

**CHARLOTTE SYMPHONY ORCHESTRA  
SOCIETY, INCORPORATED**

**FINANCIAL STATEMENTS AND  
ACCOMPANYING INFORMATION**

*As of and for the Years Ended June 30, 2020 and 2019*

*And Report of Independent Auditor*

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**

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## Report of Independent Auditor

To the Board of Directors  
Charlotte Symphony Orchestra Society, Incorporated  
Charlotte, North Carolina

We have audited the accompanying financial statements of Charlotte Symphony Orchestra Society, Incorporated (the "Society"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

We believe 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 Society as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matters

We draw attention to the fact that, as a result of net losses without donor restrictions for several years, the Society has a deficit in net assets without donor restrictions of \$470,126 and \$344,940 as of June 30, 2020 and 2019, respectively. As discussed more fully in Note 2, the Society has taken action to create operating surpluses and to improve its cash flow and liquidity. Our opinion is not modified with respect to that matter.

As discussed in Note 11, the Society's operations have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 ("COVID-19") which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption caused by the outbreak is uncertain; however, it may negatively impact the Organization's financial position, changes in net assets, and cash flows. Our opinion is not modified with respect to this matter.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying statements of financial position by fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the Society's management and was derived from, and relates to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the basic 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, when considered in relation to the basic financial statements taken as a whole.

*Cherry Bekart LLP*

Charlotte, North Carolina  
February 10, 2021

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2020 AND 2019*

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,210,832	\$ 1,100,425
Accounts receivable	46,430	292,852
Allowable endowment spending not withdrawn	446,548	384,769
Promises to give, net	347,751	1,049,073
Prepaid expenses and other current assets	75,219	141,902
Total Current Assets	<u>3,126,780</u>	<u>2,969,021</u>
Restricted cash	<u>23,504</u>	<u>21,435</u>
Noncurrent promises to give, net	<u>-</u>	<u>170,000</u>
Property and Equipment:		
Music library	324,010	324,010
Musical instruments	293,479	288,079
Furniture and equipment, less accumulated depreciation of \$248,300 at June 30, 2020 and \$203,100 at June 30, 2019	<u>101,961</u>	<u>104,212</u>
Property and Equipment, Net	<u>719,450</u>	<u>716,301</u>
Restricted Assets - Endowment:		
Cash restricted for endowments	312,148	10,672
Beneficial Interests in Trusts:		
Campaign for the Cultural Facilities	4,890,578	5,757,596
Campaign for the Cultural Facilities, promises to give	319,463	406,594
Other beneficial interests in trusts	<u>5,191,602</u>	<u>4,128,191</u>
Total Restricted Assets - Endowment	<u>10,713,791</u>	<u>10,303,053</u>
<b>Total Assets</b>	<u><u>\$ 14,583,525</u></u>	<u><u>\$ 14,179,810</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 656,394	\$ 662,284
Unearned ticket sales	838,103	1,094,588
Paycheck Protection Program deferred grant revenue	<u>1,187,600</u>	<u>-</u>
Total Current Liabilities	<u>2,682,097</u>	<u>1,756,872</u>
Advance from Thrive	<u>1,000,000</u>	<u>1,000,000</u>
Total Liabilities	<u>3,682,097</u>	<u>2,756,872</u>
Net Assets (Deficit):		
Without donor restrictions	(470,126)	(344,940)
With donor restrictions	<u>11,371,554</u>	<u>11,767,878</u>
Total Net Assets	<u>10,901,428</u>	<u>11,422,938</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 14,583,525</u></u>	<u><u>\$ 14,179,810</u></u>

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

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Concert Revenue:			
Season tickets	\$ 710,607	\$ -	\$ 710,607
Single tickets	1,792,230	-	1,792,230
Other fee concerts	289,206	-	289,206
Education and youth orchestra	151,356	-	151,356
Special events, net of expenses of \$134,954	88,826	124,000	212,826
Contributions:			
Individuals and foundations	2,307,207	457,511	2,764,718
Corporations	145,000	125,000	270,000
Arts and science council	633,244	-	633,244
Thrive	2,000,000	-	2,000,000
Government sources	114,000	-	114,000
Organizations	34,040	-	34,040
Allowable endowment balance for spending	447,742	-	447,742
	<u>8,713,458</u>	<u>706,511</u>	<u>9,419,969</u>
Net Assets Released from Restriction:			
Other	713,573	(713,573)	-
Total Revenues	<u>9,427,031</u>	<u>(7,062)</u>	<u>9,419,969</u>
Expenses:			
Program Expenses:			
Musical and project	7,663,528	-	7,663,528
Supporting Services:			
Management and general	1,348,987	-	1,348,987
Fundraising and development	539,702	-	539,702
Total Expenses	<u>9,552,217</u>	<u>-</u>	<u>9,552,217</u>
Change in net assets before other changes	(125,186)	(7,062)	(132,248)
Other Changes:			
Change in beneficial interests in trusts	-	58,480	58,480
Release of allowable endowment balance for spending	-	(447,742)	(447,742)
Change in net assets	(125,186)	(396,324)	(521,510)
Net assets (deficit), beginning of year	(344,940)	11,767,878	11,422,938
Net assets (deficit), end of year	<u>\$ (470,126)</u>	<u>\$ 11,371,554</u>	<u>\$ 10,901,428</u>

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

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Concert Revenue:			
Season tickets	\$ 1,171,873	\$ -	\$ 1,171,873
Single tickets	2,149,505	-	2,149,505
Other fee concerts	648,587	-	648,587
Education and Youth orchestra	73,212	-	73,212
Oratorio singers	2,400	-	2,400
Special events, net of expenses of \$194,126	372,183	-	372,183
Contributions:			
Individuals and foundations	2,241,177	1,764,730	4,005,907
Corporations	391,067	30,000	421,067
Arts and Science Council	657,191	-	657,191
Thrive	2,000,000	-	2,000,000
Government sources	83,500	-	83,500
Organizations	52,918	15,000	67,918
Allowable endowment balance for spending	384,769	-	384,769
Other revenue	36,925	-	36,925
	<u>10,265,307</u>	<u>1,809,730</u>	<u>12,075,037</u>
Net Assets Released from Restriction:			
Other	703,013	(703,013)	-
Total Revenues	<u>10,968,320</u>	<u>1,106,717</u>	<u>12,075,037</u>
Expenses:			
Program Expenses:			
Musical and project	8,243,675	-	8,243,675
Supporting Services:			
Management and general	1,336,017	-	1,336,017
Fundraising and development	578,170	-	578,170
Total Expenses	<u>10,157,862</u>	<u>-</u>	<u>10,157,862</u>
Change in net assets before other changes	810,458	1,106,717	1,917,175
Other Changes:			
Change in beneficial interests in trusts	-	333,783	333,783
Release of allowable endowment balance for spending	-	(384,769)	(384,769)
Change in net assets	810,458	1,055,731	1,866,189
Net assets (deficit) beginning of year, prior to reclassification	<u>(1,155,398)</u>	<u>10,712,147</u>	<u>9,556,749</u>
Net assets (deficit), end of year	<u>\$ (344,940)</u>	<u>\$ 11,767,878</u>	<u>\$ 11,422,938</u>

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

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (521,510)	\$ 1,866,189
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	45,116	45,161
Change in beneficial interests in trusts	(58,480)	(333,783)
Change in discounts on promises to give	1,400	(2,900)
Provision for uncollectible pledges	(5,500)	(4,300)
Contributions for endowment	(100,000)	(935,173)
Changes in assets and liabilities:		
Accounts receivable	246,422	(218,437)
Allowable endowment spending not withdrawn	(61,779)	(11,564)
Promises to give	962,553	(77,384)
Prepaid expenses and other current assets	66,683	5,235
Accounts payable and accrued liabilities	(5,890)	(31,969)
Unearned ticket sales	(256,485)	192,499
Paycheck Protection Program deferred grant revenue	1,187,600	-
Net cash from operating activities	<u>1,500,130</u>	<u>493,574</u>
<b>Cash flows from investing activities:</b>		
Purchases of endowed investments	(137,913)	(685,364)
Purchases of furniture and equipment	<u>(48,265)</u>	<u>(29,105)</u>
Net cash from investing activities	<u>(186,178)</u>	<u>(714,469)</u>
<b>Cash flows from financing activities:</b>		
Contributions for endowment	<u>100,000</u>	<u>935,173</u>
Net cash from financing activities	<u>100,000</u>	<u>935,173</u>
Net change in cash, cash equivalents, and restricted cash	1,413,952	714,278
Cash, cash equivalents, and restricted cash, beginning of year	<u>1,132,532</u>	<u>418,254</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 2,546,484</u>	<u>\$ 1,132,532</u>
Cash and cash equivalents	\$ 2,210,832	\$ 1,100,425
Restricted cash	23,504	21,435
Cash restricted for endowments	<u>312,148</u>	<u>10,672</u>
	<u>\$ 2,546,484</u>	<u>\$ 1,132,532</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 60,375</u>

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



# CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### Note 1—Organization and summary of significant accounting policies

*Organization and Nature of Activities* – The Charlotte Symphony Orchestra Society, Incorporated (the “Society”) was founded in 1932 for the purpose of performing a broad range of orchestral music, including appropriate genres of American traditional and popular music, to engage, educate, and enrich audiences of all ages.

*Basis of Presentation* – The financial statements of the Society have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of the Society’s management and the Board of Directors. The Society has chosen to provide further classification information about net assets without donor restrictions in the notes to the financial statements. The subclassifications are as follows:

*Board Designated* – Represents resources set aside by the Board of Directors to be used for specific activities within guidelines established by the Board of Directors. As of June 30, 2020 and 2019, \$529,892 was designated by the board for an operating reserve.

*Undesignated* – Represents the cumulative net assets without donor restrictions excluding those net assets designated for specific activities.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

*Contributions* – Contributions, including unconditional promises to give, are recognized as revenues in the period made. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Grants and other contributions of cash and other assets are considered to be available for use unless specifically restricted by the donor.

The Society records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2020 and 2019, no such contributed assets or services were received. In addition, a number of unpaid volunteers, who serve in the capacity of board members, have made significant contributions of their time in the furtherance of the Society’s purpose. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

From time to time, the Society may be named as a beneficiary in certain wills, trusts, and/or estates. Generally, these agreements are considered conditional promises to give. As such, no receivables or revenues are recognized until the underlying condition has been substantially met.

# CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### **Note 1—Organization and summary of significant accounting policies (continued)**

*Income Taxes* – The Society has received a favorable determination letter from the Internal Revenue Service with respect to its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Management believes the Society continues to satisfy the requirements of a tax-exempt organization and is not subject to tax. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Society accounts for tax uncertainties based on a more likely than not recognition threshold whereby tax benefits are only recognized when the Society believes they have a greater than 50% likelihood of being sustained upon examination by taxing authorities. The Society has evaluated all its tax positions and determined it had no material uncertain income tax positions as of June 30, 2020 and 2019.

*Cash and Cash Equivalents* – The Society considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Restricted Cash* – Restricted cash are funds related to the Instrument Loan Program. Funds related to the Instrument Loan Program are required to be kept in a separate bank account.

*Cash Restricted for Endowments* – Restricted cash for endowments are funds held from contributions received and/or payments on promises to give that are to be transferred into the endowment fund.

*Accounts Receivable* – Accounts receivable are stated at cost less an allowance for doubtful accounts, if necessary. Management's determination of the allowance for doubtful accounts is based on an evaluation of the receivable, past experience, and current economic conditions. Management has determined an allowance for doubtful accounts is not considered necessary as of June 30, 2020 and 2019.

*Instrument Loans Receivable* – Loans receivable are carried at unpaid principal balances, less an allowance for loan losses, if necessary. Management's determination of the allowance for loan losses is based on past loan loss experience, specific impaired loans, and current economic conditions. Management has determined an allowance for loan losses is not considered necessary as of June 30, 2020 and 2019. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. At June 30, 2020 and 2019, the Society reported instrument loans receivable of approximately \$8,000 and \$10,000, respectively, which are included in accounts receivable in the statements of financial position.

*Promises to Give, Net* – Contributions that are expected to be collected in future years are recorded at fair value which is estimated using the present value of their expected cash flows, discounted using current market rate assumptions, and are recorded net of an allowance for uncollectible promises to give, which is based on management's evaluation of potential uncollectible promises to give.

*Beneficial Interests in Trusts* – The Society recognizes assets held by a recipient organization for the sole benefit of the Society as beneficial interests in trusts.

*Furniture and Equipment, Net* – Furniture and equipment are stated at cost for purchased items and at estimated fair value at the date received for donated items. Depreciation is computed on the straight-line basis for furniture and equipment using an estimated useful life, which ranges from 3 to 10 years. The music library and musical instruments owned by the Society are not depreciated, as such assets are not considered to decline in value or usefulness.

# CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### **Note 1—Organization and summary of significant accounting policies (continued)**

*Advance from Thrive* – Other deferred revenue consists primarily of a \$1 million receipt during fiscal year 2015 that relates to the 2022 fiscal year grant from the Thrive campaign (see Note 2).

*Ticket and Sponsorship Revenue* – Ticket and sponsorship receipts for concerts prior to the performance are deferred and recognized in the accompanying statements of activities as revenues in the period in which the concert is given. Any amounts deferred at year-end are included in unearned ticket sales in the accompanying statements of financial position.

*Use of Estimates* – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Functional Expenses* – The costs of providing the various programs and other activities of the Society have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function (see Note 13). Direct identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to the various programs and supporting services based on time and effort.

*New Pronouncement* – In June 2018, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This ASU is effective for annual periods beginning after December 15, 2018 and has been fully implemented in the current year. The implementation had no effect on the net assets previously reported.

*Future Pronouncement* – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of this standard on the Society’s financial statements, but does not believe it will have a material impact on the statements of activities of the Society.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for financing and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of this standard on the Society’s financial statements, but does not believe it will have a material impact on the statements of activities of the Society.

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2020 AND 2019*

**Note 2—Liquidity and availability of resources**

Liquidity and availability of resources is as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash, cash equivalents, and restricted cash	\$ 2,546,484	\$ 1,132,532
Accounts receivable	46,430	292,852
Allowable endowment spending not withdrawn	446,548	384,769
Promises to give	347,751	1,219,073
Beneficial interests in trusts	<u>10,401,643</u>	<u>10,292,381</u>
Total financial assets at year-end	<u>13,788,856</u>	<u>13,321,607</u>
Less amounts not available to be used for general expenditures within one year:		
Board-designated funds	529,892	529,892
Restricted by donor with purpose or time restrictions	562,763	769,825
Endowment funds	<u>10,808,791</u>	<u>10,998,053</u>
Financial assets not available to be used within one year	<u>11,901,446</u>	<u>12,297,770</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,887,410</u>	<u>\$ 1,023,837</u>

The Society regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of and return on available funds. The Society has various sources of liquidity at its disposal. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Society considers all expenditures related to its ongoing activities of musical and project expenses as well as the conduct of services undertaken to support those activities to be general expenditures.

The Society has both donor-restricted and board-designated resources which are limited in their use for specific purposes or due to timing. Accordingly, these assets are shown as a reduction to financial assets available to meet general expenditures within one year. These assets limited to use, are more fully described in Note 9. Although the Society does not intend to spend from these board-designated funds, these amounts could be made available, if necessary.

Due to losses in several prior years, the Society experienced decreases in its net assets without donor restrictions. For the fiscal year ended June 30, 2020 and 2019, the Society had (decrease) increase in net assets without donor restrictions of (\$125,186) and \$810,458, respectively. Prior to the disruption of operations caused by the spread of COVID-19, the Society was projecting a surplus in operations for the year ended June 30, 2020, which would have further reduced the overall deficit in net assets without donor restriction. The Society's liquidity needs have been supplemented by the flexibility of the timing of grants received from the Arts and Science Council ("ASC"), use of advance ticket sales and, since June 30, 2013, over \$17 million in cumulative contributions from the Thrive Arts Stabilization Fund, whose mission is to help arts groups develop independent fundraising tools and infrastructure. In addition, the Society substantially offset the cash flow impact of prior operating deficits through additional withdrawals of approximately \$2,700,000 from its endowment funds during 2007-2011 which contributes to the underwater endowments discussed in Note 6.

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2020 AND 2019*

**Note 2—Liquidity and availability of resources (continued)**

The Society has developed a business plan to continue to increase net assets without donor restrictions. In September 2017, the musicians and management agreed to a five-year extension of the union contract which provided the Society with costs savings (see Note 11). Management is continuing to expand revenue generating activities as well as explore ways to reduce other expenses where possible. The Society has engaged consultants to help optimize revenue from its performances and improve patron engagement in order to improve both earned and contributed income. The Society has budgeted for an increase in future contributions from individuals and foundations and has engaged consultants to perform a feasibility study for a future capital campaign. Additionally, the Society received a PPP loan of \$1,187,600 (see Note 8) that is expected to be fully forgiven in fiscal year 2021.

**Note 3—Promises to give, net**

Promises to give represent donors' promises to pay contributions to the Society. The Society receives promises to give for undesignated support, support of future performances, endowments, and other restricted purposes. Receivables related to these promises to give, which are recorded in the accompanying statements of financial position as promises to give, are summarized as follows as of June 30:

	<b>2020</b>	<b>2019</b>
Time restricted promises to give	\$ 112,751	\$ 120,923
Purpose restricted promises to give	160,000	427,250
Endowment promises to give	100,000	700,000
Total promises to give	372,751	1,248,173
Less allowance for uncollectible accounts	(20,000)	(25,500)
Less discount to present value	(5,000)	(3,600)
Total promises to give, net	347,751	1,219,073
Receivable in one to five years	-	(170,000)
Receivable in less than one year	\$ 347,751	\$ 1,049,073

The fair value of promises to give are recorded at their present value of expected future cash flows using average credit adjusted risk free discount rates of 2.18% and 1.76% for the years ended June 30, 2020 and 2019, respectively. Management periodically reviews promises to give and assesses their collectability and records an allowance for potentially uncollectible amounts. Included in promises to give above are balances due from members of the Board of Directors of approximately \$165,000 and \$164,000 as of June 30, 2020 and 2019, respectively. Net endowment promises to give of \$95,000 and \$695,000 as of 2020 and 2019, respectively are restricted for the endowment and have been included in endowment net assets (Note 9).

# CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### **Note 4—Beneficial interests in trusts**

As discussed below, beneficial interests in trusts represent funds contributed by donors to the Greater Charlotte Cultural Trust (“GCCT”) for the benefit of the Society and which are managed as part of the Society’s endowment (see Note 6).

In January 2004, ASC’s Board of Directors adopted The Cultural Facilities Master Plan (the “Plan”) which recommended the construction or improvement of several cultural facilities in the Charlotte community, with capital funding to come from the local government. ASC, in conjunction with GCCT, also completed the Cultural Organizations Endowment Agreement (the “Agreement”) related to the Campaign for Cultural Facilities. The Agreement outlined the campaign to fund facility endowments to support the operation of the new or remodeled facilities as well as other endowment and capital needs in the cultural community. The Society is a party to this Agreement and is budgeted to be allocated \$7 million of the approximately \$83 million raised. If actual campaign collections are less than the total raised, the Society will receive a pro-rated share of its budgeted allocation. In accordance with the Agreement, the funds are used to create an endowment, with the earnings to be distributed annually to fund operating costs of the new facilities. The Society has recorded a beneficial interest in trust – Campaign for the Cultural Facilities of \$4,890,578 and \$5,757,596 at June 30, 2020 and 2019, respectively, representing the Society’s interest in the investment portion of funds held. In addition, as part of the Campaign for Cultural Facilities, the Society has endowed promises to give of \$319,463 and \$406,594 as of June 30, 2020 and 2019, respectively, which are presented as Campaign for the Cultural Facilities promises to give in the statements of financial position.

The Society has also recorded other beneficial interests in trusts held at Foundation for the Carolinas (“FFTC”) of \$5,191,602 and \$4,128,191 at June 30, 2020 and 2019, respectively.

The Society’s beneficial interests in trusts are exposed to various risks such as interest rates, market, liquidity, and credit risks. Due to the current and potential future volatility in the financial markets, it is possible that changes in the investment values and liquidity could occur in the near term and could materially affect the reported investment values in the accompanying statements of financial position.

The beneficial interests in trusts at FFTC are maintained with various broker-dealers, invested in pooled funds of primarily common stock equities, bonds, and fixed income investments, which are subject to fluctuations in market values and expose the Society to a certain degree of interest and credit risk.

Investments include fund managers that invest in private investment funds as part of the asset allocation, as an alternative investment strategy with the purpose of increasing the diversity of the holdings and being consistent with the overall investment objectives. The private investment funds are not traded on an exchange and, accordingly, investments in such funds may not be as liquid as investments in marketable equity or debt securities.

The private investment funds may invest in other private investment funds, equity, or debt securities, which may or may not have readily available fair values and foreign exchange or commodity forward contracts. Management of FFTC relies on various factors to estimate the fair value of these investments and believes its processes and procedures for valuing investments are effective and that its estimate of value is reasonable. However, the factors used by management are subject to change in the near term and, accordingly, investment values and performance can be affected. The effect of these changes could be material to the accompanying financial statements.

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2020 AND 2019*

**Note 5—Fair value measurement of assets and liabilities**

In accordance with guidance on fair value measurements for financial instruments measured at fair value, fair value is defined as the price the Society would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The fair value guidance establishes a three-tier hierarchy to distinguish between 1) inputs that reflect the assumptions that market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs), and 2) inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the fair value of the Society's financial instruments. The inputs are summarized in the three broad levels listed below:

*Level 1* – Quoted prices in active markets that are accessible at the measurement date for identical securities.

*Level 2* – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

*Level 3* – Prices or valuations that require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager.

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. The beneficial interest in trust is valued using the fair value of the assets in the trust as a practical expedient unless facts and circumstances indicate the fair value of the assets in the trust differs from the fair value of the beneficial interests. There have been no changes in the methodologies used at June 30, 2020.

The Society's beneficial interests in trust are considered a Level 3 financial instrument as of June 30, 2020 and 2019 because they represent a receivable to be paid from various pooled investments managed by FFTC. The Society has no ownership interest in those underlying investments. However, the fair value of those investments is used by management of FFTC to determine the fair value of the payable to the Society.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b><u>June 30, 2020</u></b>			
Beneficial interests in trusts	\$ -	\$ -	\$ 10,401,643
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b><u>June 30, 2019</u></b>			
Beneficial interests in trusts	\$ -	\$ -	\$ 10,292,381

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2020 AND 2019

**Note 5—Fair value measurement of assets and liabilities (continued)**

For the assets measured at fair value on a recurring basis using Level 3 valuations during the period, the following table provides a reconciliation of beginning and ending balances for the years ended June 30, 2020 and 2019:

	<b>Beneficial Interests in Trusts</b>
Balance, June 30, 2018	\$ 9,416,310
Contributions	935,173
Allowable endowment spending	(384,769)
Change in beneficial interests in trusts	333,783
Other changes and adjustments to promises to give, net	(8,116)
Balance, June 30, 2019	\$ 10,292,381
Contributions	100,000
Allowable endowment spending	(447,742)
Change in beneficial interests in trusts	58,480
Other changes and adjustments to promises to give, net	398,524
Balance, June 30, 2020	<u>\$ 10,401,643</u>

**Note 6—Endowment funds**

The Society's endowment consists of eight individual funds established for a variety of purposes that are primarily held by GCCT and invested at FFTC. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net asset composition by type of fund as of June 30, 2020 and 2019 are listed below:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>June 30, 2020:</b>			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 12,083,662	\$ 12,083,662
Underwater endowments	-	(1,369,871)	(1,369,871)
Total donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 10,713,791</u>	<u>\$ 10,713,791</u>
<b>June 30, 2019:</b>			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 11,983,662	\$ 11,983,662
Underwater endowments	-	(1,680,609)	(1,680,609)
Total donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 10,303,053</u>	<u>\$ 10,303,053</u>

Included in the endowment net asset composition by type of fund above are endowment promises to give held in trust, net, which total \$319,463 and \$406,594 as of June 30, 2020 and 2019, respectively.



# CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### Note 6—Endowment funds (continued)

The Board of Directors of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not maintained in perpetuity are subject to appropriation for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

FFTC administers the majority of these endowed funds. The Board of Directors governing the trusts and the Society have adopted investment and spending policies for endowment assets that attempt to provide for a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, the endowment assets are invested in a manner that is intended to produce results that provide an average annual real rate of return, net of fees, equal to or greater than spending, administrative fees, and inflation (Consumer Price Index). Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Society uses two different long-term FFTC investment strategies that rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FFTC has adopted an investment allocation for the first long-term growth strategy which includes a target asset allocation of U.S. equities, 20%; international equities, 12%; global equities, 5%; private investment partners, 20%; liquid real assets, 10%; fixed income, 10%; defensive hedge funds, 15%; and emerging markets, 8%. FFTC has adopted an investment allocation for the second long-term growth strategy which includes a target asset allocation of global equity, 60%; real assets, 10%; fixed income, 10%; and diversifying hedge funds, 20%.

FFTC has a policy of appropriating for distribution each year 5% of the endowment funds' average fair value using the prior three years' value at the calendar year-end proceeding the fiscal year in which the distribution is planned. FFTC evaluates the spending policy on an annual basis for prudence. In establishing the spending policy, the expected return on the endowment was taken into consideration. Accordingly, the spending policy is expected to allow the endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

*Funds with Deficiencies* – From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Society has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020 and 2019, the fair value of endowment assets was below endowment corpus and included in net assets with donor restrictions.

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2020 AND 2019

**Note 6—Endowment funds (continued)**

The amounts by which fair value was below corpus at June 30 are:

	<u>2020</u>	<u>2019</u>
Fair value of underwater endowment funds	\$ 5,231,710	\$ 3,848,472
Original endowment gift amount	7,409,477	6,609,477
Deficiencies of underwater endowment funds	<u>\$ (2,177,767)</u>	<u>\$ (2,761,005)</u>

Changes in endowment net assets, which include cash restricted for endowment, investments, and Campaign for Cultural Facilities pledge receivable, for the years ended June 30, 2020 and 2019 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, June 30, 2018	\$ -	\$ 9,426,982	\$ 9,426,982
Contributions	-	935,173	935,173
Change in promises to give and other adjustments	-	(8,116)	(8,116)
Change in beneficial interests in trusts	-	333,783	333,783
Allowable endowment spending	-	(384,769)	(384,769)
Endowment net assets, June 30, 2019	\$ -	\$ 10,303,053	\$ 10,303,053
Contributions	-	100,000	100,000
Change in promises to give and other adjustments	-	700,000	700,000
Change in beneficial interests in trusts	-	58,480	58,480
Allowable endowment spending	-	(447,742)	(447,742)
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 10,713,791</u>	<u>\$ 10,713,791</u>

**Note 7—Concentrations in financial support**

Grants and contributions represented approximately 58% and 53% of the Society's revenue without donor restriction for the years ended June 30, 2020 and 2019, respectively. In addition, grants from two organizations comprised of 50% and 100% of total grants for the years ended June 30, 2020 and 2019, respectively. Certain grants are normally awarded on an annual basis, but continuation is dependent upon future annual determinations by the grantors.

**Note 8—Payroll protection plan**

The Society received a Paycheck Protection Program loan ("PPP") in the amount of \$1,187,600. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Society does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Society believes it has not substantially met all barriers for full loan forgiveness yet and, therefore, has recorded the receipt of the funds as deferred revenue in the statement of financial position.

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2020 AND 2019*

**Note 9—Net assets**

Net assets with donor restrictions at June 30, 2020 and 2019 have been restricted by the donors for the following purpose restrictions:

	<u>2020</u>	<u>2019</u>
Subject to purpose and time restriction:		
Time restricted promises to give and contributions	\$ 252,751	\$ 524,073
Instrument loan fund	56,252	56,252
Other purpose restricted	<u>253,760</u>	<u>189,500</u>
Total subject to purpose restriction	<u>562,763</u>	<u>769,825</u>
Endowment net assets:		
Donor-restricted endowment funds	10,394,328	9,896,459
Endowed promises to give held in trust	319,463	406,594
Endowed promises to give, net allowance	<u>95,000</u>	<u>695,000</u>
Total endowment net assets	<u>10,808,791</u>	<u>10,998,053</u>
Total net assets with donor restrictions	<u>\$ 11,371,554</u>	<u>\$ 11,767,878</u>

Net assets totaling \$713,573 and \$703,013 for the years ended June 30, 2020 and 2019, respectively, were released from restrictions by incurring expenses satisfying the restricted purpose and by occurrence of other events specified by donors.

Net assets without donor restrictions at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Board designated:		
Operating reserve	\$ 529,892	\$ 529,892
Total board designated	529,892	529,892
Undesignated	<u>(1,000,018)</u>	<u>(874,832)</u>
Total net assets without donor restrictions	<u>\$ (470,126)</u>	<u>\$ (344,940)</u>

**Note 10—Benefit plans**

The Society has established a qualified defined contribution plan for administrative employees. Under this plan, the Society had contributed 5% to 6% of total participating payroll. Contributions to the plan were suspended on April 1, 2009; therefore, no contributions were made to the plan during the years ended June 30, 2020 and 2019.

The Society also participates in a multi-employer defined benefit plan administered by a national trust, known as the American Federation of Musicians and Employers' Pension Fund, which covers all union musician employees of the Society. The plan is also designed to conform to the requirements of the Employee Retirement Income Security Act of 1974. Contributions to the plan are based upon a percentage of the participant's salary, as determined by the terms of the Collective Bargaining Agreement between the Society and American Federation of Musicians, Local No. 342. Participants do not contribute to the plan. Total contributions made to the plan were \$200,898 and \$226,013 for the years ended June 30, 2020 and 2019, respectively.

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2020 AND 2019*

**Note 10—Benefit plans (continued)**

The risks of participating in a multi-employer plan differ from single-employer plans. The potential risks include, but are not limited to, the use of the Society's contributions to provide benefits to employees of other participating employers, the Society becoming obligated for other participating employers' unfunded obligations and, upon the Society's withdrawal from the plan, the Society being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The plan in which the Society participated during the year ended June 30, 2020 is summarized in the following table. The zone status included in the table is based on information that the Society received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

<b>Pension Fund</b>	<b>EIN/ Pension Plan Number</b>	<b>PPA Zone Status (2)</b>	<b>FIP/RP Status (3)</b>	<b>2020 Contributions</b>	<b>Contributions Greater than 5% of Total Plan Contributions (1)</b>	<b>Expiration Date of CBA</b>
American Federation of Musicians and Employers' Pension Plan	51-6120204	Red	Yes	\$ 200,898	No	August 2022

(1) This information was obtained from the respective plans' Form 5500 for the most current available filing. These dates may not correspond with the Society's calendar year contributions. The above noted percentage of total plan contributions column is based upon disclosures contained in the plans' Form 5500 filing ("Forms"). Those Forms, among other things, disclose the names of the individual participating employers whose annual contributions account for more than 5% of the aggregate annual amount contributed by all participating employers for a plan year.

(2) This zone status represents the most recent available information which is for the plan year ended March 31, 2019.

(3) On April 15, 2010, the Board of Trustees of the plan adopted a Rehabilitation Plan ("RP"). Effective for contributions earned on or after April 1, 2011 and thereafter, the RP required additional employer contributions to the plan. The duration of the RP is currently indefinite. The Society amended their Collective Bargaining Agreement, effective February 27, 2014, in accordance with the RP.

# CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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### Note 11—Commitments and contingencies

In 2015, the Society entered an office lease which expired in October 2020. Subsequent to June 30, 2020, the Society entered into an amendment extending the lease until December 2025. The lease provides for scheduled annual increases in future minimum annual rental payments, with monthly payments ranging from \$13,586 to \$15,289.

Future minimum rental payments under this amended operating lease as of June 30, 2020 are as follows:

#### Years Ending June 30,

2021	\$	161,047
2022		165,867
2023		170,821
2024		175,946
2025		181,242
Thereafter		91,739
	\$	<u>946,662</u>

Rent expense amounted to \$172,635 and \$155,230 during the years ended June 30, 2020 and 2019, respectively.

The Society has an agreement for a contract for musician services with the American Federation of Musicians, Local No. 342 that expires August 31, 2022.

The Society's operations may be affected by the recent and ongoing outbreak of COVID-19 which was declared a pandemic by the World Health Society's in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may negatively impact the Society's financial position, changes in net assets, and cash flows. Our opinion is not modified with respect to this matter.

### Note 12—Concentrations

The Society places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Society from time to time may have amounts on deposit in excess of the insured limits.

The Society has recognized unconditional promises to give from donors in future years. Ultimately, realization of these amounts is influenced by economic conditions of the areas in which these donors reside, as well as other events/conditions which may affect the donors' intention or ability to give.

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2020 AND 2019*

**Note 13—Functional expenses**

Expenses by function and nature consist of the following for the year ended June 30, 2020:

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising and Development	
Salaries and wages	\$ 4,385,656	\$ 276,732	\$ 367,704	\$ 5,030,092
Employee benefits and taxes	1,420,476	101,490	57,286	1,579,252
Guest artists	455,921	-	-	455,921
Properties and production	698,328	-	-	698,328
Education	34,930	-	-	34,930
Other project expenses	80,899	-	-	80,899
Promotion	421,953	20,251	420	442,624
Depreciation	-	45,116	-	45,116
Professional fees	66,673	460,810	21,176	548,659
Office expenses	70,446	382,865	40,744	494,055
Other	28,246	61,723	52,372	142,341
	<u>\$ 7,663,528</u>	<u>\$ 1,348,987</u>	<u>\$ 539,702</u>	<u>\$ 9,552,217</u>

Expenses by function and nature consist of the following for the year ended June 30, 2019:

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising and Development	
Salaries and wages	\$ 4,911,963	\$ 486,840	\$ 443,019	\$ 5,841,822
Employee benefits and taxes	1,045,977	156,899	74,850	1,277,726
Guest artists	671,996	-	-	671,996
Properties and production	768,279	-	-	768,279
Education	71,913	-	-	71,913
Other project expenses	77,599	-	20,641	98,240
Promotion	695,948	-	-	695,948
Interest	-	3,393	-	3,393
Depreciation	-	45,161	-	45,161
Professional fees	-	282,726	-	282,726
Office expenses	-	258,938	-	258,938
Other	-	102,060	39,660	141,720
	<u>\$ 8,243,675</u>	<u>\$ 1,336,017</u>	<u>\$ 578,170</u>	<u>\$ 10,157,862</u>

**Note 14—Subsequent events**

The Society has evaluated subsequent events through February 10, 2021, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

## **ACCOMPANYING INFORMATION**

**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION BY FUND**

JUNE 30, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,957,072	\$ 253,760	\$ 2,210,832
Accounts receivable	38,682	7,748	46,430
Allowable endowment spending not withdrawn	446,548	-	446,548
Promises to give, net	-	347,751	347,751
Prepaid expenses and other current assets	75,219	-	75,219
Total Current Assets	<u>2,517,521</u>	<u>609,259</u>	<u>3,126,780</u>
Restricted cash	-	23,504	23,504
Noncurrent promises to give, net	-	-	-
Property and equipment, net	<u>694,450</u>	<u>25,000</u>	<u>719,450</u>
Restricted Assets - Endowment:			
Cash restricted for endowments	-	312,148	312,148
Beneficial Interests in Trusts:			
Campaign for the Cultural Facilities	-	4,890,578	4,890,578
Campaign for the Cultural Facilities promises to give	-	319,463	319,463
Other beneficial interests in trusts	-	5,191,602	5,191,602
Total Restricted Assets - Endowment	<u>-</u>	<u>10,713,791</u>	<u>10,713,791</u>
<b>Total Assets</b>	<u>\$ 3,211,971</u>	<u>\$ 11,371,554</u>	<u>\$ 14,583,525</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 656,394	\$ -	\$ 656,394
Unearned ticket sales	838,103	-	838,103
Paycheck Protection Program deferred grant revenue	<u>1,187,600</u>	<u>-</u>	<u>1,187,600</u>
Total Current Liabilities	<u>2,682,097</u>	<u>-</u>	<u>2,682,097</u>
Advance from Thrive	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Liabilities	<u>3,682,097</u>	<u>-</u>	<u>3,682,097</u>
Net Assets (Deficit):			
Without donor restrictions	(470,126)	-	(470,126)
With donor restrictions	<u>-</u>	<u>11,371,554</u>	<u>11,371,554</u>
Total Net Assets	<u>(470,126)</u>	<u>11,371,554</u>	<u>10,901,428</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,211,971</u>	<u>\$ 11,371,554</u>	<u>\$ 14,583,525</u>



**CHARLOTTE SYMPHONY ORCHESTRA SOCIETY, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION BY FUND**

JUNE 30, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 910,925	\$ 189,500	\$ 1,100,425
Accounts receivable	283,035	9,817	292,852
Allowable endowment spending not withdrawn	384,769	-	384,769
Promises to give, net	-	1,049,073	1,049,073
Prepaid expenses and other current assets	141,902	-	141,902
Total Current Assets	<u>1,720,631</u>	<u>1,248,390</u>	<u>2,969,021</u>
Restricted cash	-	21,435	21,435
Noncurrent promises to give, net	-	170,000	170,000
Property and equipment, net	<u>691,301</u>	<u>25,000</u>	<u>716,301</u>
Restricted Assets - Endowment:			
Cash restricted for endowments	-	10,672	10,672
Beneficial Interests in Trusts:			
Campaign for the Cultural Facilities	-	5,757,596	5,757,596
Campaign for the Cultural Facilities promises to give	-	406,594	406,594
Other beneficial interests in trusts	-	4,128,191	4,128,191
Total Restricted Assets - Endowment	<u>-</u>	<u>10,303,053</u>	<u>10,303,053</u>
<b>Total Assets</b>	<u>\$ 2,411,932</u>	<u>\$ 11,767,878</u>	<u>\$ 14,179,810</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 662,284	\$ -	\$ 662,284
Unearned ticket sales	1,094,588	-	1,094,588
Total Current Liabilities	1,756,872	-	1,756,872
Advance from Thrive	1,000,000	-	1,000,000
Total Liabilities	<u>2,756,872</u>	<u>-</u>	<u>2,756,872</u>
Net Assets (Deficit):			
Without donor restrictions	(344,940)	-	(344,940)
With donor restrictions	-	11,767,878	11,767,878
Total Net Assets	<u>(344,940)</u>	<u>11,767,878</u>	<u>11,422,938</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,411,932</u>	<u>\$ 11,767,878</u>	<u>\$ 14,179,810</u>