

# **San Francisco Symphony**

Financial Statements  
and Single Audit Reports and Schedule

August 31, 2021 and 2020



## TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 33
Supplementary Information	
Schedule of Changes in Endowment Net Assets	35 - 36
Single Audit Reports and Schedules	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38 – 39
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	40 – 41
Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards	43
Schedule of Findings and Questioned Costs	44 – 45
Summary Schedule of Prior Audit Findings	46

## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee of the Board of Governors  
San Francisco Symphony  
San Francisco, California

We have audited the accompanying financial statements of San Francisco Symphony (a California nonprofit corporation) (the "SFS"), which comprise the statements of financial position as of August 31, 2021 and 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Francisco Symphony as of August 31, 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.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 35 - 36 is presented for purposes of additional analysis and is not a required part of the financial statements. Additionally, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, on our consideration of the SFS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SFS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SFS's internal control over financial reporting and compliance.

*Armanino LLP*

Armanino<sup>LLP</sup>  
San Ramon, California

February 28, 2022

SAN FRANCISCO SYMPHONY  
Statements of Financial Position  
August 31, 2021 and 2020  
(In thousands)

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	<b>ASSETS</b>					
Cash	\$ 14,161	\$ 8,349	\$ 22,510	\$ 3,687	\$ 1,587	\$ 5,274
Short-term investments	329	-	329	340	-	340
Promises to give, net	3,809	7,965	11,774	6,690	3,831	10,521
Receivables under charitable remainder trusts	-	2,519	2,519	-	2,204	2,204
Prepays and other assets	10,860	-	10,860	6,108	-	6,108
Investments	13,505	342,686	356,191	12,877	288,617	301,494
Assets held in split interest agreements	-	5,832	5,832	-	5,216	5,216
Property and equipment, net	19,104	-	19,104	18,168	-	18,168
Total Assets	<u>\$ 61,768</u>	<u>\$ 367,351</u>	<u>\$ 429,119</u>	<u>\$ 47,870</u>	<u>\$ 301,455</u>	<u>\$ 349,325</u>
<b>LIABILITIES AND NET ASSETS</b>						
Accounts payable and other accrued liabilities	\$ 9,360	\$ -	\$ 9,360	\$ 5,942	\$ -	\$ 5,942
Bank lines of credit	-	-	-	1,000	-	1,000
Advance ticket sales	8,098	-	8,098	6,999	-	6,999
Liabilities to beneficiaries of split interest agreements	-	3,132	3,132	-	3,317	3,317
Pension benefit liabilities	9,227	-	9,227	27,321	-	27,321
Total Liabilities	<u>26,685</u>	<u>3,132</u>	<u>29,817</u>	<u>41,262</u>	<u>3,317</u>	<u>44,579</u>
Net assets						
Without donor restrictions:						
Accumulated operating net assets	31,834	-	31,834	18,155	-	18,155
Accumulated pension liability	(30,187)	-	(30,187)	(48,476)	-	(48,476)
Investment in property and equipment	19,104	-	19,104	18,168	-	18,168
Board-designated reserve	-	-	-	10,536	-	10,536
Board-designated endowment	14,332	-	14,332	8,225	-	8,225
Total without donor restrictions	<u>35,083</u>	<u>-</u>	<u>35,083</u>	<u>6,608</u>	<u>-</u>	<u>6,608</u>
With donor restrictions	-	364,219	364,219	-	298,138	298,138
Total Net Assets	<u>35,083</u>	<u>364,219</u>	<u>399,302</u>	<u>6,608</u>	<u>298,138</u>	<u>304,746</u>
Total Liabilities and Net Assets	<u>\$ 61,768</u>	<u>\$ 367,351</u>	<u>\$ 429,119</u>	<u>\$ 47,870</u>	<u>\$ 301,455</u>	<u>\$ 349,325</u>

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

**SAN FRANCISCO SYMPHONY**  
**Statements of Activities**  
**For the Years Ended August 31, 2021 and 2020**  
(In thousands)

	<b>2021</b>			<b>2020</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>						
Gifts, grants, and bequests	\$ 19,937	\$ 12,518	\$ 32,455	\$ 25,797	\$ 7,019	\$ 32,816
Concert and related revenues	4,963	-	4,963	19,843	-	19,843
Donated tickets	2,131	-	2,131	2,064	-	2,064
Investment income and net gains	2,417	73,596	76,013	704	25,513	26,217
Retail and media	113	-	113	553	-	553
Other	94	-	94	95	-	95
Total revenues	<u>29,655</u>	<u>86,114</u>	<u>115,769</u>	<u>49,056</u>	<u>32,532</u>	<u>81,588</u>
Net assets released from restriction	6,867	(6,867)	-	11,652	(11,652)	-
Endowment earnings appropriated	13,166	(13,166)	-	16,177	(16,177)	-
Total net assets released	<u>20,033</u>	<u>(20,033)</u>	<u>-</u>	<u>27,829</u>	<u>(27,829)</u>	<u>-</u>
Total revenues and releases	49,688	66,081	115,769	76,885	4,703	81,588
<b>EXPENSES</b>						
Personnel	42,186	-	42,186	56,777	-	56,777
Guest conductors and artists	442	-	442	3,346	-	3,346
Professional fees	5,019	-	5,019	4,764	-	4,764
Purchased services	1,583	-	1,583	2,719	-	2,719
Travel and accommodations	145	-	145	760	-	760
Facilities	789	-	789	1,252	-	1,252
Supplies	357	-	357	1,743	-	1,743
Insurance	400	-	400	381	-	381
Taxes	29	-	29	13	-	13
Other	2,652	-	2,652	4,550	-	4,550
Depreciation and amortization	1,779	-	1,779	1,623	-	1,623
Total expenses	<u>55,380</u>	<u>-</u>	<u>55,380</u>	<u>77,928</u>	<u>-</u>	<u>77,928</u>
Change in net assets from operations	(5,692)	66,081	60,389	(1,043)	4,703	3,660
Forgiveness of Paycheck Protection Program	2,000	-	2,000	7,777	-	7,777
Shuttered Venue Operators Grant	8,000	-	8,000	-	-	-
Employer Retention Tax Credits	4,194	-	4,194	-	-	-
Net decrease in pension benefit liabilities	19,973	-	19,973	3,988	-	3,988
Change in net assets	<u>28,475</u>	<u>66,081</u>	<u>94,556</u>	<u>10,722</u>	<u>4,703</u>	<u>15,425</u>
Net assets, beginning of year	6,608	298,138	304,746	(4,114)	293,435	289,321
Net assets, end of year	<u>\$ 35,083</u>	<u>\$ 364,219</u>	<u>\$ 399,302</u>	<u>\$ 6,608</u>	<u>\$ 298,138</u>	<u>\$ 304,746</u>

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

SAN FRANCISCO SYMPHONY  
Statements of Cash Flows  
For the Years Ended August 31, 2021 and 2020  
(In thousands)

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 94,556	\$ 15,425
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	1,779	1,623
Allowance for doubtful accounts	267	174
Net unrealized and realized gains on investments	(72,983)	(26,351)
Loss on disposal of property and equipment	-	157
Contributions to net assets with donor restrictions	(4,924)	(2,841)
Change in pension benefit liabilities	(18,094)	(2,129)
Change in operating assets and liabilities:		
Promises to give, net	51	5,410
Assets held in split interest agreements	(616)	24
Prepays and other assets	(4,921)	4,841
Accounts payable and other accrued liabilities	3,417	7
Advance ticket sales	1,100	(4,189)
Liabilities to beneficiaries of split interest agreements	(186)	185
Net cash used in operating activities	(554)	(7,664)
Cash flows from investing activities		
Proceeds from sales of investments	23,878	32,269
Purchases of investments	(5,591)	(23,769)
Proceeds from sales (purchases) of short-term investments	12	(43)
Acquisitions of property and equipment	(2,545)	(2,339)
Net cash provided by investing activities	15,754	6,118
Cash flows from financing activities		
Receipt of contributions to net assets with donor restrictions	3,036	2,953
Repayment on borrowings on bank loans	(1,000)	-
Net cash provided by financing activities	2,036	2,953
Net change in cash	17,236	1,407
Cash, beginning of year	5,274	3,867
Cash, end of year	\$ 22,510	\$ 5,274
Cash consisted of the following:		
Cash and cash equivalents	\$ 22,078	\$ 3,687
Restricted cash	432	1,587
Total	\$ 22,510	\$ 5,274

**Supplemental disclosure of cash flow information:**

Cash paid - interest	\$ 5	\$ 2
----------------------	------	------

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

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**1. ORGANIZATION**

Founded in 1911, the San Francisco Symphony ("SFS") normally presents more than 220 concerts and presentations annually for an audience of nearly 450,000 in its home at Davies Symphony Hall and through its national and international touring. A cornerstone of the organization's mission, the SFS's education programs are the most extensive offered by any American orchestra today, providing free music education to every first- through fifth-grade student in the San Francisco public schools, and serving more than 75,000 children, students, educators, and families annually. The SFS radio broadcasts, the first in the nation to feature symphonic music when they began in 1926, today carry the SFS's concerts across the country. In 2004, the SFS launched the multimedia Keeping Score on PBS-TV and online and in 2014, the SFS inaugurated SoundBox, an experimental performance venue and music series located backstage at Davies Symphony Hall. February 2021 saw the launch of SFSymphony+, the SFS's on-demand video streaming service.

The mission of the SFS is to inspire and serve audiences and communities throughout the Bay Area and the world through the power of musical performance. The SFS strives to be a leader and catalyst for reimagining how people everywhere engage with orchestral music in deep and meaningful ways.

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the SFS are prepared on the accrual basis. The financial information conforms to the statements of accounting principles of the Financial Accounting Standards Board ("FASB") and to the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Entities.

**Significant Accounting Policies –**

**Cash** - cash consists of demand deposits and includes restricted cash amounts of \$432 and \$1,587 as of August 31, 2021 and 2020, respectively. Restricted cash balances represent funds collected by the SFS for hall improvement at Davies Symphony Hall and subject to approval by the City of San Francisco for use.

**Short-term investments** - short-term investments are primarily money market funds with underlying securities maturing in less than 90 days.

**Promises to give** - Promises to give are recorded when deemed unconditional. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free rates adjusted for potential credit risk applicable in the years in which those promises are received. Amortization of the discounts is included in gifts, grants, and bequests revenue.



SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

Conditional promises to give are not recorded as revenue until the conditions have been substantially met. Transfers of assets with a conditional promise to contribute are accounted for as a refundable advance and are included in accounts payable and other accrued liabilities until the conditions have been substantially met or have been explicitly waived by the donor. As of August 31, 2021 and 2020, there are no conditional promises outstanding.

The SFS continually monitors donors' credit worthiness and recognizes allowances for estimated bad debts on donor accounts that are no longer estimated to be collectible.

**Receivables under charitable remainder trusts** - Assets contributed by donors under charitable remainder trust agreements and controlled by third parties are recognized at the present value of the estimated future distributions to be received by the SFS over the term of the agreements. The SFS is a named beneficiary in nine charitable remainder trusts. One of the nine trusts is a perpetual trust where the SFS has an irrevocable right to receive specified yearly distributions over the life of the trust but is not a named beneficiary upon termination of the trust. The eight other trusts provide the SFS with beneficial interests to be received upon termination of the trusts. The SFS's beneficial interest in these trusts has been valued at estimated fair value based on the discounted present value of future cash flows at risk-adjusted rates ranging from 6.6% to 8.3%. Two trusts represented 87% and 86% of the total value of these receivables at August 31, 2021 and 2020, respectively.

**Prepaid and other assets** - Prepaid assets consist primarily of prepaid marketing and special event expenses. Such amounts are deferred and recorded as expense in the period benefitted. Other assets include loans to employees, Employer Retention Tax Credit receivable, other general receivables, inventory, and master recordings used to produce CDs and DVDs. Master recordings are amortized over the estimated life of the recorded performance. As of August 31, 2021 and 2020, \$3,216 and \$3,382, respectively, of employee loans are outstanding.

**Investments and Fair Value Measurements** – Investments represent a diversified portfolio of public and private domestic and international equity securities, fixed income securities, and alternative investments in private equity, venture capital, real estate, and hedge funds. Investments are reported at fair value. The values of publicly traded fixed income and equity securities are based on quoted market prices. Fair values for shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. Nonmarketable securities, which include investments in hedge funds, venture capital funds, and real estate funds or limited partnerships, are valued using net asset value ("NAV"), or its equivalent, provided by fund managers as a practical expedient to estimate fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. These non-marketable investments often require the estimation of fair values by the fund managers in the absence of readily determinable market values. As of August 31, 2021, and 2020, the SFS had no specific plans or intentions to sell investments at amounts different than NAV. Because of the inherent uncertainty of valuing these investments, the SFS's estimate of fair value may differ significantly from the values that would have been used had a ready market for the investments existed.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels of inputs:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The investments reported at NAV as a practical expedient are not required to be categorized in the fair value hierarchy.

Dividend and interest income are accrued when earned. Net realized and unrealized gains (losses) are included in investment income and net gains (losses) in the statements of activities. Investment income and net gains are reported net of custodial and investment advisory fees of \$1,008 and \$354 for the years ended August 31, 2021 and 2020, respectively.

**Assets held in split interest agreements** - Charitable remainder trusts and gift annuities are irrevocable trusts under the administration of the SFS, as trustee, where the SFS is an irrevocable remainderman. These assets represent the assets held in split interest agreements and are recognized at fair value upon execution. Liabilities associated are recorded at the present value of the expected payments to the beneficiaries using a rate that is reflective of investment returns consistent with the composition of the investment portfolio, life expectancies from certain mortality tables for the years ended August 31, 2021 and 2020, and a discount rate of 4.75%. Changes in the fair market value as a result of earnings, net of beneficiary distributions, are recognized as investment income with donor restrictions in the accompanying statements of activities. As of August 31, 2021 and 2020, \$3,442 and \$3,182, respectively, of the assets were gift annuities and \$2,390 and \$2,034, respectively, were charitable remainder trusts.

**Property and Equipment** - Such assets consist of musical instruments, leasehold improvements, furniture, equipment, and software. Assets in excess of \$5 are capitalized and recorded at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets which range from three to thirty years. Musical instruments and artwork are not depreciated as their estimated useful lives are extraordinarily long and these assets are expected to maintain their value. Contributed equipment is recorded at fair value at the date of donation. The carrying amount of all long-lived assets is evaluated periodically to determine if reductions to the carrying amount or adjustments to the useful lives of the undepreciated balances are warranted.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**Net Assets** - Net assets are categorized as (1) without donor restrictions and (2) with donor restrictions.

*Net assets without donor restrictions* are derived from gifts and other resources that are not subject to explicit donor-imposed restrictions. This category also includes income and gains on these funds. Certain net assets classified as without donor restrictions for external reporting purposes are board-designated for support of the SFS's operations.

*Net assets with donor restrictions* are generally established by donors in support of specific purposes such as youth orchestra, education, real estate investments, orchestra and artist compensation, and other specific purposes. This category includes gifts, pledges, trusts and remainder interests, and income and gains that can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions and time restrictions imposed by donors or implied by the nature of the gift, or by the interpretations of law. Donor restrictions are normally released upon the passage of time and/or the incurrence of expenditures that fulfill the donor-specified purpose.

Endowment fund appreciation, gains, and income exceeding donor restrictions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the SFS's Board of Governors (the "Board"). Upon appropriation, appreciation and earnings are reclassified as net assets without donor restrictions.

**Advance ticket sales** - Advance ticket sales represent concert revenues received in advance of the period the related concerts will be performed. Such amounts are deferred and recognized as revenue in the period the performance takes place.

**Revenue recognition** - Revenue is recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Accordingly, five basic criteria must be met before revenue can be recognized: 1) identification of the contract with the customer; 2) identification of the performance obligations in the contract; 3) determination of the transaction price; 4) allocation of the transaction price to the performance obligation in the contract; and 5) recognition of revenue when, or as, the SFS satisfied a performance obligation.

Gifts, grants, and bequests are recognized as revenue when received or unconditionally promised. The SFS reports gifts of cash and other assets as restricted support if such gifts are received with donor restrictions that limit for what purpose or when the donated assets can be used. When a donor restriction is met, such net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**Paycheck Protection Program ("PPP")** – The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") provides for funding of qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. The amount funded plus any accrued interest are forgivable after eight or twenty-four weeks if the organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries during the forgiveness period. The SFS recorded its PPP funding pursuant to ASC 958-605 "Grants and Contributions" as a conditional contribution.

**Employee Retention Tax Credit** - The Employee Retention Tax Credit ("ERTC"), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the CARES Act and further amended by the Consolidated Appropriations Act and the American Rescue Plan. ERTC acts as fully refundable credits against the employer portion of Social Security taxes based on the amount of qualified wages that an eligible employer has incurred. The maximum credit is based on a qualified-wages ceiling for each employee. The SFS recorded its ERTC funding pursuant to ASC 958-605 "Grants and Contributions" as a conditional contribution. The SFS has not yet collected these amounts due which amounted to \$4,194 and are, therefore, reported as prepaids and other assets on the accompanying statement of financial position as of August 31, 2021.

**Shuttered Venue Operators Grant** - The Shuttered Venue Operators Grant ("SVOG") program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, as amended by the American Rescue Plan Act, and is administered by the Small Business Administration's Office of Disaster Assistance. The SVOG program includes grants to be provided to eligible entities with venues that were forced to close due to COVID-19. SVOG funds may be used to cover certain expenses, including payroll, rent, scheduled mortgage or debt payments, state and local taxes and fees, and other ordinary and necessary business expenses. For the year ended August 31, 2021, \$8,000 of SVOG funds were recognized as income as qualifying expenditures under the program were met.

**Donated tickets** – The SFS received in-kind contributions of tickets related to canceled concerts of \$2,131 and \$2,064 for the years ended August 31, 2021 and 2020, respectively, which were recorded at fair value at the date of contribution.

**Contributed services** - Recognition of contributed services require that such services must (i) create or enhance non-financial assets, (ii) require specialized skills, (iii) be performed by individuals possessing those skills, and (iv) typically need to be acquired if not provided by donation. Donated services are recorded at their estimated fair values at the dates of donation and are reported as unrestricted income unless the donor has restricted the services to a specific purpose. For the years ended August 31, 2021 and 2020, \$975 and \$1,314, respectively, of legal and consulting contributed services were recognized as income. Additionally, the SFS receives numerous additional hours of donated services from volunteers in various capacities which are not reflected in the accompanying financial statements as the criteria for recognition are not met.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**Contributed goods** – The SFS received in-kind contributions of food, improvements, furniture, equipment, and other goods related to its fundraising events. For the years ended August 31, 2021 and 2020, the SFS received \$58 and \$407, respectively, of contributed goods that were recorded at fair value at the date of donation.

**Reclassifications** – Certain prior year balances have been reclassified to conform to the current year presentation.

**Income tax status** - The SFS is a nonprofit organization pursuant to Internal Revenue Code Section 501(c)(3) and the state of California equivalent legislation and, accordingly, is exempt from federal and state income taxes on income related to its tax-exempt purpose.

The SFS evaluated its current tax positions and concluded that as of August 31, 2021 and 2020, the SFS does not have any significant uncertain tax positions for which a reserve would be necessary. For state tax purposes, the SFS is generally no longer subject to tax examinations for years prior to 2017. For federal tax purposes, the SFS is no longer subject to tax examinations for years prior to 2018.

**Use of estimates** - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of 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.

**Concentrations** - Financial instruments which potentially subject the SFS to credit risk consist primarily of cash, marketable securities, and investments. The SFS maintains cash, marketable securities, and investments with various major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation limits. The SFS manages credit risk by establishing minimum credit standards for financial institutions and limiting the amount of credit exposure with any one institution. The SFS closely monitors its investments and has not experienced any credit losses.

**Collective bargaining agreements** - As of August 31, 2021, approximately 65% of the SFS's employees were covered by collective bargaining agreements. The collective bargaining agreement with the American Guild of Musical Artists covering San Francisco chorus members expires August 31, 2023. The Theatrical Employees Union, Local B18, of the International Alliance of Theatrical Stage Employees, Moving Picture Machine Operators of the United States and Canada, covering ticket service employees and ushers, expires on May 31, 2023, and the collective bargaining agreement with the Local 6, American Federation of Musicians covering the SFS musicians expires on November 26, 2022. The collective bargaining agreement with the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, Local 16, covering stage employees, and Local 784, covering wardrobe employees, expires on October 31, 2023 and December 31, 2021, respectively. As a result of the COVID-19 global pandemic and the SFS's city-imposed restriction on live performances, the SFS renegotiated all its collective bargaining agreements whereby compensation was reduced during the remaining period of existing respective agreements.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02 ("ASU 2016-02"), Leases (Topic 842). This guidance requires lessees to recognize (for leases longer than twelve months) at the lease commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents a lessee's right to use, or control the use of, a specified asset for the lease term. In July 2018, the FASB provided entities relief from the transition requirements in ASU 2016-02 by allowing them to elect not to recast prior comparative periods. A full retrospective transition approach is not permitted. This new standard is effective for fiscal years beginning after December 15, 2021, with early application permitted. The SFS is currently evaluating the impact of adoption to its financial statements.

In September 2020, the FASB issued ASU 2020-07 ("ASU 2020-07"), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This guidance improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. This new standard is effective for fiscal years beginning after June 15, 2021 and should be applied on a retrospective basis. The SFS is currently evaluating the impact of adoption to its financial statements.

**Accounting Pronouncements Implemented in Current Year**

Effective September 1, 2020, the SFS adopted FASB ASU 2014-09 ("ASU 2014-09"), Revenue from Contracts with Customers (Topic 606). The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 did not have a material impact on the SFS's financial statements.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**3. LIQUIDITY AND AVAILABLE RESOURCES**

The SFS's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statements of financial position are as follows:

	2021	2020
Financial assets:		
Cash (net of restricted cash \$432 and \$1,299)	\$ 13,729	\$ 2,388
Short-term investments	329	340
Employee Retention Tax Credit (included as prepaids and other assets)	4,194	-
Promises to give - without donor restrictions (within one year)	3,354	6,516
Investments - without donor restrictions	13,505	12,877
Total financial assets available within one year	35,111	22,121
Liquidity resources:		
Bank line of credit (undrawn)	8,000	7,000
Total financial assets and resources available within one year	\$ 43,111	\$ 29,121

As part of its liquidity management, the SFS structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The SFS invests cash in excess of daily requirements in short-term investments. To help manage liquidity needs that arise primarily as a result of receipts timing, the SFS has an \$8 million line of credit available to draw upon on a daily basis.

For financial reporting purposes, donor-restricted endowment fund appreciation, gains, and income exceeding donor restrictions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the SFS Board of Governors in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, appreciation and earnings are reclassified as net assets without donor restrictions. The tabular amounts above exclude the portion of the SFS endowment with donor restrictions that relates to endowment fund appreciation, gains, and income that have not yet been appropriated for expenditure which totals \$75,126 and \$48,040 at August 31, 2021 and 2020, respectively.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**4. PROMISES TO GIVE**

Promises to give consist of the following:

	<u>2021</u>	<u>2020</u>
Receivable in:		
Less than one year	\$ 8,258	\$ 7,270
One to five years	1,580	2,405
More than five years	3,641	1,410
Total	<u>13,479</u>	<u>11,085</u>
Discount	(1,333)	(460)
Less allowance for uncollectible pledges	<u>(372)</u>	<u>(104)</u>
Total	<u>\$ 11,774</u>	<u>\$ 10,521</u>

Included in promises to give as of August 31, 2021 and 2020 are \$8,340 and \$3,155, respectively, from two donors and one donor, respectively.



SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**5. FAIR VALUE MEASUREMENTS**

The following table sets forth, by level within the fair value hierarchy, the SFS's assets and liabilities at fair value as of August 31, 2021 and 2020:

<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Cash and short-term investments	\$ 22,839				\$ 22,839
Receivables under charitable remainder trusts			\$ 2,519		\$ 2,519
Investments:					
Cash and cash equivalents for reinvestment	\$ 16,707	\$ -	\$ -	\$ -	\$ 16,707
Fixed income					
Total return	16,392	-	-	-	16,392
Floating rate high income	5,079	-	-	-	5,079
Equity					
Domestic equity	97,500	-	-	-	97,500
International equity	76,053	-	-	-	76,053
Global equity	28,267	-	-	-	28,267
Master limited partnership	18,839	-	-	-	18,839
Emerging equity	12,006	-	-	-	12,006
Preferred stock	5,672	-	-	-	5,672
Absolute Return					
Multistrategy	-	-	-	10,965	10,965
Hedge fund of funds	-	-	-	11,176	11,176
Private equity					
Buyout	-	-	-	26,191	26,191
Direct	-	-	-	4,195	4,195
Venture	-	-	-	5,648	5,648
Special situations	-	-	-	1,235	1,235
Real estate					
Core	-	-	-	2,374	2,374
Opportunistic	-	4,752	-	8,809	13,561
Value added	-	-	-	4,331	4,331
Total investments	<u>\$ 276,515</u>	<u>\$ 4,752</u>	<u>\$ -</u>	<u>\$ 74,924</u>	<u>\$ 356,191</u>
Assets held in split interest agreements	<u>\$ 5,832</u>				<u>\$ 5,832</u>
Liabilities to beneficiaries of split interest agreements	<u>\$ 3,132</u>				<u>\$ 3,132</u>

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Cash and short-term investments	<u>\$ 5,614</u>				<u>\$ 5,614</u>
Receivables under charitable remainder trusts			<u>\$ 2,204</u>		<u>\$ 2,204</u>
Investments:					
Cash and cash equivalents for reinvestment	\$ 21,836	\$ -	\$ -	\$ -	\$ 21,836
Short-term investments					
Mutual funds	2,897	-	-	-	2,897
Fixed income					
Total return	16,223	-	-	-	16,223
Floating rate high income	4,649	-	-	-	4,649
Equity					
Domestic equity	73,759	-	-	-	73,759
International equity	59,244	-	-	-	59,244
Global equity	22,041	-	-	-	22,041
Master limited partnership	14,217	-	-	-	14,217
Emerging equity	9,672	-	-	-	9,672
Preferred stock	5,251	-	-	-	5,251
Absolute Return					
Multistrategy	-	-	-	10,219	10,219
Hedge fund of funds	-	-	-	9,661	9,661
Private equity					
Buyout	-	-	-	19,770	19,770
Direct	-	-	-	4,998	4,998
Venture	-	-	-	4,775	4,775
Special situations	-	-	-	816	816
Real estate					
Core	-	-	-	2,354	2,354
Opportunistic	-	4,741	-	7,443	12,184
Value added	-	-	-	6,928	6,928
Total investments	<u>\$ 229,789</u>	<u>\$ 4,741</u>	<u>\$ -</u>	<u>\$ 66,964</u>	<u>\$ 301,494</u>
Assets held in split interest agreements	<u>\$ -</u>				<u>\$ 5,216</u>
Liabilities to beneficiaries of split interest agreements	<u>\$ 3,317</u>				<u>\$ 3,317</u>

\*Certain investments that are measured at fair value using the NAV (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to illustrate the reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

In accordance with ASU No. 2009-12, Fair Value Measurements and Disclosures, disclosures regarding the category, fair value, unfunded commitments, redemption, frequency, and redemption notice period for those assets whose fair value is estimated using NAV per share as of August 31, 2021 and 2020, are summarized as follows:

Category/Objective	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>2021</b>				
Absolute return/hedge funds	\$ 22,141	\$ -	quarterly / semi-annual	1 month prior
Private Equity	37,268	4,629	n/a	n/a
Real estate	15,515	5,892	quarterly / n/a	if applicable, 30 and 10 days prior
Total	<u>\$ 74,924</u>	<u>\$ 10,521</u>		
<b>2020</b>				
Absolute return/hedge funds	\$ 19,880	\$ -	quarterly / semi-annual	1 month prior
Private Equity	30,359	4,599	n/a	n/a
Real estate	16,725	7,094	quarterly / n/a	if applicable, 30 and 10 days prior
Total	<u>\$ 66,964</u>	<u>\$ 11,693</u>		

## 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Musical instruments and artwork	\$ 11,963	\$ 12,004
Leasehold improvements	20,520	19,488
Computer equipment and software	3,397	3,131
Furniture and office equipment	4,734	3,538
Work in progress	211	462
Total property and equipment	<u>40,825</u>	<u>38,623</u>
Less: accumulated depreciation and amortization	<u>(21,721)</u>	<u>(20,455)</u>
Total	<u>\$ 19,104</u>	<u>\$ 18,168</u>

Depreciation and amortization expense for the years ended August 31, 2021 and 2020, are \$1,779 and \$1,623, respectively.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**7. BANK LINES OF CREDIT**

On January 7, 2019, the SFS obtained a \$3 million line of credit to finance working capital needs. Interest expense is determined at the SFS's discretion using rates of a) 2.65% above Daily One Month LIBOR, or b) a fixed rate per annum of 2.65% above LIBOR in effect on the first day of the applicable LIBOR period. The line of credit expired on March 17, 2020 and the outstanding balance was repaid. Interest expense incurred for the year ended August 31, 2020 was \$2.

On March 20, 2020, the SFS obtained an \$8 million line of credit to finance working capital needs. Any outstanding principal balance shall be due and payable in full on May 1, 2021. Interest expense is determined at the SFS's discretion using rates of a) 0.50% above Daily One Month LIBOR, or b) a fixed rate per annum of 0.50% above LIBOR in effect on the first day of the applicable LIBOR period. Interest expense incurred for the years ended August 31, 2021 and 2020 totaled \$5 and \$0, respectively.

On April 9, 2021, the SFS renewed the \$8 million line of credit to finance working capital needs. Any outstanding principal balance shall be due and payable in full on May 1, 2022. Interest expense is determined at the SFS's discretion using rates of a) 0.50% above Daily One Month LIBOR, or b) a fixed rate per annum of 0.50% above LIBOR in effect on the first day of the applicable LIBOR period, which was 0.073% at August 31, 2021. As of August 31, 2021, the outstanding balance on this line of credit was \$0. Interest expense incurred for the year ended August 31, 2021 totaled \$0.

**8. PAYCHECK PROTECTION PROGRAM**

On April 7, 2020 and April 5, 2021, the SFS received \$7,777 and \$2,000, respectively, from the PPP. The PPP, established as part of the CARES Act, provides for funding of qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. The amount funded plus any accrued interest are forgivable as long as the organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. SFS recorded its PPP funding pursuant to ASC 958-605 "Grants and Contributions" as a conditional contribution. SFS has recorded its PPP as "Forgiveness of Paycheck Protection Program" in the statements of activities as the conditions for loan forgiveness have been substantially met during the years ended August 31, 2021 and 2020. SFS's first PPP loan was formally forgiven in August 2021.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**9. ENDOWMENT**

The SFS's endowment consists of 132 individual funds established for a variety of purposes including both donor restricted endowment funds and funds designated by the Board to function as endowments ("board-designated endowment"). As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The SFS's investment policy is designed to preserve and enhance the inflation-adjusted value of the endowment investments using the total return approach to meet its long-term performance objective of an average annual inflation-adjusted net return of 6%. Asset allocation parameters are established taking into consideration those investments with lock-up periods. This strategy allows for a significant allocation to equity-oriented investments, diversified across asset classes and managers, offering long-term capital appreciation. Portfolio performance is compared against relevant market benchmarks on a quarterly basis. The SFS's investment policy targets an asset allocation of 89% publicly-traded global and domestic equities and alternatives (i.e., private equity, hedge funds and real estate), 9% fixed income investments, and 2% cash and cash equivalents. The Board may, at its discretion, change asset allocations, as deemed necessary.

The long-term objective of the SFS is to stabilize annual spending levels to preserve the real value of the endowment over time. In order to do so, the expected return of the endowment considers the annual spending rate, the long-term inflation rate, and any growth factors which the Investment and Finance Committees deem appropriate.

The SFS implemented a new endowment spending policy effective September 1, 2020. Under this new policy, the amount drawn and appropriated to operations is calculated quarterly based upon a 20-quarter moving average of the unitized value of the endowment. That value is then multiplied by 25% of the annualized payout percentage of 5.75% to calculate the effective percentage draw. Under the new policy, the annualized payout percentage of 5.75% will decline gradually over a six-year period to 4.5%.

Under SFS's previous endowment spending policy, a variation of a formula commonly referred to as the "Yale Method" was used to determine the annual amount appropriated to support current operations. For the year ended August 31, 2020, the annual endowment draw was determined using a formula consisting of two components:

1. An inflation component of 70% of the previous year's endowment draw, adjusted for inflation, plus 1.5%.
2. A market value component of 30% of the trailing 20-quarter average market value for the periods ending February 28<sup>th</sup> prior to the start of each new fiscal year, multiplied by 5.5%.

The total of the two components is the amount appropriated to support current operations. To the extent that current yield was inadequate to meet the amount appropriated, a portion of accumulated unexpended gains and the board-designated endowment funds were available for use.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The computed effective available appropriation rate for the year ended August 31, 2021 was 4.10% of which 3.56% was actually appropriated. The computed and actual effective appropriation rate for the year ended August 31, 2020 was 5.59%.

FASB Accounting Standards Codification Topic 958, Not-for-Profit Entities, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which was enacted in the State of California on January 1, 2009.

Under UPMIFA, prudent appropriation of income or appreciation from a fund where the value is less than its historic dollar value is permitted. In particular, UPMIFA provides that unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it "determines is prudent for the uses, benefits, purposes and duration for which the fund is established," without regard for historic dollar value. Additionally, UPMIFA requires that in making any decision to appropriate "the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances." Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board. It further provides a requirement that the institution "shall consider, if relevant" the following factors in deciding whether or not to appropriate from a fund:

- (1) Duration and preservation of the endowment fund
- (2) Purposes of the Symphony and the endowed fund
- (3) General economic conditions
- (4) Possible effects of inflation or deflation
- (5) Expected total return from income and the appreciation of investments
- (6) Other resources of the SFS
- (7) Investment policy of the SFS

As a result of market declines, the fair value of the donor-restricted endowments may fall below original contributed value. Deficiencies can result from unfavorable market fluctuations that occur while continued appropriations are deemed prudent by the Board. The SFS has one fund with an aggregate market value of \$2,456 and \$2,498 at August 31, 2021 and 2020, respectively, that is below the values of the original gifts. If they occur, future market gains will be used to restore this reduction in net assets.

For financial reporting purposes, donor-restricted endowment fund appreciation, gains, and income exceeding donor restrictions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board. Upon appropriation, appreciation and earnings are reclassified as net assets without donor restrictions.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

Endowment net asset composition by type of fund as of August 31, 2021 and 2020 are:

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>2021</u></b>			
Board-designated endowment funds	\$ 14,332	\$ -	\$ 14,332
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	204,961	204,961
Accumulated investment earnings:			
Available for appropriation	-	75,126	75,126
Available for appropriation and restricted for purpose	-	70,072	70,072
Donor-restricted endowment funds	-	350,159	350,159
Total	<u>\$ 14,332</u>	<u>\$ 350,159</u>	<u>\$ 364,491</u>
<b><u>2020</u></b>			
Board-designated endowment funds	\$ 8,225	\$ -	\$ 8,225
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	194,204	194,204
Accumulated investment earnings:			
Available for appropriation	-	48,040	48,040
Available for appropriation and restricted for purpose	-	43,229	43,229
Donor-restricted endowment funds	-	285,473	285,473
Total	<u>\$ 8,225</u>	<u>\$ 285,473</u>	<u>\$ 293,698</u>

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

Changes in endowment net assets for the years ended August 31, 2021 and 2020 are:

	Without Donor Restrictions (Board-Designated Endowment)	With Donor Restrictions	Total
Balance, August 31, 2019	\$ 7,480	\$ 273,159	\$ 280,639
Net investment return	729	25,531	26,260
Contributions	16	2,960	2,976
Endowment draw	-	(16,177)	(16,177)
Total	<u>745</u>	<u>12,314</u>	<u>13,059</u>
Balance, August 31, 2020	<u>\$ 8,225</u>	<u>\$ 285,473</u>	<u>\$ 293,698</u>
Net investment return	2,476	72,928	75,404
Contributions	3,631	4,924	8,555
Endowment draw	-	(13,166)	(13,166)
Total	<u>6,107</u>	<u>64,686</u>	<u>70,793</u>
Balance, August 31, 2021	<u>\$ 14,332</u>	<u>\$ 350,159</u>	<u>\$ 364,491</u>

During the year ended August 31, 2021, the SFS received approval from certain donors to release purpose restrictions on \$688 in accumulated investment earnings, which were subsequently appropriated for spending.



SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of August 31, 2021 and 2020 are restricted for the following purposes or subject to the passage of time:

	<u>2021</u>	<u>2020</u>
Production and general activities	\$ 216,761	\$ 173,735
Orchestra and artist compensation	57,998	46,574
Education	52,732	45,121
Youth orchestra	21,424	18,685
Community engagement	6,686	5,572
Split interest agreements	5,415	4,230
Fundraising events	300	269
Time restricted for operating activities	616	1,901
Tour	2,287	2,051
Total	<u>\$ 364,219</u>	<u>\$ 298,138</u>

Net assets released from restrictions for the years ended August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Production and general activities	\$ 12,498	\$ 13,881
Youth orchestra and education	3,939	4,811
Fundraising events	-	5,864
Time restricted satisfied	1,997	1,284
Orchestra and artist compensation	1,315	1,481
Tour	7	5
Community engagement	277	503
Total	<u>\$ 20,033</u>	<u>\$ 27,829</u>

**11. DEFINED BENEFIT RETIREMENT PLANS**

The SFS maintains two defined-benefit pension plans, one for members of the orchestra, the San Francisco Retirement Plan (the "Orchestra Plan"), and one for administrative employees, the San Francisco Symphony Retirement Plan (the "Administrative Plan"). On March 31, 2010, the Administration Plan was frozen, and the SFS added a discretionary base contribution to its defined contribution plan (Note 12). The SFS uses an August 31 measurement date for its defined benefit pension plan obligations.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The following tables set forth each plan's funded status, net pension expense and other pension-related amounts reported in the SFS's financial statements:

	<u>Orchestra Plan</u>		<u>Administrative Plan</u>	
	Year ended August 31, 2021	2020	Year ended August 31, 2021	2020
Plan assets at fair value	\$ 106,017	\$ 90,664	\$ 21,212	\$ 18,108
Accumulated benefit obligation	<u>(112,358)</u>	<u>(111,112)</u>	<u>(24,098)</u>	<u>(24,980)</u>
Unfunded status	<u>\$ (6,341)</u>	<u>\$ (20,448)</u>	<u>\$ (2,886)</u>	<u>\$ (6,872)</u>
Service cost - benefits earned during the period	\$ 1,699	\$ 1,678	\$ 180	\$ 180
Interest cost - on projected benefit obligation	2,110	2,713	449	607
Expected annual return on plan assets	(5,677)	(5,370)	(1,212)	(1,179)
Amortization of prior service cost	1,103	1,103	-	-
Recognized net actuarial losses	<u>2,441</u>	<u>2,107</u>	<u>1,024</u>	<u>941</u>
Net periodic benefit cost (pension expense)	<u>\$ 1,676</u>	<u>\$ 2,231</u>	<u>\$ 441</u>	<u>\$ 549</u>
Employer contributions	\$ 1,676	\$ 2,232	\$ 244	\$ 473
Benefits and expenses paid	3,601	3,019	993	1,030
Unrecognized amounts in unrestricted net assets:				
Net periodic benefit cost	\$ 32,771	\$ 33,962	\$ 8,801	\$ 8,713
Net prior service cost	6,904	8,007	-	-

The following table sets forth the respective amounts to be reflected in the financial statements for the year ended August 31, 2021:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Prior service cost	\$ 1,103	\$ -
Actuarial losses	\$ 2,441	\$ 1,024

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The following tables represent the Orchestra Plan's investments measured at fair value on a recurring basis as of August 31, 2021 and 2020:

<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 64,958	\$ -	\$ -	\$ 64,958
Corporate bonds	4,422	-	-	4,422
Fixed income	15,492	-	-	15,492
<hr/>				
Total investments in the fair value hierarchy	84,872	-	-	84,872
Investment measured at NAV				21,145
Total investments at fair value				<u>\$ 106,017</u>
<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 56,578	\$ -	\$ -	\$ 56,578
Corporate bonds	4,379	-	-	4,379
Fixed income	15,293	-	-	15,293
<hr/>				
Total investments in the fair value hierarchy	76,250	-	-	76,250
Investment measured at NAV				14,414
Total investments at fair value				<u>\$ 90,664</u>

The following tables represent the Administrative Plan's investments measured at fair value on a recurring basis as of August 31, 2021 and 2020:

<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 17,522	\$ -	\$ -	\$ 17,522
Corporate bonds	2,081	-	-	2,081
<hr/>				
Total investments in the fair value hierarchy	19,603	-	-	19,603
Investment measured at NAV				1,609
Total investments at fair value				<u>\$ 21,212</u>
<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 14,495	\$ -	\$ -	\$ 14,495
Corporate bonds	2,019	-	-	2,019
<hr/>				
Total investments in the fair value hierarchy	16,514	-	-	16,514
Investment measured at NAV				1,594
Total investments at fair value				<u>\$ 18,108</u>

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The following tables summarize the Orchestra Plan's investments measured at NAV per share as of August 31, 2021 and 2020:

<u>Strategy</u>	<u>NAV in Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
<b><u>2021</u></b>				
Wellington Global Select Capital Appreciation Fund	\$ 6,407	N/A	Monthly	First business day of every month, with prior written notice by the 22 <sup>nd</sup> calendar day of the preceding month.
Pacific Diversified Strategies	5	N/A	Quarterly	At least one year. Request made 90 days prior to the calendar quarter valuation period. Minimum \$250,000 redemption.
Cornerstone Patriot Fund	6,546	N/A	Quarterly	Written notice to the General Partner 30 days prior to last business day of the quarter.
Grosvenor Institutional Partners, LP	7,680	N/A	Quarterly	End of the calendar quarter.
Collective Short-Term Investment Fund	507	N/A	Daily	Daily upon written request.
Total	<u>\$ 21,145</u>			
<b><u>2020</u></b>				
Pacific Diversified Strategies	5	N/A	Quarterly	At least one year. Request made 90 days prior to the calendar quarter valuation period. Minimum \$250,000 redemption.
Cornerstone Patriot Fund	6,487	N/A	Quarterly	Written notice to the General Partner 30 days prior to last business day of the quarter.
Grosvenor Institutional Partners, LP	6,442	N/A	Quarterly	End of the calendar quarter.
Collective Short-Term Investment Fund	1,480	N/A	Daily	Daily upon written request.
Total	<u>\$ 14,414</u>			

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The following tables summarize the Administrative Plan's investments measured at NAV per share as of August 31, 2021 and 2020:

<u>Strategy</u>	<u>NAV in Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
<b><u>2021</u></b>				
Cornerstone Patriot Fund	\$ 1,608	N/A	Monthly	First business day of every month, with prior written notice by the 22 <sup>nd</sup> calendar day of the preceding month.
Grosvenor Institutional Partners, LP	-	N/A	Quarterly	End of the calendar quarter.
Pacific Diversified Strategies	1	N/A	Quarterly	At least one year. Request made 90 days prior to the calendar quarter valuation period. Minimum \$250,000 redemption.
Total	<u>\$ 1,609</u>			

<u>Strategy</u>	<u>NAV in Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
<b><u>2020</u></b>				
Cornerstone Patriot Fund	\$ 1,593	N/A	Monthly	First business day of every month, with prior written notice by the 22 <sup>nd</sup> calendar day of the preceding month.
Pacific Diversified Strategies	1	N/A	Quarterly	At least one year. Request made 90 days prior to the calendar quarter valuation period. Minimum \$250,000 redemption.
Total	<u>\$ 1,594</u>			

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The SFS's policy is to make annual contributions to the Orchestra and Administrative Plans that are the greater of an amount equal to the annual net periodic benefit expense or the minimum required contribution per Internal Revenue Service ("IRS") requirements of each plan. Contributions equal to net periodic benefit expense are funded from the SFS's operating budget.

The SFS anticipates future benefit payments, which reflect future service, to be paid from the pension plan as follows:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Year ending August 31,		
2022	\$ 5,081	\$ 1,183
2023	5,319	1,205
2024	5,471	1,270
2025	5,690	1,282
2026	5,767	1,291
Thereafter	29,396	6,506
Total	<u>\$ 56,724</u>	<u>\$ 12,737</u>

*Assumptions* – Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the years were as follows:

	<u>Orchestra Plan</u>		<u>Administrative Plan</u>	
	Year ended August 31,		Year ended August 31,	
	2021	2020	2021	2020
Weighted average assumptions:				
Discount rate for net periodic benefit cost	3.05%	3.09%	3.01%	2.89%
Discount rate for projected benefit obligation	3.05%	3.09%	3.01%	2.89%
Expected return on plan assets	6.50%	6.50%	6.75%	6.75%
Rate of compensation increase	n/a	n/a	n/a	n/a

The plans' investments are made for the purpose of providing retirement reserves for the present and future benefit of participants of the plans. The Investment Committee of the Board of Governors of the SFS and its external service providers (i.e., investment managers and advisors) shall adhere to the Employee Retirement Income Security Act of 1974 ("ERISA") "prudent investor" standard of care and other fiduciary obligations under ERISA in carrying out their duties with respect to the plans' assets. The primary investment objective is to maximize returns while maintaining an acceptable level of risk, subject to the funding policies determined by the Finance Committee of the Board of Governors of the SFS. The SFS acknowledges this goal is long-term in nature and that interim investment environments may provide anticipated or actual returns in excess or below the level indicated.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

*Plan assets* – Weighted-average asset allocation of the SFS's pension plans were as follows:

Orchestra Plan - Plan Asset Allocations					Administrative Plan - Plan Asset Allocations				
Asset Category	Year ended				Asset Category	Year ended			
	August 31, 2021		August 31, 2020			August 31, 2021		August 31, 2020	
	Target Allocation	Actual	Target Allocation	Actual		Target Allocation	Actual	Target Allocation	Actual
Public equity	62%	57%	62%	62%	Public equity	62%	62%	62%	62%
Hedge funds/absolute return	20%	20%	15%	20%	Hedge funds/absolute return	15%	15%	15%	15%
Real estate	8%	8%	9%	8%	Real estate	9%	10%	9%	10%
Fixed income	10%	15%	10%	10%	Fixed income	10%	9%	10%	9%
Cash	0%	0%	4%	0%	Cash	4%	4%	4%	4%

Retirement plans – multiemployer

The SFS is a participating employer in various trustee-managed multiemployer defined benefit pension plans for employees who participate in collective bargaining agreements. These plans are each managed by a board of trustees and certain employees who are members of the American Federation of Musicians and certain employees who are members of the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, Local 16 ("I.A.T.S.E. 16") participate in these plans. These plans generally provide retirement benefits to employees based on years of service to participating employers. Contributions to these plans range from 10% to 12% of the employee's compensation for the years ended August 31, 2021 and 2020, respectively.

The risks of participating in these multiemployer defined benefit pension plans differ from single employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the unfunded obligations of the plan may be required to be borne by the remaining participating employers if a participating employer stops contributions to the plan and (c) it may be required to pay a withdrawal liability to the plan if the SFS chooses to cease participation in one of its multiemployer plans. In connection with its recurring periodic re-negotiation of collective bargaining agreements, the SFS may negotiate for the complete or partial withdrawal from these plans. Withdrawal liabilities could be material to the SFS's change in net assets in the period of the withdrawal. The SFS has no plans to withdraw from its multiemployer pension plans at this time.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

*American Federation of Musicians & Employers' Pension Fund (AFM Pension Fund) –  
EIN and Plan Number: 51-6120204001*

The SFS makes contributions to the AFM Pension Fund on behalf of those employees who are members of the American Federation of Musicians who meet certain criteria. As of March 2021, the AFM Pension Fund ("the Fund") had roughly \$2.0 billion in assets and about \$3.4 billion in liabilities, which is the value of all the benefits that have been earned by participants for services already performed and that will be paid in the future. That means that the Fund entered "critical and declining status" in April 2019. It remains that status as of August 31, 2021. This means that the Fund is currently projected to run out of money to pay benefits (or become insolvent" within 20 years. Under the American Rescue Plan Act of 2021, the Fund and other troubled multiemployer plans that are critical and declining or meet other criteria may obtain special financial assistance from the Pension Benefit Guarantee Corporation. This financial assistance is intended to provide these plans with the funding they need so that they are projected to be able to pay benefits due through the plan year ending in 2051, without reductions to participants' benefits. Plans that receive special financial assistance are deemed to be in critical status through 2051.

The SFS contributed \$100 and \$280 for the years ended August 31, 2021 and 2020, respectively, and did not contribute more than 5% of total Fund contributions for each respective plan year end. The SFS paid a contribution surcharge in both fiscal years.

The following table sets forth the most recent information about the Fund:

	Plan Year Ended	
	March 31, 2021	March 31, 2020
Valuation date	April 1, 2020	April 1, 2019
Funded percentage	53.6	59.2%
Actuarial value of assets	\$1,749,404	\$ 1,829,654
Actuarial value of liabilities	\$3,262,641	\$ 3,088,467
Pension Protection Zone Act Status	Deep Red	Red
Zone status applicable year	March 31, 2021	March 31, 2020
FIP/RP Status	Implemented	Implemented
Expiration of Collective Bargaining Agreement	November 26, 2026	November 26, 2022

*I.A.T.S.E. Local 16 Pension Plan - EIN and Plan Number 94-6296420001*

The SFS makes contributions to the I.A.T.S.E. Local 16 Pension Plan on behalf of employees who are members of the I.A.T.S.E. 16. The I.A.T.S.E. Pension Fund was in "green" zone status (i.e., funded percentage is greater than 80%) for the years ending December 31, 2021 and December 31, 2020. The SFS contributed \$158 and \$178 for the Plan years ended December 31, 2021 and 2020, respectively, and did not contribute more than 5% of total Pension Fund contributions for each respective plan year end.



SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The following table sets forth the most recent information about the I.A.T.S.E Local 16 Pension Plan:

	Plan Year Ended	
	December 31, 2020	December 31, 2019
Valuation date	January 1, 2020	January 1, 2018
Funded percentage	91.0%	85.6%
Actuarial value of assets	\$235,639	\$209,051
Actuarial value of liabilities	\$258,809	\$244,256
Pension Protection Zone Act Status	Green	Green
Zone status applicable year	December 31, 2020	December 31, 2019
FIP/RP Status	Implemented	Implemented
Expiration of Collective Bargaining Agreement	October 31, 2023	October 31, 2021

**12. DEFINED CONTRIBUTION PLAN**

The SFS participates in a defined contribution plan (the "403b Plan") covering substantially all SFS employees. The 403b Plan provides for discretionary contributions to be made by both orchestra and administrative participants. The 403b Plan also provides for discretionary contributions to be made by the SFS on behalf of administrative participants. The SFS's discretionary base contributions to participants' accounts begin after the participant has completed one year of service. Base contributions for the years ended August 31, 2021 and 2020 were \$270 and \$319, respectively. Participants are fully vested in the base contribution after five years.

The SFS's matching contributions to participants' accounts begin after the participant has completed two years of service. The SFS's matching contributions for the years ended August 31, 2021 and 2020 were \$178 and \$183, respectively.

**13. COMMITMENTS AND CONTINGENCIES**

The SFS leases facilities and equipment under noncancelable operating leases, subject to various escalation clauses, expiring through the year ending August 31, 2023. In addition, the SFS leases the Louise M. Davies Symphony Hall. Lease arrangements for the auditorium and office space in the hall are negotiated on a periodic basis. The SFS retains, in perpetuity, the right to lease space in Davies Symphony Hall at terms to be determined as long as the Orchestra continues to perform in San Francisco.

The SFS also has a contractual arrangement with its current Music Director, which expires August 31, 2025; and with its Music Director Laureate, which expires August 31, 2024.

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

The following table lists the amounts for minimum lease payments under lease terms and the amounts pertaining to the contractual arrangement with its Music Director, Music Director Laureate, and other contracts:

Years Ended August 31,	
2022	\$ 3,014
2023	3,413
2024	3,466
2025	3,544
2026	953
Thereafter	1,011
Total	<u>\$ 15,401</u>

Rent expense was \$704 and \$1,164 for the years ended August 31, 2021 and 2020, respectively. The SFS has commitments under partnership and limited liability company agreements to make future capital contributions of \$10,521 (Note 5).

**14. FUNCTIONAL AND NATURAL CLASSIFICATION OF EXPENSES**

Expense by functional and natural classification for the fiscal years ended August 31, 2021 and 2020 are as follows:

<u>2021</u>	Education/			Total Program	Management		Total
	Concert	Youth	Retail		Development	& General	
Personnel	\$ 32,066	\$ 831	\$ 115	\$ 33,012	\$ 3,886	\$ 5,288	\$ 42,186
Guest conductors and artists	414	-	5	419	23	-	442
Professional fees	3,077	44	47	3,168	582	1,268	5,019
Purchased services	926	2	6	933	412	237	1,583
Travel and accommodations	121	1	1	123	16	6	145
Facilities	419	-	4	423	58	308	789
Supplies	185	21	25	232	46	79	357
Insurance	52	-	-	52	-	348	400
Taxes	-	-	5	5	-	24	29
Other	472	17	30	519	1,471	662	2,652
Depreciation and amortization	909	-	171	1,080	-	699	1,779
Total	<u>\$ 38,641</u>	<u>\$ 916</u>	<u>\$ 409</u>	<u>\$ 39,966</u>	<u>\$ 6,494</u>	<u>\$ 8,919</u>	<u>\$ 55,381</u>
As a percentage of the total	70%	2%	0%	72%	12%	16%	100%

SAN FRANCISCO SYMPHONY  
Notes to Financial Statements  
August 31, 2021 and 2020  
(In thousands)

<b>2020</b>	Education/			Total Program	Management		Total
	Concert	Youth	Retail		Development	& General	
Personnel	\$ 44,011	\$ 1,319	\$ 2,234	\$ 47,564	\$ 3,339	\$ 5,874	\$ 56,777
Guest conductors and artists	3,175	26	28	3,229	117	-	3,346
Professional fees	2,992	-	137	3,129	754	881	4,764
Purchased services	1,327	52	40	1,419	1,010	290	2,719
Travel and accommodations	567	66	1	634	98	28	760
Facilities	394	-	106	500	104	648	1,252
Supplies	681	36	361	1,078	437	228	1,743
Insurance	10	-	-	10	-	371	381
Taxes	-	-	11	11	2	-	13
Other	1,357	122	97	1,576	2,390	585	4,551
Depreciation and amortization	384	-	128	512	-	1,111	1,623
<b>Total</b>	<b>\$ 54,898</b>	<b>\$ 1,621</b>	<b>\$ 3,143</b>	<b>\$ 59,662</b>	<b>\$ 8,251</b>	<b>\$ 10,016</b>	<b>\$ 77,929</b>
As a percentage of the total	70%	2%	4%	76%	11%	13%	100%

**15. RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closings of businesses and shelter-in-place orders, including California, where the SFS is headquartered. In response, the U.S. Government enacted the CARES Act, which includes significant provisions to provide relief and assistance to the affected organizations. As a qualifying 501(c)(3) organization, the SFS received two PPP grants through the CARES Act as well as a Shuttered Venue Operators Grant (Note 8).

As a result of COVID-19 orders declared by the City and County of San Francisco, the SFS canceled all in-person concert performances during the period March 2020 through April 2021 and offered ticket refunds to patrons. As a result of the concert cancellations, the SFS's revenue was impacted significantly during the years ended August 31, 2021 and 2020. Due to the possibility that additional variants of the coronavirus may emerge and could possibly impact the ability to hold in-person concert performances, the SFS is continuing to monitor and assess the ongoing potential financial impact of COVID-19.

**16. SUBSEQUENT EVENTS**

In preparing these financial statements, the SFS has evaluated events and transactions for potential recognition for disclosure through February 28, 2021, the date the financial statements were available to be issued.

As of February 28, 2022, SFS did not have any subsequent events that require recognition or disclosure.

**SUPPLEMENTARY INFORMATION**

**SAN FRANCISCO SYMPHONY**  
**Schedule of Changes in Endowment Net Assets**  
**For the Year Ended August 31, 2021**

Fund Name	Net Assets		Investment Return	Appropriation of Endowment Assets for Expenditures	Net Assets August 31, 2021
	September 1, 2020	Contributions			
The Edmund W. and Jeannik Mequet Littlefield Fund	\$ 25,209,781	\$ -	\$ 6,444,630	\$ (1,389,243)	\$ 30,383,801
Louise M. Davies Guest Conductor Fund	23,521,674	-	6,013,082	(179,589)	29,355,167
Phyllis C. Wattis Fund for New Works of Music	21,839,270	-	6,029,740	(1,102,751)	26,766,259
Phyllis C. Wattis Endowment Fund	19,815,115	-	5,470,878	(1,000,543)	24,285,450
Phyllis C. Wattis Fund for Guest Artists	16,900,938	-	4,666,285	(853,395)	20,713,828
William and Sakurako Fisher Fund for Adventures in Music	14,558,304	-	3,647,015	(730,480)	17,474,839
San Francisco Symphony Endowment Fund	12,454,577	10,100	3,184,172	(686,401)	15,021,095
The Richard and Rhoda Goldman Section String Fund	11,487,622	-	2,936,696	(633,052)	13,845,325
Adventures in Music Fund	8,733,804	-	2,307,380	(266,632)	10,774,552
Osgood Hooker Permanent Endowment Fund	8,445,453	-	2,158,996	(465,406)	10,178,786
The Hewlett Foundation Fund for Education	7,452,664	-	1,905,199	(375,625)	8,982,238
Jacqueline Hoefler Fund for Artistic Excellence	5,771,587	-	1,475,449	(318,057)	6,956,139
Ford Foundation Fund	5,736,057	-	1,466,366	-	6,913,317
Naoum Blinder Concertmaster's Chair Fund	5,221,624	-	1,334,856	(287,750)	6,293,303
The Barbro and Bernard Osher Fund for Staged Production:	4,947,627	-	1,264,812	-	6,212,439
Phyllis C. Wattis Youth Symphony Fund	4,258,742	-	1,175,823	(215,041)	5,219,524
San Francisco Symphony Endowment Fund	711,249	3,627,473	579,258	-	4,773,908
William Randolph Hearst Endowment	3,868,933	-	989,054	(213,207)	4,662,987
Jean and Bill Lane Chair Fund	3,657,596	-	935,028	-	4,592,624
250 Post Street - Youth Orchestra	4,591,122	-	246,213	(322,845)	4,514,490
The Rainbow Piccolo Chair	-	4,031,605	422,543	(119,216)	4,343,094
The Ann L. and Charles B. Johnson Fund	3,363,986	-	859,970	(185,380)	4,054,406
Organ Performance and Maintenance Fund	2,804,224	-	716,872	(1,193)	3,519,903
Helen and Charles Schwab Fund	2,856,119	-	730,138	(157,393)	3,442,305
Estate of Mrs. Betty Peters Fund	2,696,025	-	689,212	(180,910)	3,217,014
Wallace Endowment Fund	2,549,981	-	651,877	(128,523)	3,073,336
Paul L. & Phyllis Wattis Endowment for the Youth Orchest	2,439,739	-	623,695	(84,370)	2,979,064
San Francisco Symphony Education Fund	2,448,917	-	626,041	(123,429)	2,951,529
Osher Masterworks Endowment	2,420,875	-	618,873	(124,308)	2,915,439
James David Zellerbach Foundation	2,262,339	-	578,345	(124,671)	2,726,658
Paul L. & Phyllis Wattis Endowment for New Music	2,109,025	-	539,151	(106,298)	2,541,878
250 Post Street	2,497,596	-	133,941	(185,571)	2,455,908
Robert L. Samter Principal Trombone Chair Fund	2,029,933	-	518,932	(111,864)	2,446,554
Marcia and John Goldman Timpani Chair Fund	2,008,230	-	513,384	(110,668)	2,420,396
Agnes Albert Youth Music Education Fund	1,993,873	-	509,714	(100,494)	2,403,093
Phyllis C. Wattis Fund for Wattis Room Maintenance	1,839,500	-	507,879	-	2,347,379
Drs. Ben and Jess A. Shenson Young Artists Debut Fund	1,768,904	-	452,203	(89,155)	2,131,951
Wattis Special Performance Fund	1,756,802	-	449,109	(96,813)	2,117,366
K Hart Smith Fund	1,648,462	-	421,413	(83,085)	1,986,790
The Paula and John Gams Fund	1,610,580	-	411,729	(88,755)	1,941,133
The Harriet Heyman and Michael Moritz Endowed Fund	1,548,714	-	395,913	(78,057)	1,866,570
Lawrence Metcalf Second Century Chair Fund	1,516,468	-	387,670	(83,568)	1,827,706
Penelope Clark Second Century Chair Fund	1,898,900	(182,900)	130,506	(27,223)	1,819,283
The Lyman and Carol Casey Endowed Fund	1,468,420	-	375,387	(80,921)	1,769,796
San Francisco Symphony Youth Orchestra Fund	1,438,953	-	367,854	(72,525)	1,734,282
The Christine and Pierre Lamond Fund	1,432,510	-	366,207	(78,942)	1,726,516
Hume Flute Chair Fund	1,425,792	-	364,490	(78,572)	1,718,420
Diane Miller AIM Fund	1,425,328	-	364,371	(71,839)	1,717,860
Nancy and Charles Geschke Fund	1,413,570	-	361,365	(77,898)	1,703,689
Bernard and Barbro Osher Youth Orchestra Touring Fund	1,264,646	-	323,294	-	1,587,940
Stan and Lenora Davis String Chair Endowment Fund	1,279,454	-	327,080	(71,719)	1,540,836
Nan Tucker McEvoy Instrument Training and Support Fund	1,238,234	-	316,542	(62,409)	1,492,367
Carolyn H. Hume Youth Orchestra Touring Fund	1,225,484	-	313,283	(61,766)	1,477,001
Emanuel S. Heller Endowment	1,103,064	-	281,987	(60,787)	1,329,455
Mrs. Walter Haas Children's Concert Fund	1,063,953	-	271,989	(53,625)	1,282,317
Gary and Kathleen Heidenreich Fund	1,047,052	-	267,669	(57,700)	1,261,948
The Leanne and George Roberts Endowment Fund for Com	1,012,295	-	258,783	(51,021)	1,220,057
Athena T. Blackburn Endowed Fund for Russian Music	1,057,254	1,798	162,539	(31,767)	1,189,825
The Betty Haag Music Education Fund	-	1,000,000	148,874	(60,464)	1,088,410
Ralph I. Dorfmann Commissioning Fund	896,382	-	229,151	(45,179)	1,080,354
Michael Tison Thomas First Performances Fund	877,649	-	224,362	(48,365)	1,057,776
Maurice and Stella Elias Fund	868,170	-	221,939	(47,843)	1,046,352
William and Gretchen Kimball Education Fund	728,265	-	186,174	(36,706)	877,733
The Sandy and Paul Otellini Education Endowed Fund	700,047	-	178,960	(35,283)	843,724
John and Lisa Pritzker Fund for CFK	655,199	-	167,495	(33,023)	789,671
Gary E. Gray Education Fund	615,538	-	157,356	(31,607)	741,287
San Francisco Symphony Keyboard Music Fund	576,302	-	147,326	(29,046)	694,581
William Randolph Hearst Endowment (PR/TR)	530,822	-	135,699	(26,754)	639,767
Hanrahan Violin Chair	472,918	-	120,897	(26,061)	569,979

**SAN FRANCISCO SYMPHONY**  
**Schedule of Changes in Endowment Net Assets**  
**For the Year Ended August 31, 2021**

Fund Name	Net Assets		Investment Return	Appropriation of Endowment Assets for Expenditures	Net Assets August 31, 2021
	September 1, 2020	Contributions			
Pauline C. Chickering Instrument Fund	469,498	-	120,023	-	565,857
Katherine H. Johnson Fund	411,539	2,694	80,959	-	477,962
Frannie & Mort Fleishhacker Endowed Touring Fund	377,751	-	96,568	-	474,319
J. Peter Cahill Guest Pianist Fund	360,122	-	92,062	(18,151)	434,033
Margaret Koshland Sloss Tribute Fund	355,487	-	90,877	-	428,447
Phyllis Blair Cello Chair Fund	333,724	-	105,446	(20,037)	419,134
Paul and Kathy Bissinger Endowed Fund	326,695	-	83,517	(18,003)	393,746
The Hurlbut-Johnson Fund	315,807	-	80,733	(15,917)	380,623
The Barbara and Richard Rosenberg Endowed Fund	314,565	-	80,415	(17,335)	379,126
Brayton Wilbur Jr. Endowed Fund for Touring - PR	291,577	-	74,539	-	366,116
James C. Hornel & Michael P. Nguyen Concert for Kids	293,998	-	75,158	(14,818)	354,338
Walter Edwin Dean II - Lenoir M. Dean Fund	288,309	-	73,703	-	347,481
Stuart C. Gallion Youth Orchestra Endowment Fund	269,381	-	68,865	(14,739)	323,506
Shenson Foundation Flute Chair for Youth Orchestra	260,117	-	66,496	(14,334)	313,503
The Steinberg Family Education Endowed Fund	219,894	-	56,214	(11,083)	265,025
The Blair Fund	139,126	60,001	35,566	(7,667)	227,681
Joseph Padula Memorial Fund	187,428	-	47,914	(9,624)	225,718
James Schwabacher Vocal Artists Fund	183,286	-	46,855	(9,238)	220,903
KPMG Fund for Community Engagement	167,631	-	42,853	(8,449)	202,035
Barbara Brookins Young Artists Fund	165,637	-	42,344	(8,348)	199,632
Agnes Albert Honorary Endowment Fund	161,727	-	41,344	(8,912)	194,920
Ann and Jim Paras Endowed Fund	159,604	-	40,801	(8,795)	192,361
Halfmann-Yee Fund for Touring	151,556	-	38,744	-	190,300
Mr. & Mrs. George Otto Sibelius Fund	156,410	-	39,985	(7,883)	188,511
Terry Family Fund	154,543	-	39,507	(8,516)	186,261
Nion McEvoy Family Fund	154,104	-	39,395	(8,492)	185,732
Linda Tabor-Beck Friends and Family, et.al	156,902	1,320	34,031	(8,186)	184,067
John P. and Susan H. Carver Fund	146,469	-	37,443	(8,072)	176,530
Howard and Agnes Shapiro Fund for Music Education	144,907	-	37,044	(7,304)	174,648
Jerome and Thao Dodson Music Education Fund	141,368	-	36,139	(7,125)	170,382
Phyllis and Stuart Moldaw Fund for Instrument Training and	141,244	-	36,108	(7,119)	170,233
Mrs. George John Otto Memorial Vocalist Fund	141,209	-	36,099	(7,117)	170,190
The Jon and Linda Gruber Education Fund	140,437	-	35,901	(7,078)	169,260
Fay and Ada Tom Family Fund for Touring	130,284	-	33,306	(6,567)	157,023
Geeslin Family Fund for Community Engagement	129,319	-	33,059	(6,518)	155,860
The Richard and Joan Madden Endowed Fund	129,284	-	33,050	(7,125)	155,818
Fay and Ada Tom Family Fund for Guest Pianists	128,332	-	32,807	(6,468)	154,671
Howard Skinner Fund	127,764	-	32,662	(6,440)	153,986
James J. Parker Mostly Mozart Fund	127,681	-	32,640	(7,036)	153,886
Fay and Ada Tom Family Fund for Concerts for Kids	126,530	-	32,346	(6,377)	152,499
Margaret Liu Foundation - AIM	125,413	-	32,061	(6,321)	151,153
Emma and Frederick Goltz Education Fund	125,351	-	32,045	(6,318)	151,078
Jack and Fran Rominger Endowment Fund	124,052	-	31,713	(6,836)	149,512
Fay and Ada Tom Family Fund	123,145	-	31,481	(6,786)	148,419
Athena T. Blackburn Fund for Adventures in Music	117,844	-	30,126	(3,572)	144,397
Lisa and Douglas Goldman Fund for Adventures in Music	116,841	-	29,869	(3,542)	143,168
Kenneth D. & Joanne Snow Music Education	119,079	-	27,589	(5,887)	140,781
Elizabeth Letts Janss Fund	116,750	-	29,846	-	140,712
Joan L. Danforth Guest Artist Fund	116,033	-	29,663	(5,848)	139,847
Leonard Kingsley Endowed Fund	109,357	-	27,956	-	131,801
Gerald B. Rosenstein Fund	90,405	-	23,111	(5,068)	108,874
The Joseph and Anna Meyer Endowed Fund	96,660	1,564	4,220	(1,649)	100,795
Agnes Albert Display Case Endowment	79,493	-	20,322	-	99,815
The Evelyn Greenspan Endowed Fund	87,723	614	14,062	(3,152)	99,248
Archie Aye New Music Fund (#257612)	87,291	1,906	7,021	(1,387)	94,831
Fannie M. Irwin Endowment	72,683	-	18,581	(4,005)	87,600
Wormick Endowment Fund	62,147	-	15,887	(3,425)	74,902
William Gregory Youth Orchestra String Fund	62,930	212	5,916	(1,188)	67,870
San Francisco Symphony Community Engagement	55,725	-	14,245	(2,809)	67,162
Mr. Philip M. Hudner Fund	54,711	-	13,986	(3,414)	65,284
Brian P. McCune and Darlene Vian Fund for Vocal Performa	37,380	-	9,556	(1,884)	45,052
Brayton Wilbur Jr. Endowed Fund for Touring - UR	26,787	-	6,848	-	32,197
Louisa Jean De Bretteville Living Trust	13,207	-	3,376	(728)	15,918
Mettler, Robert	15,414	(1,515)	-	-	13,899
Robles, Ernest Fund	10,055	-	-	-	10,055
<b>\$</b>	<b>293,697,954</b>	<b>\$ 8,554,872</b>	<b>\$ 75,404,113</b>	<b>\$ (13,165,476)</b>	<b>\$ 364,491,463</b>

**SINGLE AUDIT REPORTS AND SCHEDULES**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Audit Committee of the Board of Governors  
San Francisco Symphony  
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Francisco Symphony (a California nonprofit corporation) (the "SFS"), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the SFS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SFS's internal control. Accordingly, we do not express an opinion on the effectiveness of the SFS's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



An independent firm  
associated with Moore  
Global Network Limited



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the SFS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SFS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SFS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Armanino LLP*

Armanino<sup>LLP</sup>  
San Ramon, California

February 28, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

To the Audit Committee of the Board of Governors  
San Francisco Symphony  
San Francisco, California

### **Report on Compliance for Each Major Federal Program**

We have audited San Francisco Symphony (a California nonprofit corporation) (the "SFS")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SFS's major federal programs for the year ended August 31, 2021. The SFS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the SFS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SFS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the SFS's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the SFS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

## Report on Internal Control Over Compliance

Management of the SFS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the SFS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the SFS's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Armanino LLP*

Armanino<sup>LLP</sup>  
San Ramon, California

February 28, 2022

San Francisco Symphony  
Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>		
Small Business Administration		
Direct awards		
Shuttered Venue Operators Grant	59.075	\$ <u>8,000,000</u>
Total Small Business Administration		<u>8,000,000</u>
National Endowment for the Arts		
Direct awards		
NEA Art Works, Promotion of the Arts	45.024	75,000
NEA Art Works, Arts Education	45.024	<u>10,000</u>
Total National Endowment for the Arts		<u>85,000</u>
Total Expenditures of Federal Awards		<u>\$ 8,085,000</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

San Francisco Symphony  
Notes to Schedule of Expenditures of Federal Awards  
August 31, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of San Francisco Symphony (the "SFS") under programs of the federal government for the year ended August 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the SFS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the SFS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

San Francisco Symphony  
 Schedule of Findings and Questioned Costs  
 For the Year Ended August 31, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing</u>
Shuttered Venue Operators Grant	59.075
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

San Francisco Symphony  
Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2021

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

San Francisco Symphony  
Summary Schedule of Prior Audit Findings  
For the Year Ended August 31, 2021

There were no prior year findings.