

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(D/B/A LEAGUE OF AMERICAN ORCHESTRAS)**



**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended June 30, 2021 and 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
FINANCIAL STATEMENTS
(Together with Independent Auditor's Report)
YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
American Symphony Orchestra League
(d/b/a League of American Orchestras)

We have audited the accompanying financial statements of American Symphony Orchestra League (d/b/a League of American Orchestras) (the "League") which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 American Symphony Orchestra League (d/b/a League of American Orchestras) as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
October 25, 2021

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and cash equivalents (Notes 2B, 3, 4 and 15A):		
Operating	\$ 112,639	\$ 55,499
Cash reserve	615,913	1,390,694
Total cash and cash equivalents	728,552	1,446,193
Accounts receivable (Notes 2F and 7)	116,395	134,185
Contributions receivable, net (Notes 2G, 8 and 15B)	1,129,336	578,552
Investments		
Investments held for perpetually restricted endowment, at fair value (Notes 2D, 2I, 6 and 16)	3,561,131	3,561,131
Other investments, at fair value (Notes 2D, 2I and 6)	2,098,544	1,207,628
Total investments at fair value	5,659,675	4,768,759
Prepaid expenses and other assets	292,112	297,042
Operating lease right-of-use assets (Notes 5 and 11)	3,032,412	3,303,910
Property and equipment, net (Notes 2E and 9)	831,460	813,502
TOTAL ASSETS	\$ 11,789,942	\$ 11,342,143
 LIABILITIES		
Accounts payable and accrued expenses	\$ 152,277	\$ 173,286
Deferred revenue (Note 2F)	401,796	444,564
Loan payable (Note 10)	432,217	432,219
Lease liability (Notes 5, 9 and 11)	3,217,505	3,446,320
TOTAL LIABILITIES	4,203,795	4,496,389
 COMMITMENTS AND CONTINGENCIES (Note 14)		
 NET ASSETS (DEFICIT) (Note 2C)		
Without donor restrictions		
Board designated change capital fund (Note 4)	400,000	400,000
Board designated fund for cash reserve (Note 4)	192,163	500,000
Working capital reserve (Note 4)	423,750	423,750
Available for operations	(138,490)	(808,942)
Total net assets without donor restrictions	877,423	514,808
With donor restrictions		
Purpose and time restriction (Note 13)	3,147,593	2,769,815
Perpetual in nature (Note 16)	3,561,131	3,561,131
Total net assets with donor restrictions	6,708,724	6,330,946
TOTAL NET ASSETS	7,586,147	6,845,754
TOTAL LIABILITIES AND NET ASSETS	\$ 11,789,942	\$ 11,342,143

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
SUPPORT AND REVENUE:						
Contributions and grants (Notes 2G and 15B)	\$ 1,862,142	\$ 2,428,423	\$ 4,290,565	\$ 1,671,220	\$ 661,932	\$ 2,333,152
Membership dues (Note 2F)	1,816,084	-	1,816,084	2,006,074	-	2,006,074
Meetings and seminars (Note 2F)	188,110	-	188,110	223,676	-	223,676
Sponsorships	66,135	-	66,135	57,650	-	57,650
Symphony magazine (Note 2F)	75,399	-	75,399	137,134	-	137,134
Forgiveness of loan (Note 10)	432,219	-	432,219	-	-	-
Other income	22,177	-	22,177	12,673	-	12,673
Investment income (loss), net (Notes 2D and 6)	173,320	902,736	1,076,056	(1,075)	71,390	70,315
Net assets released from restrictions (Notes 2C, 13 and 16)	<u>2,953,381</u>	<u>(2,953,381)</u>	<u>-</u>	<u>3,651,209</u>	<u>(3,651,209)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>7,588,967</u>	<u>377,778</u>	<u>7,966,745</u>	<u>7,758,561</u>	<u>(2,917,887)</u>	<u>4,840,674</u>
EXPENSES (Note 2H):						
Program services:						
Learning and leadership development	2,341,733	-	2,341,733	3,541,121	-	3,541,121
Research and development	344,051	-	344,051	313,101	-	313,101
Communications and public relations	1,269,859	-	1,269,859	1,085,819	-	1,085,819
Membership services	1,008,071	-	1,008,071	991,860	-	991,860
Advocacy	<u>484,778</u>	<u>-</u>	<u>484,778</u>	<u>454,397</u>	<u>-</u>	<u>454,397</u>
Total program services	<u>5,448,492</u>	<u>-</u>	<u>5,448,492</u>	<u>6,386,298</u>	<u>-</u>	<u>6,386,298</u>
Supporting services:						
Management and general	961,038	-	961,038	869,415	-	869,415
Development	<u>816,822</u>	<u>-</u>	<u>816,822</u>	<u>800,877</u>	<u>-</u>	<u>800,877</u>
Total supporting services	<u>1,777,860</u>	<u>-</u>	<u>1,777,860</u>	<u>1,670,292</u>	<u>-</u>	<u>1,670,292</u>
TOTAL EXPENSES	<u>7,226,352</u>	<u>-</u>	<u>7,226,352</u>	<u>8,056,590</u>	<u>-</u>	<u>8,056,590</u>
CHANGE IN NET ASSETS (Notes 4 and 5)	362,615	377,778	740,393	(298,029)	(2,917,887)	(3,215,916)
Net assets - beginning of year	<u>514,808</u>	<u>6,330,946</u>	<u>6,845,754</u>	<u>812,837</u>	<u>9,248,833</u>	<u>10,061,670</u>
NET ASSETS - END OF YEAR	<u>\$ 877,423</u>	<u>\$ 6,708,724</u>	<u>\$ 7,586,147</u>	<u>\$ 514,808</u>	<u>\$ 6,330,946</u>	<u>\$ 6,845,754</u>

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

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for Year Ended June 30, 2020)

	Program Services					Supporting Services			Total 2021	Total 2020	
	Learning and Leadership Development	Research and Development	Communications and Public Relations	Membership Services	Advocacy	Total Program Services	Management and General	Development			Total Supporting Services
Salaries	\$ 731,850	\$ 169,793	\$ 729,646	\$ 461,961	\$ 308,741	\$ 2,401,991	\$ 354,983	\$ 481,467	\$ 836,450	\$ 3,238,441	\$ 2,739,748
Payroll taxes and employee benefits (Note 12)	212,002	48,599	214,675	136,233	91,375	702,884	100,854	140,547	241,401	944,285	751,124
Total Salaries and Related Costs	943,852	218,392	944,321	598,194	400,116	3,104,875	455,837	622,014	1,077,851	4,182,726	3,490,872
Consultants	213,439	33,973	117,779	249,206	4,004	618,401	51,951	44,935	96,886	715,287	798,936
Professional services	-	-	-	-	-	-	131,488	-	131,488	131,488	78,994
Awards/professional development	937,950	-	-	-	-	937,950	12,000	-	12,000	949,950	2,086,887
Meeting expenses	6,533	-	-	217	-	6,750	73	307	380	7,130	114,863
Travel and lodging	-	-	-	283	66	349	1,259	11	1,270	1,619	91,077
Printing, production and copying	600	-	49,561	-	-	50,161	-	11,772	11,772	61,933	48,848
Postage and delivery	510	47	19,342	65	71	20,035	516	9,520	10,036	30,071	31,570
Supplies	3,213	54,677	16,509	2,371	29,413	106,183	1,626	10,424	12,050	118,233	130,994
Occupancy (Note 11)	145,341	24,354	55,856	15,469	38,435	279,455	104,603	69,364	173,967	453,422	548,797
Telecommunications	53,687	2,846	20,525	130,467	5,971	213,496	10,416	38,535	48,951	262,447	263,898
Equipment rental and repairs	7,863	1,596	3,658	1,006	2,475	16,598	8,297	4,639	12,936	29,534	26,463
Insurance	3,550	685	1,857	463	1,162	7,717	3,934	1,773	5,707	13,424	13,157
Staff training, recruitment and support	20,819	5,275	10,650	9,109	2,520	48,373	1,605	1,613	3,218	51,591	186,648
Bank charges and fees	-	-	-	-	-	-	72,520	-	72,520	72,520	61,055
Miscellaneous	1,731	200	417	433	-	2,781	4,004	-	4,004	6,785	11,362
Bad debt	-	-	-	-	-	-	20,117	-	20,117	20,117	11,489
Depreciation and amortization (Note 2E)	2,645	2,006	29,384	788	545	35,368	80,792	1,915	82,707	118,075	60,680
TOTAL EXPENSES	\$ 2,341,733	\$ 344,051	\$ 1,269,859	\$ 1,008,071	\$ 484,778	\$ 5,448,492	\$ 961,038	\$ 816,822	\$ 1,777,860	\$ 7,226,352	\$ 8,056,590

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

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					Supporting Services			Total 2020	
	Learning and Leadership Development	Research and Development	Communications and Public Relations	Membership Services	Advocacy	Total Program Services	Management and General	Development		Total Supporting Services
Salaries	\$ 661,650	\$ 143,349	\$ 611,309	\$ 344,333	\$ 273,902	\$ 2,034,543	\$ 264,346	\$ 440,859	\$ 705,205	\$ 2,739,748
Payroll taxes and employee benefits (Note 12)	182,591	38,187	165,765	103,501	72,831	562,875	72,626	115,623	188,249	751,124
Total Salaries and Related Costs	844,241	181,536	777,074	447,834	346,733	2,597,418	336,972	556,482	893,454	3,490,872
Consultants	242,997	30,720	87,258	311,562	-	672,537	115,959	10,440	126,399	798,936
Professional services	-	-	-	-	1,065	1,065	77,929	-	77,929	78,994
Awards/professional development	2,085,887	-	-	-	-	2,085,887	-	1,000	1,000	2,086,887
Meeting expenses	91,082	200	990	5,500	1,629	99,401	14,435	1,027	15,462	114,863
Travel and lodging	55,811	-	4,220	13,441	11,448	84,920	3,388	2,769	6,157	91,077
Printing, production and copying	4,261	-	43,301	-	-	47,562	-	1,286	1,286	48,848
Postage and delivery	3,672	376	21,997	1,234	798	28,077	1,209	2,284	3,493	31,570
Supplies	3,094	52,727	22,742	3,050	32,829	114,442	7,207	9,345	16,552	130,994
Occupancy (Note 11)	149,187	27,957	81,130	58,035	47,264	363,573	82,121	103,103	185,224	548,797
Telecommunications	38,714	3,971	24,694	138,877	8,461	214,717	11,899	37,282	49,181	263,898
Equipment rental and repairs	6,850	1,285	4,078	4,105	2,684	19,002	2,436	5,025	7,461	26,463
Insurance	2,652	788	1,934	1,936	1,078	8,388	1,863	2,906	4,769	13,157
Staff training, recruitment and support	9,911	10,856	11,536	-	-	32,303	98,007	56,338	154,345	186,648
Bank charges and fees	-	-	-	-	80	80	60,975	-	60,975	61,055
Miscellaneous	386	-	117	2,423	-	2,926	5,176	3,260	8,436	11,362
Bad debt	-	-	-	-	-	-	11,489	-	11,489	11,489
Depreciation and amortization (Note 2E)	2,376	2,685	4,748	3,863	328	14,000	38,350	8,330	46,680	60,680
TOTAL EXPENSES	\$ 3,541,121	\$ 313,101	\$ 1,085,819	\$ 991,860	\$ 454,397	\$ 6,386,298	\$ 869,415	\$ 800,877	\$ 1,670,292	\$ 8,056,590

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

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 740,393	\$ (3,215,916)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	118,075	60,680
Write off of uncollectible receivables	20,117	11,489
Discount on contributions receivable	(484)	(26,292)
Net realized/unrealized gain on investments	(1,049,422)	(5,078)
Forgiveness of loan	(432,219)	-
	(603,540)	(3,175,117)
Subtotal		
(603,540)	(603,540)	(3,175,117)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	(2,327)	(23,179)
Contributions receivable	(550,300)	2,983,608
Prepaid expenses and other assets	4,930	266,028
(Decrease) or increase in liabilities:		
Accounts payable and accrued expenses	(21,009)	(59,892)
Deferred revenue	(42,768)	(157,277)
Deferred rent	-	104,415
Lease payments	42,683	-
	(1,172,331)	(61,414)
Net Cash Used in Operating Activities	(1,172,331)	(61,414)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(136,033)	(749,795)
Proceeds from sales of investments	185,000	237,500
Purchases of investments	(26,494)	(71,097)
	22,473	(583,392)
Net Cash Provided by (Used in) Investing Activities	22,473	(583,392)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan	432,217	432,219
	432,217	432,219
Net Cash Provided by Financing Activities	432,217	432,219
NET DECREASE IN CASH AND CASH EQUIVALENTS	(717,641)	(212,587)
Cash and cash equivalents - beginning of year	1,446,193	1,658,780
	\$ 728,552	\$ 1,446,193
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 728,552	\$ 1,446,193

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

In August 2020, the League incurred an operating lease obligation totaling \$27,885 for an office lease. As a result, operating lease right-of-use asset of the same \$27,885 was also recognized.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

American Symphony Orchestra League (d/b/a League of American Orchestras) (the “League”) was founded in 1942 and chartered by the United States Congress in 1962. One of the nation’s largest performing arts service organizations, the League comprises approximately 700 member symphony, chamber, youth and collegiate orchestras of all sizes, and links a national network of thousands of instrumentalists, conductors, managers, board members, volunteers, staff members and business partners.

The League supplies guidance and support to the orchestra field through: collection and dissemination of critical information and knowledge across multiple channels, including a national conference and award-winning magazine; nationally recognized learning and leadership development programs; dedicated advocacy and strategic communications activities; targeted research and development projects; and leadership around collective action.

Examples of recent and current League initiatives include: programs and materials on financial management in tough economic times and problem-solving for emerging administrative leaders; an online career center; the field’s first review and analysis of audience demographic trends; assistance in obtaining visas for foreign guest artists; a study of innovation in orchestras; and a national orchestra food drive.

The League is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** – The League’s financial statements have been prepared on the accrual basis of accounting. The League adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ***Cash and Cash Equivalents*** – All highly liquid instruments with a maturity of three months or less when acquired are considered to be cash equivalents.
- C. ***Basis of Presentation*** – The League maintains its net assets under the following two classes:
- Without donor restrictions – includes the net assets that are not restricted by donor-imposed stipulations.
 - With donor restrictions – includes net assets subject to donor-imposed restrictions. Some resources are received with donor stipulations that limit the use of the donated assets or place time restrictions on the resources. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other resources received with donor stipulations have been designated by the donor to be held and invested in perpetuity. The income and net capital appreciation from these restricted assets are available for restricted purposes, in accordance with donor intent. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.
- D. ***Investments*** – Investments are carried at fair value as explained in Note 6 and include cash to be reinvested. Unrealized gains and losses are included in the accompanying statements of activities. Donated securities are recorded at their fair value, as determined using quoted market prices at the date of donation and are sold immediately upon receipt by the League. Dividend and interest income are recorded as earned. Net investment earnings on the endowment funds are recorded as net assets with donor restrictions until appropriated by the board.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E. **Property and Equipment** – Property and equipment are recorded at cost less accumulated depreciation and amortization. The League capitalizes furniture and fixtures with a cost of \$500 or more, equipment with a cost of \$750 or more and all other property and equipment with a cost of \$2,500 or more and a useful life of greater than one year. Amortization of leasehold improvements is provided using the straight-line method, applied
- F. **Revenue Recognition** – The League recognizes membership dues from its orchestra members as revenue ratably over the period to which the membership relates because the benefits to their members are consistent throughout the year. The League's members receive access to resources and other relevant information which is considered a single performance obligation. Membership pricing is determined using a tiered approach depending on the type of Orchestra member (i.e., Youth, College, or Professional Orchestras). Members are billed for their dues at the beginning of the membership period, and payment is required at that time. The League's membership period is from October 1st to September 30th and material amounts that relate to the following fiscal period are reported as deferred revenue.

Revenue generated from meetings and seminars is recognized at the time the meeting or seminar takes place. The price of the meeting or seminar is specific to those particular events depending on the cost to the League. Any amounts received in advance are recorded as deferred revenue. Revenue generated from Symphony magazine is recognized ratably over the subscription period of the magazine.

The League's accounts receivable and deferred revenue balances as of July 1, 2019 were \$122,495 and \$601,841, respectively.

- G. **Contributions** – Contributions are recognized when the donor makes an unconditional promise to give. All contributions are considered to be available for general use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met or the donor has explicitly released the restriction. There were no conditional contributions for the years ended June 30, 2021 and 2020. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. As of June 30, 2021 and 2020, the League determined that no allowance is needed for uncollectible contributions and other receivables. Such estimate is based on management's evaluation of the creditworthiness of the donors, the aged basis of its receivables, as well as current economic conditions and historical information.
- H. **Functional Allocation of Expenses** – The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Certain costs have been allocated among the programs and supporting services benefited. These expenses are allocated on the basis of time and effort on various projects from each staff member's timesheets for the month. The expenses allocated include salaries and wages, fringe benefits, consultants, awards, meetings, travel, printing, occupancy, office supplies, postage, telecommunications, equipment rental, insurance, staff training and depreciation and amortization.
- I. **Fair Value Measurements** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 6.
- J. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2021 and 2020, the financial assets available to meet general expenditures over the next 12 months were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 728,552	\$ 1,446,193
Accounts receivable	116,395	134,185
Contributions receivable, net	1,129,336	578,552
Investments at fair value	<u>2,098,544</u>	<u>1,207,628</u>
Total	4,072,827	3,366,558
Less: Purpose and time restricted net assets including contributions receivable due in more than one year	<u>(3,147,858)</u>	<u>(2,769,815)</u>
Total financial assets available	<u>\$ 924,969</u>	<u>\$ 596,743</u>

Cash and cash equivalents consist of funds held in the League's checking and savings accounts held in a bank. The savings account includes both board and non-board designated funds which provide liquidity for short-term operating cash flow. Accounts receivable consist of membership dues, registration fees, and advertising. Operating investments include the board designated change capital fund which allows the League to invest in board approved change initiatives. It is invested 30% in equities and 70% in fixed income. Operating investments also consist of excess earnings from the League's general endowment. Earnings are recorded into operations each year. In addition to financial assets available to meet general expenditures over the next 12 months, the League expects and anticipates collecting sufficient revenue to cover general expenditures. As further described in Note 14A, the League has a line of credit for \$2,000,000 that can be used to support its operations as needed.

NOTE 4 – RESERVE FUNDS

	Reserve Full Value	6/30/2020 Balance	Additions	Withdrawal	6/30/2021 Balance
Board-designated Change Capital Fund	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000
Board-designated Cash Reserve Fund	500,000	500,000	-	(307,837)	192,163
Working Capital Reserve	423,750	<u>423,750</u>	-	-	<u>423,750</u>
Working Capital Reserve Total		<u>\$ 1,323,750</u>	<u>\$ -</u>	<u>\$ (307,837)</u>	<u>\$ 1,015,913</u>

	Reserve Full Value	6/30/2019 Balance	Additions	Withdrawal	6/30/2020 Balance
Board-designated Change Capital Fund	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000
Board-designated Cash Reserve Fund	500,000	500,000	-	-	500,000
Working Capital Reserve	423,750	<u>423,750</u>	-	-	<u>423,750</u>
Total		<u>\$ 1,323,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,750</u>

The Board-designated Change Capital Fund is a revolving fund designed to allow the League to invest prudently in change initiatives intended to enhance services to members and/or strengthen the League's sustainability. Any draw taken on the corpus of the fund must be replaced within 60 months. The use of dividends, interest and realized and/or unrealized gains generated by the fund are at the discretion to the Board. The funds associated with the Change Capital Fund are invested with Common Fund and Wells Fargo.

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NOTE 4 – RESERVE FUNDS (Continued)

The Board-Designated Cash Reserve Fund is a revolving fund established to level out operating cash flow throughout the course of the fiscal year. The fund must hold its full value for no less than 30 (thirty) consecutive days during the course of each fiscal year.

The Working Capital Reserve was established through a grant made initially in 2006 and increased in subsequent years to create a working capital reserve intended to provide liquidity for short-term operating cash flow requirements throughout the course of the fiscal year. As required under the agreement, the fund has been fully replenished to its full value by September 30th.

As of June 30, 2021 and 2020, there was a balance of \$615,913 and \$923,750, respectively in the Cash Reserve Fund, representing holdings of the board designated cash reserve fund and working capital reserve.

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

The League reported an increase of \$362,615 for the year ended June 30, 2021, and a decrease of \$298,029 for the year ended June 30, 2020. The change in net assets includes noncash transactions and adjustments as follows:

	<u>2021</u>	<u>2020</u>
Increase (decrease) in net assets without donor restrictions	\$ 362,615	\$ (298,029)
Add: noncash items		
Depreciation and amortization	118,074	60,680
Write-offs of uncollectible receivables	20,117	11,489
Forgiveness of loan	(432,219)	-
Straight-line adjustment old office lease	-	(37,995)
Straight-line adjustment new office leases	<u>42,683</u>	<u>142,410</u>
Increase (decrease) in net assets without donor restrictions, after effect of noncash items	<u>\$ 111,270</u>	<u>\$ (121,445)</u>

For the year ended June 30, 2021, the \$42,683 noncash adjustment represents, with respect to the new office leases, the difference between the change in the operating lease right-of-use assets of \$271,498 and the lease liability of \$228,815 reflected on the Statement of Financial Position as of June 30, 2021 and 2020. The \$432,219 noncash adjustment is the forgiveness of the Paycheck Protection Program Loan (“PPP”) reflected on the Statement of Activities for the year ended June 30, 2021. For the year ended June 30, 2020, the \$37,995 noncash adjustment represents deferred rent under the old office lease recognized in 2019 and adjusted in 2020. The \$142,410 noncash adjustment represents, with respect to the new office leases, the difference between the operating lease right-of-use assets of \$3,303,910 and the lease liability of \$3,446,320 reflected on the Statement of Financial Position as of June 30, 2020.

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NOTE 6 – INVESTMENTS & FAIR VALUE MEASUREMENTS

Investments consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
CommonFund Multi-Strategy Equity Fund	\$ 4,041,010	\$ 2,736,044
Corporate bonds	1,533,736	1,227,460
Mutual funds	<u>-</u>	<u>241,914</u>
Investments other than cash and cash equivalents	5,574,746	4,205,418
Cash and cash equivalents	<u>84,929</u>	<u>563,341</u>
Total Investments	<u>\$ 5,659,675</u>	<u>\$ 4,768,759</u>

Investment income consists of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 40,167	\$ 74,699
Interest on cash and cash equivalents	233	1,668
Net realized/unrealized gain on investments	<u>1,049,422</u>	<u>5,078</u>
	1,089,822	81,445
Less: investment fees	<u>(13,766)</u>	<u>(11,130)</u>
Total investment income	<u>\$ 1,076,056</u>	<u>\$ 70,315</u>

The fair value hierarchy defines three levels as follows:

- Level 1 - Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are also obtained from third-party pricing services for similar assets or liabilities.
- Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining fair value, the League utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2021 and 2020, there were no transfers.

CommonFund investment programs are designed to generate superior long-term investment performance. The fund permits monthly redemptions with a prior five-day notice prior to month's end. There are no unfunded commitments.

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NOTE 6 – INVESTMENTS & FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at June 30, 2021, are classified in the table as follows:

	<u>Level 2</u>
Corporate bonds	\$ 1,533,736
Total Level 2 investments	1,533,736
CommonFund multi-strategy equity fund measured using net asset value as a practical expedient	<u>4,041,010</u>
Total investments at fair value	5,574,746
Cash and cash equivalents	<u>84,929</u>
Total Investments	<u>\$ 5,659,675</u>

Financial assets carried at fair value at June 30, 2020, are classified in the table as follows:

	<u>Level 2</u>
Corporate bonds	\$ 1,227,460
Mutual funds	<u>241,914</u>
Total Level 2 investments	1,469,374
CommonFund multi-strategy equity fund measured using net asset value as a practical expedient	<u>2,736,044</u>
Total investments at fair value	4,205,418
Cash and cash equivalents	<u>563,341</u>
Total Investments	<u>\$ 4,768,759</u>

NOTE 7 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Membership dues	\$ 67,362	\$ 88,050
Symphony magazine advertising	21,013	26,016
Other	<u>28,020</u>	<u>20,119</u>
Total accounts receivable	<u>\$ 116,395</u>	<u>\$ 134,185</u>

NOTE 8 – CONTRIBUTIONS RECEIVABLE

Contributions receivables consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Contributions receivable:		
Due within 1 year	\$ 1,129,071	\$ 549,431
Due within 2 to 5 years	<u>265</u>	<u>29,605</u>
	1,129,336	579,036
Present value discount (at rates ranging from 0.16%-5.0%)	<u>-</u>	<u>(484)</u>
Total contributions receivable, net	<u>\$ 1,129,336</u>	<u>\$ 578,552</u>

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NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 1,211,448	\$ 1,198,396	2-4 years
Furniture and fixtures	371,214	361,381	7-10 years
Computer hardware and software	<u>1,817,354</u>	<u>1,704,206</u>	5 years
Total cost	3,400,016	3,263,983	
Less: accumulated depreciation and amortization	<u>(2,568,556)</u>	<u>(2,450,481)</u>	
Net book value	<u>\$ 831,460</u>	<u>\$ 813,502</u>	

Depreciation and amortization expense amounted to \$118,075 and \$60,680 for the years ended June 30, 2021 and 2020, respectively.

NOTE 10 – LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The League applied for their second PPP loan through an SBA authorized lender. The loan, amounting to \$432,217, was approved on February 9, 2021 and funded on May 20, 2021. If the forgiveness is not approved, the loan bears interest at a rate of 0.98% and matures on May 20, 2026. The League is in the process of submitting their application for forgiveness.

In accounting for the terms of the PPP loan, the League is guided by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 470 “Debt.” Based on the guidance in FASB ASC 470, the loan would remain recorded as a liability until it is in part or wholly forgiven and legal release is received or the entity pays off the loan. Once the loan is forgiven in part or wholly, and legal release is received, the League will reduce the liability by the amount forgiven and record a gain on extinguishment.

On June 16, 2021, The League received notification of forgiveness from the SBA for their first PPP loan received on May 1, 2020. The League recorded a forgiveness of the loan of \$432,219 on the Statement of Activities for the year ended June 30, 2021.

NOTE 11 – LEASES

The League leases certain office space, and equipment. The League assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

As of June 30, 2021 and 2020, the right-of-use (“ROU”) asset had a balance of \$3,032,412 and \$3,303,910, as shown in the statements of financial position; respectively, the lease liability totaled \$3,217,505 and \$3,446,320 as shown in the statements of financial position, respectively. The lease liabilities were calculated utilizing the League’s incremental borrowing rate of 4.9% for leases in effect at the initial adoption date of July 1, 2019, and 5.3% for leases commencing in January 2020 and August 2020.

The League’s office space lease is for a period of ten years, with one option to renew for a period of five years. The renewal period was considered when determining the initial lease term, but the League determined they are not reasonably certain to exercise that option. The League’s Washington D.C. licensed space lease is for a period of two years and five months with no renewal options. Equipment leases are for a period of three to five years with no renewal options.

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NOTE 11 – LEASES (Continued)

Total operating lease costs for the years ended June 30, 2021 and 2020 were approximately \$464,000 and \$484,000, respectively. Total cash paid by the League in the determination of the lease liability was \$421,384 and \$379,671 for the years ended June 30, 2021 and 2020, respectively. The weighted averages of the remaining lease term for the years ended June 30, 2021 and 2020 were 8.68 and 9.68 years, respectively. The weighted average discount rate was 4.9%, for each of the years ended June 30, 2021 and 2020.

Future minimum rental payments under these leases for the years ending subsequent to June 30, 2021 are as follows:

	2022	\$	436,444
	2023		428,751
	2024		426,631
	2025		434,586
	2026		443,426
	Thereafter		1,825,367
Total lease payments			3,995,205
Less: interest			777,700
Present value of lease liabilities		\$	3,217,505

NOTE 12 – RETIREMENT PLANS

The League provides a defined contribution plan to its employees, which is qualified under Section 403(b) of the U.S. Internal Revenue Code. During the years ended June 30, 2021 and 2020, the League made a discretionary contribution of approximately \$134,000 and \$109,000, respectively.

In fiscal year 2007, the League established a Section 457(b) deferred compensation plan for its key employees. Under the terms of the plan, such eligible employees may contribute amounts through a salary-reduction agreement. The League does not contribute to this plan.

NOTE 13 – PURPOSE AND TIME RESTRICTED NET ASSETS

Purpose and time-restricted net assets, except for those with restrictions that are perpetual in nature as described in Note 16, as of June 30, 2021 and 2020, are available for the following purposes:

	2021	2020
Leadership Program	\$ 1,455,311	\$ 737,575
Other Research and Development/Learning and Leadership Development Programs	282,342	599,902
Getty Future's Innovation Fund	-	113,000
Getty Membership Preservation	1,040,000	-
Catalyst Fund	65,300	751,782
Women's Composer Initiative	156,000	216,400
Time restricted	148,640	351,156
Total net assets with donor restrictions	\$ 3,147,593	\$ 2,769,815

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NOTE 13 – PURPOSE AND TIME RESTRICTED NET ASSETS (Continued)

During the years ended June 30, 2021 and 2020, the League released net assets with donor restrictions by incurring program expenses or the passage of time, as follows:

	<u>2021</u>	<u>2020</u>
Leadership Program	\$ 185,000	\$ 185,000
Technology Initiatives	10,000	10,415
Other Research and Development/Learning and Leadership Development Programs	595,500	397,934
Infrastructure	-	410,000
Getty Future's Innovation Fund	648,000	1,707,000
Getty Membership Preservation	500,000	-
Catalyst Fund	716,481	663,260
Women's Composer Initiative	170,400	149,600
Time restricted	<u>128,000</u>	<u>128,000</u>
Total net assets released from restrictions	<u>\$ 2,953,381</u>	<u>\$ 3,651,209</u>

NOTE 14 – COMMITMENTS AND CONTINGENCIES

- A. On June 29, 2017, the League obtained a \$1,000,000 line of credit, which was renewed for \$2,000,000 on February 12, 2021, with a maturity date of February 15, 2022. Under the terms of the agreement, interest is payable monthly at a rate equal to the London Interbank Offered Rate plus 3 percentage points and any indebtedness is secured by all assets of the League. As of June 30, 2021 and 2020, there was no outstanding balance under this agreement. As of October 25, 2021, there was no outstanding balance.
- B. As a result of the COVID-19 pandemic, the League has experienced disruption in their current business environment. Member organizations were unable to operate at full capacity since March 2020 affecting the League's membership dues revenue. The League has also been unable to hold in-person conference events as they have in the past. The League's performance in future periods may be influenced by the timing, length, and intensity of the pandemic. Management of the League continues to monitor the evolving economic and business conditions and the effect on the League's financial position and results of operations, including liquidity.

NOTE 15 – CONCENTRATIONS

A. *Concentration of Credit Risk*

Financial instruments that potentially subject the League to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of June 30, 2021 and 2020, there was approximately \$473,000 and \$1,200,000, respectively, of cash held by banks that exceeded FDIC limits. Such amounts include outstanding checks.

B. *Concentration of Revenue and Receivables*

For the year ended June 30, 2021, the League derived a significant portion of its contributions from one donor. Such revenue approximates 50% and 2% of total contribution and grants revenue for the years ended June 30 2021 and 2020, respectively. The League carried a significant portion of its contribution receivables from a single donor. Such receivables approximate 62% and 35% of total contribution receivables as of June 30, 2021 and 2020, respectively.

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NOTE 16 – ENDOWMENT NET ASSETS

U.S. GAAP provides guidance on the net asset classifications 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 (“UPMIFA”). The guidance requires disclosure about an organization’s endowment funds, whether or not the organization is subject to UPMIFA.

The League’s Board of Directors has determined that as a federally chartered institution operating in the State of New York, the League is not generally subject to the not-for profit law of any state. Inasmuch as nearly all of the states, including New York, have enacted a version of UPMIFA, the League has implemented the general disclosure guidance of U.S. GAAP as it relates to endowment net assets. In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor restricted endowment funds that fall below the level, if any; the donor requires the organization to retain. Such deterioration may occur for a variety of reasons, including unfavorable market fluctuations. There were no deficiencies as of June 30, 2021 and 2020.

The League’s endowment investment policy is to invest assets into investment instruments approved by the Finance Committee of the Board of Directors with the allocation of funds based upon specified target percentages (or range of target percentages) for each type of investment instrument. The overall investment objective is to maximize the total return from income (dividends and interest) and the appreciation of investments commensurate with moderate risk across various asset classes. Any income on the League’s endowment funds and any increase in value over the historical dollar value at the time of the donation are generally utilized within the year earned for the program purposes. Unless authorized by the Board of Directors or the Finance Committee in compliance with the terms of the relevant contribution, the appropriations from the endowment funds do not deplete the value of any perpetually restricted endowment funds below historical dollar value at the time of donation.

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	<u>Purpose and Time Restricted</u>	<u>Perpetual In Nature</u>	<u>Total</u>
Investment activity:			
Interest and dividends	\$ 34,176	\$ -	\$ 34,176
Net realized/unrealized gain	<u>868,560</u>	<u>-</u>	<u>868,560</u>
Total investment activity	902,736	-	902,736
Appropriations	<u>(185,000)</u>	<u>-</u>	<u>(185,000)</u>
Change in endowment net assets	717,736	-	717,736
Endowment net assets, beginning of year	<u>737,575</u>	<u>3,561,131</u>	<u>4,298,706</u>
Endowment net assets, end of year	<u>\$ 1,455,311</u>	<u>\$ 3,561,131</u>	<u>\$ 5,016,442</u>

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NOTE 16 – ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets for the year ended June 30, 2020, are as follows:

	<u>Purpose and Time Restricted</u>	<u>Perpetual In Nature</u>	<u>Total</u>
Investment activity:			
Interest and dividends	\$ 51,925	\$ -	\$ 51,925
Net realized/unrealized gain	<u>19,465</u>	<u>-</u>	<u>19,465</u>
Total investment activity	71,390	-	71,390
Appropriations	<u>(185,000)</u>	<u>-</u>	<u>(185,000)</u>
Change in endowment net assets	(113,610)	-	(113,610)
Endowment net assets, beginning of year	<u>851,185</u>	<u>3,561,131</u>	<u>4,412,316</u>
Endowment net assets, end of year	<u>\$ 737,575</u>	<u>\$ 3,561,131</u>	<u>\$ 4,298,706</u>

NOTE 17 – UNCERTAIN TAX POSITIONS

The League believes it has no uncertain tax positions as of June 30, 2021 and 2020, in accordance with FASB ASC Topic 740 "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 18 – SUBSEQUENT EVENTS

The League has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through October 25, 2021, the date the financial statements were available to be issued.