,000)</u>	<u>(30,000)</u>
Undesignated Spending Allowance at End of Year	<u>\$ 52,255</u>	<u>\$ 52,255</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
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Note 12 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by SDYS, 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>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Moeser Memorial	\$ 314,948	\$ 308,042
Whitesell/ Fox Scholarship Fund	105,147	106,569
Opus Program	157,942	71,305
Young-Sharin Scholarship Fund	63,834	56,381
Gigli Family Scholarship Fund	49,423	50,211
Pledges receivable, net	21,691	21,691
Inge Manes Memorial Fund	2,501	2,631
Kawashima Fund - Associate Concert Master	1,873	1,787
Brooks First Assistant Chair	1,004	1,054
Spinner Yates Scholarship Fund	1,496	921
Blair and Georgia Sadler Fund - Scholarship	876	810
Elaine and Stanley Goff Fund - Scholarship	624	657
Chelsea King Scholarship – French Horn	521	548
Eleanor M. Young Scholarship Fund - Cello	425	447
Betty R. Hiller Scholarship Fund	432	445
La Jolla Debutante Ball Committee - Violin	375	394
A. Cohen Scholarship Fund	311	-
Carson Kemp Memorial Fund - Nominated Scholarship	256	269
Julie E. Brewer Conductor’s Achievement Award - Scholarship	250	263
Clark Piano Fund	187	197
M. Adler Lindberg Pre-K Fund	119	-
Bruno Bello Family Scholarship Fund	101	-
Marvin Levine Principal Viola Chair	62	33
Total Subject to Expenditure for Specified Purpose	<u>724,398</u>	<u>624,655</u>
Perpetual in Nature:		
Endowments (Note 13)	<u>1,347,235</u>	<u>1,160,169</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,071,633</u>	<u>\$ 1,784,824</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>2021</u>	<u>2020</u>
Purpose Restrictions Fulfilled:		
Opus Program	\$ 282,937	\$ 34,894
Endowment earnings appropriated	20,893	19,670
Moeser Memorial	823	31,613
Total Net Assets Released From Restrictions	<u>\$ 304,653</u>	<u>\$ 89,177</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
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JUNE 30, 2021 AND 2020

Note 13 - Endowment Net Assets:

SDYS' 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. SDYS 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 SDYS, SDYS 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, SDYS 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 SDYS in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, SDYS 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 SDYS 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 SDYS
- The investment policies of SDYS

SDYS 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. SDYS has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. SDYS has no underwater endowment funds at June 30, 2021 and 2020.

SDYS 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, 2021 AND 2020

Note 13 - Endowment Net Assets: (Continued)

Symphony Managed Funds (Continued)

SDYS' 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. SDYS 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). SDYS' spending policy in regard to these funds is to disburse them for their restricted purpose to meet the current program needs of SDYS. SDYS' 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

SDYS 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 SDYS 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
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Note 13 - Endowment Net Assets: (Continued)

Endowment composition by type of fund at June 30:

	2021			Total
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Perpetual	
Donor-Restricted Endowment Funds:				
San Diego Foundation - General	\$ -	\$ -	\$ 289,514	\$ 289,514
Charitable Remainder Unitrust	-	-	279,313	279,313
Joan Kroc Fund - General	-	-	125,000	125,000
R.P. Foundation - General	-	-	125,000	125,000
Inge Manes Memorial Fund	-	2,501	100,150	102,651
Kawashima Fund - Associate Concert Master	-	1,873	75,000	76,873
Spinner Yates Scholarship Fund	-	1,496	75,000	76,496
Brooks First Assistant Chair	-	1,004	40,200	41,204
Dorothy and Joel Sollender Fund - General	-	-	39,900	39,900
Blair and Georgia Sadler Fund - Scholarship	-	876	38,850	39,726
A. Cohen Scholarship Fund	-	311	25,079	25,390
Elaine and Stanley Goff Fund - Scholarship	-	624	25,000	25,624
Chelsea King Scholarship – French Horn	-	521	20,867	21,388
Eleanor M. Young Scholarship Fund - Cello	-	425	17,000	17,425
Betty R. Hiller Scholarship Fund	-	432	17,283	17,715
La Jolla Debutante Ball Committee - Violin	-	375	15,000	15,375
Carson Kemp Memorial Fund - Nominated Scholarship	-	256	10,229	10,485
Julie E. Brewer Conductor's Achievement Award - Scholarship	-	250	10,000	10,250
Clark Piano Fund	-	187	7,500	7,687
M. Adler Lindberg Pre-K Fund	-	119	4,750	4,869
Bruno Bello Family Scholarship Fund	-	101	4,100	4,201
Marvin Levine Principal Viola Chair	-	62	2,500	2,562
Total Donor-Restricted Endowment Funds	-	11,413	1,347,235	1,358,648
Board-Designated Quasi-Endowment	735,849	-	-	735,849
Total Endowment Funds	<u>\$ 735,849</u>	<u>\$ 11,413</u>	<u>\$ 1,347,235</u>	<u>\$ 2,094,497</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
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Note 13 - Endowment Net Assets: (Continued)

	2020			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
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>

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, 2019	\$ 479,933	\$ 9,424	\$ 1,137,223	\$ 1,626,580
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	458,799	10,456	1,160,169	1,629,424
Investment income	322,050	11,413	114,274	447,737
Contributions	-	-	83,229	83,229
Distribution of spending allowance	(45,000)	-	-	(45,000)
Distributions	-	(10,456)	(10,437)	(20,893)
Endowment Net Assets at June 30, 2021	<u>\$ 735,849</u>	<u>\$ 11,413</u>	<u>\$ 1,347,235</u>	<u>\$ 2,094,497</u>

SAN DIEGO YOUTH SYMPHONY AND CONSERVATORY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 14 - Commitments and Contingencies:

Lease Obligations

SDYS entered into a three-year and three-month operating lease for office space at Liberty Station 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 \$38,315 and \$14,642 for the years ended June 30, 2021 and 2020, respectively.

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

Years Ended June 30		
2022	\$	37,430
2023		41,716
Total	\$	79,146

Payroll Protection Program Loan

In April 2020, SDYS 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 SDYS 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. SDYS has recognized \$278,900 and \$-0- as revenue at June 30, 2021 and 2020, respectively. The loan was fully forgiven during the year ended June 30, 2021.

Consolidated Appropriations Act Payroll Protection Program

In February 2021, SDYS received a loan totaling \$275,587 from the U.S. Small Business Administration under the CARES Act Paycheck Protection Program (“PPP2”). The loan is forgivable to the extent that SDYS meets the terms and conditions of PPP2. Any portion of the loan that is not forgiven bears interest at 1%, and is due February 2026. The amount received totaling \$275,587 has been included in deferred revenue at June 30, 2021. SDYS expects to satisfy the terms and conditions of forgiveness of the PPP2, and will recognize the amount received as revenue during the year ended June 30, 2022, when forgiveness has been granted by the lender.

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. SDYS is closely monitoring its investment portfolio and liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on SDYS’ operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on SDYS’ donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact SDYS’ financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.