



New World Symphony

America's Orchestral Academy

Michael Tilson Thomas, Artistic Director

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended

June 30, 2021

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NEW WORLD SYMPHONY AMERICA'S ORCHESTRAL ACADEMY

MISSION

The mission of the New World Symphony is to prepare graduates of music programs for leadership roles in orchestras and ensembles around the world.

VISION

The New World Symphony envisions a strong and secure future for classical music and will redefine, reaffirm, express and share its traditions with as many people as possible. Diversity, equity, inclusion and belonging are high priorities for the New World Symphony. It is critical in the preparation of the Fellows for leadership roles in orchestras and ensembles, and an essential part of the future for classical music.

STATEMENT OF INCLUSIVENESS

The New World Symphony will be diverse and inclusive. We recognize that the viability of the performing arts depends on their being reflective of the communities in which they live. NWS is proud to be partnering with many organizations to realize the goal of the reflective orchestra.

STATEMENT OF PURPOSE

The New World Symphony is dedicated to the artistic, personal and professional development of outstanding instrumentalists. The NWS fellowship program provides graduates of music programs the opportunity to enhance their musical education with the finest professional training. A laboratory for musical education and expression, the New World Symphony, through a wide range of performance and instructional activities, seeks to develop in its participants the full complement of skills and qualifications required of 21st-century first-class musicians. Under the artistic direction of Michael Tilson Thomas, the program offers in-depth exposure to traditional and modern repertoire, with the active involvement of leading guest conductors, soloists and visiting faculty. The relationships with these artists are extended through NWS's pioneering experimentation with distance learning and performance.



INDEPENDENT AUDITORS' REPORT

Board of Trustees, Finance Committee and Chief Executive Officer

Report on the Financial Statements

We have audited the accompanying financial statements of New World Symphony Inc. and Subsidiaries (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New World Symphony, Inc. and Subsidiaries as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the New World Symphony, Inc. and Subsidiaries' 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Miami, FL
September 21, 2021

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

With Comparative Totals for June 30, 2020

	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 66,768	\$ 63,498
Endowment Investments (Note D, E)	122,874,001	101,190,473
Contributions Receivable, Net of Allowance (Note I)	10,990,989	10,989,329
Other Accounts Receivable	218,787	76,783
Prepaid Expenses and Other Current Assets	835,032	715,365
Capital Improvements in Process	2,072,093	50,732
Property and Equipment, Net of Accumulated Depreciation (Note B)	<u>139,798,551</u>	<u>144,260,713</u>
TOTAL ASSETS	<u><u>\$ 276,856,221</u></u>	<u><u>\$ 257,346,893</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,012,683	\$ 793,660
Deferred Revenue (Note A)	622,839	561,745
Credit Facilities (Note C)	<u>20,825,650</u>	<u>16,299,530</u>
Total Liabilities	<u>22,461,172</u>	<u>17,654,935</u>
Net Assets		
Without Donor Restrictions	132,177,304	132,959,563
With Donor Restrictions	<u>122,217,745</u>	<u>106,732,395</u>
Total Net Assets (Note A)	<u>254,395,049</u>	<u>239,691,958</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 276,856,221</u></u>	<u><u>\$ 257,346,893</u></u>

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

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

With Comparative Totals for the Year Ended June 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total 2021	Total 2020
REVENUE, GAINS AND OTHER SUPPORT				
Foundations	\$ 673,582	\$ 98,632	\$ 772,214	\$ 12,961,398
Corporations	160,500	77,850	238,350	465,747
Governments (Note G)	3,604,209	--	3,604,209	5,532,840
Individuals	2,462,945	708,748	3,171,693	2,587,884
Contributed Services and Assets	85,289	--	85,289	111,767
Program Revenue	270,382	--	270,382	1,362,331
Special Events Revenue	1,402,439	125,000	1,527,439	1,593,933
Other Revenue (Note K)	691,652	--	691,652	1,048,294
Income on Long-Term Investments	183,240	2,353,620	2,536,860	2,310,942
Net Unrealized and Realized Gains and Losses	1,676,545	21,534,337	23,210,882	(353,599)
Total Revenue, Gain and Other Support	<u>11,210,783</u>	<u>24,898,187</u>	<u>36,108,970</u>	<u>27,621,537</u>
Net Assets Released from Restrictions	9,412,837	(9,412,837)	--	--
Total Revenue, Gains and Other Support	<u>20,623,620</u>	<u>15,485,350</u>	<u>36,108,970</u>	<u>27,621,537</u>
EXPENSES				
Program Services	16,308,792	--	16,308,792	16,894,131
Supporting Activities				
Fundraising	1,499,064	--	1,499,064	1,767,124
Marketing	1,003,361	--	1,003,361	1,220,928
General and Administrative	1,996,112	--	1,996,112	2,026,702
Facilities Rentals	598,550	--	598,550	641,146
Total Expenses	<u>21,405,879</u>	<u>--</u>	<u>21,405,879</u>	<u>22,550,031</u>
CHANGE IN NET ASSETS	(782,259)	15,485,350	14,703,091	5,071,506
NET ASSETS, BEGINNING	<u>132,959,563</u>	<u>106,732,395</u>	<u>239,691,958</u>	<u>234,620,452</u>
NET ASSETS, END	<u>\$ 132,177,304</u>	<u>\$ 122,217,745</u>	<u>\$ 254,395,049</u>	<u>\$ 239,691,958</u>

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

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2021

With Comparative Totals for the Year Ended June 30, 2020

	Program Services		Supporting Activities			Total	
	Educational and Artistic Programs	Fundraising	Marketing	General and Administrative	Facilities Rentals	FY2021	FY2020
Expenses							
Salaries and employee related expenses	\$ 4,361,603	\$ 1,164,057	\$ 671,449	\$ 1,220,852	\$ 336,210	\$ 7,754,171	\$ 8,088,747
Depreciation	5,524,756	93,221	37,979	79,410	18,989	5,754,355	5,053,190
Visiting faculty and artistic services	2,882,263	1,950	--	--	--	2,884,213	3,611,010
Professional fees	953,229	142,026	199,342	158,954	73,635	1,527,186	1,570,004
Utilities and building expenses	811,790	9,108	3,711	88,634	73,270	986,513	1,033,266
Interest and bank fees	614,175	14,594	2,935	42,944	34,278	708,926	779,173
Insurance	563,433	8,331	3,394	155,424	13,078	743,660	667,808
Travel and entertainment	20,703	1,680	187	729	1,090	24,389	211,892
Advertising and promotion	--	21,111	57,356	--	9,271	87,738	320,775
Other expenses	195,041	13,272	(234)	95,653	7,155	310,887	302,410
Technology	276,213	22,640	9,566	10,694	3,146	322,259	366,921
In-kind	321	2,019	--	82,949	--	85,289	111,767
Supplies, postage and mailing	37,204	5,055	17,563	22,530	1,017	83,369	158,889
Equipment rental	60,420	--	--	35,876	24,974	121,270	219,007
Meals and catering	7,641	--	113	1,463	2,437	11,654	55,172
Totals	\$ 16,308,792	\$ 1,499,064	\$ 1,003,361	\$ 1,996,112	\$ 598,550	\$ 21,405,879	\$ 22,550,031

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

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 14,703,091
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	5,754,355
Loss on Disposal of Capital Improvements in Process	19,750
Provision for Uncollectible Promises to Give	56,000
Net Unrealized and Realized Gains and Losses on Investments	(23,210,882)
Net Investment Income Restricted for Long-Term Investment	(2,353,620)
Contributions Restricted for Long Term Investment	(23,531)
Amortization of Discount on Unconditional Promises to Give Restricted for Long Term Purposes	18,380
Change in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Contributions Receivable	(105,909)
Other Receivables	(142,004)
Prepaid Expenses and Other Current Assets	(119,667)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	217,201
Deferred Revenue	61,094

NET CASH USED IN OPERATING ACTIVITIES (5,125,742)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(1,282,411)
Capital Improvements in Process	(2,049,071)
Purchase of Investments	(66,557,651)
Proceeds from Sale of Investments	68,085,005

NET CASH USED IN INVESTING ACTIVITIES (1,804,128)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Lines of Credit	17,267,275
Payments on Lines of Credit	(12,741,155)
Proceeds from Contributions Restricted for Long-Term Investment	53,400
Net Investment Income Restricted for Long-Term Reinvestment	2,353,620

NET CASH PROVIDED BY FINANCING ACTIVITIES 6,933,140

NET INCREASE IN CASH AND CASH EQUIVALENTS 3,270

CASH AND CASH EQUIVALENTS, BEGINNING 63,498

CASH AND CASH EQUIVALENTS, ENDING \$ 66,768

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest paid in cash	<u>\$ 614,734</u>
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NON-CASH TRANSACTIONS

Transfer of Construction in Process to Property and Equipment	\$ 9,782
Payable Due on Purchase of Property and Equipment	\$ 1,822

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

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The New World Symphony, America's Orchestral Academy (NWS), is dedicated to the artistic, professional and personal development of outstanding young musicians. Its fellowship program provides top graduates of music programs the opportunity to enhance their music education and develop leadership skills taught by the finest professionals. After an intensive three-year program of performance and training, the 87 NWS Fellows emerge from the experience prepared for professional positions in orchestras and ensembles around the world. Since its founding in 1987, more than 1,100 alumni have gone on to make a difference in the music profession worldwide. In the hopes of joining this program, over 1,150 musicians compete for about 35 available fellowships each year. NWS is an accredited institutional member of the National Association of Schools of Music and a member of the League of American Orchestras.

The NWS campus is located in Miami Beach, Florida. The primary facility, which opened in January 2011, was designed to expand the limits of the educational and performance elements of classical music. The New World Center was designed by Frank O. Gehry and Gehry Partners, LLP and comprises approximately 106,000 gross square feet of space. It includes an acoustically superior and isolated rehearsal/broadcast/performance space with a variable seating capacity of up to 757 seats. Other elements include multiple acoustically-isolated rehearsal and ensemble practice rooms of various sizes, sophisticated Internet and Internet2 audio-visual systems and control rooms, reception and related support spaces, administrative office space, and various public amenities including lobbies, restrooms, and a roof-top garden.

Alton Pointe, a cohesive community of nine small apartment buildings, completes the campus environment. Located a half mile from New World Center, Alton Pointe is the principal residential housing facility for NWS fellows, visiting faculty and guest artists.

Alton Pointe LLC

Alton Pointe LLC was organized on March 1, 2012 to purchase and operate an existing apartment and condominium complex that was converted to residential housing for NWS fellows, visiting faculty and guest artists (see Note B).

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States ("U.S. GAAP). These statements include the accounts of New World Symphony, Inc. and its wholly owned subsidiary Alton Pointe, LLC, referred to collectively going forward as NWS. All significant inter-company accounts and transactions have been eliminated in consolidation.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classes of Net Assets

The balances and activities of NWS have been segregated into the following classes according to the nature of the activity and related restrictions imposed by funding sources and the Board of Trustees:

Net Assets Without Donor Restrictions includes resources and activities related to NWS' general operations and facilities. These net assets are free of donor-imposed restrictions and may be designated for specific purposes by the Board of Trustees.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Net realized and change in unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law.

Net Assets With Donor Restriction includes resources and activities for which donor restrictions have not yet been met, including the discounted value of future promises. When a donor restriction expires, that is, when a stipulated time restriction ends or the restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction. Restrictions on contributions of property and equipment (or contributions restricted to the purchase of property and equipment) expire when the asset is placed into service unless the donor has restricted the use for a specified term. Net assets with donor restriction at June 30, 2021 primarily represent endowment resources that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity, and only the income be made available for NWS' general operations or other use as specified by the donor. Additionally, net assets with donor restriction includes assets from investment earnings as well as contributions for future operations, maintained to be appropriated for expenditure by NWS in a manner consistent with NWS's policies and donors' restrictions on use.

Cash and Cash Equivalents

NWS considers all unrestricted highly liquid investments with original maturities of three months or less and all interest-bearing cash accounts to be cash equivalents.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value. Fair value is 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. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. See Note E for a discussion of fair value measurements.

Concentrations of Credit and Market Risk

Financial instruments that potentially subject NWS to concentrations of credit risk consist principally of cash and cash equivalents, investments and contributions receivable.

Cash and Cash Equivalents

NWS maintains its cash balances in multiple accounts at one financial institution. From time to time, balances may exceed the federally insured limits, which are \$250,000 for interest bearing deposits per entity. Cash is maintained at a high-quality financial institution, which NWS believes limits its credit risk.

Investments

Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term could materially affect the amounts reported in the accompanying financial statements.

NWS maintains certain investment accounts with financial institutions that are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation (“SIPC”). Management believes that the risk of loss with respect to the financial institutions has been limited by choosing strong institutions with which to do business.

Contributions Receivable

Concentrations of credit risk with respect to contributions receivable are limited due to the large number of contributors comprising NWS’ contributor base and their dispersion across different industries and geographical locations.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts payable, accrued expenses and the lines of credit approximated their fair value since they are short-term in nature. The carrying value of long-term contributions receivable and long-term debt approximate fair value as the terms approximate current market terms for similar instruments of comparable risk and maturities.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Capital Improvements in Process

Property and equipment with a value in excess of \$5,000 and with a useful life greater than one year is capitalized. Property and equipment is recorded at cost if purchased or at fair value at the date of the gift if donated. Repairs and maintenance are expensed as incurred; major renewals and improvements are capitalized. Capital improvements under construction are recorded as additions to property and equipment upon completion of the projects. Depreciation commences in the month the asset is placed in service. Property and equipment, except for rare artwork which is not depreciated, is depreciated or amortized on a straight-line method over the estimated useful lives of the assets as follows:

Buildings and Building Improvements	40.0 Years
Furniture and Equipment	5.0 Years
Musical Instruments and Equipment	5.0 Years
Vehicles	3.0 Years

Revenue Recognition

Contributions

NWS accounts for contributions in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958-605, *Revenue Recognition for Not-for-Profit Entities* and FASB ASC Topic 720-25, *Contributions Made*. In accordance with Topic 958-605, contributions received, including unconditional promises to give, are recognized at their estimated fair value at the date of receipt.

Unconditional promises to give are recognized when the promise is made by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When the restriction expires, net assets with donor restrictions are transferred to net assets without donor restriction.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Gifts of noncash assets are recorded at their fair value at the date of contribution.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Government

NWS receives grants and other annual subsidies from state and county funding. NWS considers grants received to be unconditional promises to give which are recorded at fair value at the date NWS was notified of receipt of the grant. Revenue from reimbursement grants are recognized as the related costs are incurred under the grant or contract agreement.

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606)”, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP.

NWS generates program revenue from ticket admissions, facility rentals and various other miscellaneous exchange transactions. Revenue from admissions is recognized at a single point in time when ownership, risks and rewards transfer and the event ultimately takes place. Revenue from facility rentals is recognized at the time of the event when the associated performance obligation is satisfied. Revenue from admissions or facility rentals received prior to the time of the event is recorded as deferred revenue in the accompanying statement of financial position.

NWS generates special event revenue during its annual Gala and other fundraising events. Revenue from special events is recognized at a single point in time when ownership, risks and rewards transfer and the event ultimately takes place. This revenue is recorded as revenue without donor restrictions when the events take place.

Contributions Receivable

Unconditional promises expected to be collected in future years are recorded at estimated fair value, using the present value of expected future cash flows. The cash flows are discounted at a discount rate commensurate with the risks involved at the date the promise was made. When considered necessary, an allowance is recorded based on management’s estimate of collectability including such factors as prior collection history, type of contribution, and the nature of the fundraising activity.

Contributed Services and Assets

Contributed services are recognized as contributions if the services require specialized skills, the services are provided by individuals who possess those skills, and the services would typically need to be purchased. Contributed assets are recognized at their estimated fair value as revenue when received and expensed as used.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

NWS is a non-profit corporation as defined by Section 501(c)(3) of the U.S. Internal Revenue Code and as such is subject to state and federal income taxes only on unrelated business taxable income. There were no income taxes resulting from unrelated business income during the year ended June 30, 2021. Alton Pointe is a single member limited liability company and accordingly is disregarded for tax purposes.

Accounting principles generally accepted in the United States require management to evaluate tax positions taken and recognize a tax liability (or asset) if NWS has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If NWS were to incur an income tax liability in the future, interest would be reported as interest expense and penalties would be reported as income taxes. NWS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes NWS is no longer subject to income tax examinations for years prior to 2017.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period including, but not limited to, the allocation of expenses among functional categories, the determination of the net realizable value of receivables and the useful lives of donated and acquired assets. Accordingly, actual results could differ from those estimates.

Comparative Data

The consolidated financial statements include certain prior year summarized comparative information where applicable in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the NWS's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events to determine if events or transactions occurring through September 21, 2021, the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements.

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, “Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement”. This ASU applies to all entities that are required, under existing U.S. GAAP, to make disclosures about recurring or nonrecurring fair value measurements. This ASU’s objective is to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by U.S. GAAP that is most important to the users of the entity’s financial statements. This ASU is applicable to NWS for its annual reporting period beginning on July 1, 2020. Effective July 1, 2020 NWS adopted this ASU. The adoption of this ASU did not have a significant impact on the financial statements and related disclosures.

Effective July 1, 2020 NWS adopted ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)”. This ASU outlines a single comprehensive model for recognizing revenue as performance obligations, defined in a contract with a customer as goods or services transferred to the customer in exchange for consideration, are satisfied. The standard also requires expanded disclosures regarding NWS's revenue recognition policies and significant judgments employed in the determination of revenue. Based on NWS's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption; therefore, the adoption of this ASU did not have a material impact on the financial statements and did not result in a prior period adjustment. NWS's revenue streams that fall within the scope of this ASU are described in Note A.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE B – PROPERTY, EQUIPMENT AND CAPITAL IMPROVEMENTS IN PROCESS

As of June 30, 2021, property, equipment and capital improvements in process consisted of the following:

Land	\$ 11,165,000
Buildings and Building Improvements	165,927,214
Artwork	400,000
Furniture and Equipment	19,529,063
Music, Musical Instruments and Other Assets	<u>1,796,807</u>
Total	198,818,084
Less Accumulated Depreciation	<u>(59,019,533)</u>
Net Property and Equipment	<u>\$ 139,798,551</u>
Capital Improvements in Process	<u>\$ 2,072,093</u>

Depreciation expense for the year ended June 30, 2021 was approximately \$5,754,000.

Purchase of Alton Pointe

In April 2012, Alton Pointe purchased an apartment complex and condominium units within close proximity to NWS to provide housing for NWS fellows, visiting faculty and guest artists. NWS fellows moved into the new facility in November 2012 and acquisition debt was retired in June 2013. The property consists of 125 units of which 99 units are used for program purposes. The remaining units are rented to the general public on a long-term basis to provide supplemental income to NWS. During the year ended June 30, 2021, NWS recognized approximately \$416,000 in gross rental income from this facility, which is included in Other Revenue in the consolidated statement of activities.

NOTE C – CREDIT FACILITIES

Operating Line of Credit

NWS has a \$4,500,000 revolving line of credit agreement with a financial institution to provide working capital for operating purposes. This note carried interest at one-month LIBOR plus 84 basis points (0.93% at June 30, 2021). Interest only payments were due monthly with the principal due at maturity on September 24, 2021. On September 3, 2021, the terms of this line of credit were modified. Per the modified agreement, the annual interest payable on this line of credit is equal to the SOFR rate plus 0.89% per annum. Interest only payments are due monthly with the principal due at maturity on September 3, 2023. Collateral for this agreement is an investment account maintained by NWS. As of June 30, 2021, this line of credit had a balance of \$2,955,650. During the year ended June 30, 2021, NWS incurred interest of approximately \$19,000 in relation to this obligation.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE C – CREDIT FACILITIES (Continued)

Term Loan

On August 24, 2018, NWS converted a promissory note for the construction of New World Center into a term loan. This note carries a fixed 3.70% interest rate. Interest only payments are due monthly. Mandatory principal payments are due annually as required by the terms of the agreement. The note will mature on April 1, 2024, at which time the obligation is expected to be paid in full. A benefactor of New World Symphony has provided a guarantee of this note in addition to collateral which includes an investment account maintained by the benefactor. During the year ended June 30, 2021, NWS incurred interest of approximately \$389,000 in relation to this obligation. The principal balance outstanding on this note was \$10,370,000 at June 30, 2021. On July 26, 2021, NWS made a principal payment of \$2,166,000 on this note.

Capital Term Loan

On August 24, 2018, NWS consolidated a loan for the completion of Alton Pointe and a capital project line of credit into a term loan in the amount of \$5,500,000. This note carries a fixed 3.70% interest rate. Interest only payments are due monthly with the principal due at maturity on August 24, 2023. Collateral for this agreement is an investment account maintained by NWS. During the year ended June 30, 2021, NWS incurred interest of approximately \$206,000 in relation to this obligation.

Liquidity Line of Credit

On July 24, 2020, NWS secured a new \$20,000,000 line of credit with a two-year term and interest at one-month LIBOR plus 100 basis points (1.10% at June 30, 2021). Collateral for this line of credit are investment accounts maintained by NWS. This credit facility is intended to provide liquidity, if needed, to address the pandemic and other emergencies. As of June 30, 2021, this line of credit had a balance of \$2,000,000. During the year ended June 30, 2021, NWS incurred interest of approximately \$2,000 in relation to this obligation. This line of credit requires certain financial covenants of which the Organization is in compliance as of June 30, 2021.

The principal payment schedule for credit facilities, inclusive of subsequent events, are as follows:

<u>Fiscal Year</u>	<u>Payment Due</u>
2022	4,662,000
2023	4,989,000
2024	<u>11,174,650</u>
Total	<u>\$ 20,825,650</u>

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE D – ENDOWMENTS

In 1991, NWS established the New World Symphony Endowment Fund. The purpose of the Endowment Fund is to create a continuous development program that will enable individuals, corporations, and foundations to make gifts to NWS, to provide for the permanent financing of the programs of NWS, and to ensure the permanent existence of NWS.

NWS utilizes the services of an investment advisor to assist the NWS Investment Committee in determining investment objectives and policies, asset allocation strategies, and identification of appropriate investment managers. The total time weighted return on the Endowment Fund after investment fees was 24.81% for the year ended June 30, 2021, compared to a weighted average composite benchmark return of 25.17%. Over the last ten years, NWS' portfolio has achieved an annual compound total rate of return of 7.92% compared to a weighted average composite benchmark return of 8.23%.

As of June 30, 2021 endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 10,096,785	\$ -	\$ 10,096,785
Donor-Restricted Endowment Funds			
Gifts to be retained in perpetuity	--	81,073,287	81,073,287
Endowment earnings	--	32,434,003	32,434,003
Total Endowment Funds	<u>\$ 10,096,785</u>	<u>\$ 113,507,290</u>	<u>\$ 123,604,075</u>

Changes in endowment net assets for the period ending June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning	\$ 7,833,926	\$ 94,710,042	\$ 102,543,968
Contributions	--	23,531	23,531
Investment Income	183,240	2,353,620	2,536,860
Realized and unrealized gains (losses)	1,676,545	21,534,337	23,210,882
Amounts appropriated and transferred out of endowment	(1,267,965)	(3,995,846)	(5,263,811)
Amounts appropriated to be transferred in future periods	1,118,394	(1,118,394)	--
Amounts added to Reserve Fund	552,645	--	552,645
Endowment Net Assets - Ending	<u>\$ 10,096,785</u>	<u>\$ 113,507,290</u>	<u>\$ 123,604,075</u>

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE D – ENDOWMENTS (Continued)

Interpretation of Relevant Law

NWS interprets the Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NWS classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation was added to the fund. Additionally, the remaining portion of the donor-restricted endowment fund is maintained as such for appropriation for expenditure by NWS in a manner consistent with the standards of prudence prescribed by UPMIFA and donors' restrictions on use.

NWS considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

NWS has adopted investment policies and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of endowment assets.

Endowment assets include those assets of donor-restricted funds that NWS must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, endowment assets are invested in a manner that is intended to produce a relatively stable stream of spendable revenue that increases over time at a rate not less than the general rate of inflation as measured by the Consumer Price Index while assuming a moderate level of investment risk. NWS recognizes that to achieve this objective over extended periods, investment returns must exceed the objective during some periods in order to compensate for shortfalls that might occur during other periods. Actual returns in any given year may vary.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE D – ENDOWMENTS (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. As of June 30, 2021 there were no endowment funds with deficiencies.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, NWS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). NWS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

NWS has a policy of appropriating for distribution each year 5% of the endowment's average fair value over a smoothing period that is calculated through the fiscal year end immediately preceding the fiscal year in which the distribution is planned. For the year ended June 30, 2021, the smoothing period was increased from 20 quarters to 24 quarters. The smoothing period may be increased each year by an additional four quarters until the annual effective spend rate is reduced to a more sustainable level over the long-term.

In establishing this policy, NWS considered the long-term expected return on its endowment which is measured against one or more benchmarks approved by the Investment Committee. Accordingly, over the long term, NWS expects the current spending policy to allow its endowment to grow at an amount greater than a composite, weighted benchmark, similarly approved.

NOTE E – FAIR VALUE MEASUREMENTS

NWS follows FASB ASC Topic 820-10 *Fair Value Measurement and Disclosure* for measuring fair value. This guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This standard also establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from market participants external to the company while unobservable inputs are generally developed internally, utilizing management's estimates, assumptions and specific knowledge of the assets/liabilities and related markets.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The three levels are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that NWS has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

1. Quoted prices for similar assets and liabilities in active markets.
2. Quoted prices for identical or similar assets and liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is public.
3. Inputs other than quoted prices that are observable for the asset and liability.
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Adjustments to Level 2 inputs will vary depending on factors specific to the asset or liability. Those factors include the condition and/or location of the asset or liability, the extent to which the inputs relate to items that are comparable to the asset or liability, and the volume and level of activity in the markets within which the inputs are observed. An adjustment that is significant to the fair value measurement in its entirety might render the measurement a Level 3 measurement, depending on the level in the fair value hierarchy within which the inputs used to determine the adjustment fall.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity.

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Level 1 investments are comprised of money market funds, fixed income bond funds, domestic equities, and global equities that are traded on the open market and valued using quoted prices.

NWS has investments in alternative asset classes including real estate funds, hedge funds and private equity funds which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value based on their proportionate share of the value of the investment as determined by the fund managers.

Assets measured at fair value on a recurring basis as of June 30, 2021 are summarized below. Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy:

Fair Value Measurement at June 30, 2021

	Level 1	Level 2	Level 3	Total
Investments				
Money Market	\$ 241,793	\$ -	\$ -	\$ 241,793
Domestic Equity	61,445,542	-	-	61,445,542
International Equity	16,890,542	-	-	16,890,542
Bond Mutual Funds	22,761,019	-	-	22,761,019
Total assets in the fair value hierarchy	101,338,896	-	-	101,338,896
Investments measured at net asset value (a)	-	-	-	21,535,105
Total investments at fair value	\$ 101,338,896	-	-	\$ 122,874,001

a) Certain investments that are measured at Net Asset Value per share practical expedient or its equivalent have not been classified in the fair value hierarchy. The fair value amounts presented in this table are reported for the purpose of reconciling the fair value hierarchy to the investments as shown on the Statement of Financial Position.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The following tables disclose all investments whose value is calculated using NAV, using the practical expedient.

Account	June 30, 2021			
	NAV at June 30, 2021	Unfunded Commitments	Exit Frequency	Days Notice
Hedge Fund (a)	\$ 4,442,867	\$ -	Semi-annual on investor anniversary	95 days
Private Equity (b)	7,790,854	6,068,822	Redemption at end of partnership	N/A
Equity Long/Short (c)	130,032	-	Jun & Dec 5% penalty in Jun	75 days
Private Credit (d)	1,592,811	1,257,775	Redemption at end of partnership	N/A
Private Real Estate (e)	7,578,541	-	Quarterly	45 days
	<u>\$ 21,535,105</u>	<u>\$ 7,326,597</u>		

(a) Hedge Fund – The manager believes that a portfolio of market neutral and market uncorrelated investment strategies offers great potential for long-term investment success. It invests in a variety of strategies that are hedged and uncorrelated to the broader markets, including event-driven investing, credit opportunities, distressed securities, equity market neutral, and relative value multi-strategy.

(b) Private Equity – Four limited partnerships comprise the private equity category. The first seeks long-term capital appreciation and risk-adjusted net returns through equity investments. Strategic investment focus areas include venture capital (IT, early stage), private equity (growth equity and middle market), and international private equity (European).

The second seeks to achieve superior risk-adjusted returns, including substantial annual cash distributions, primarily by building a diversified portfolio of minority equity stakes in institutionalized hedge fund firms across multiple strategies, geographies and asset classes.

The third fund invests in a broad range of investments, including, but not limited to, global distressed corporate securities, activist equities, value equities, reorganization equities, municipal bonds, high yield bonds, leveraged loans, unsecured debt, collateralized debt obligations, mortgage backed securities, direct lending, sovereign debt, real estate, venture capital and private equity-type structures. Managers are not restricted in the investment strategies that they may employ across different asset classes and regions.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The fourth limited partnership invests substantially all its investable assets through a master/feeder fund structure. The fund is a multi-strategy fund formed to provide investors with exposure to a well-diversified private equity portfolio across strategy, investment type and vintage year.

- (c) Equity Long/Short – The fund allocates its assets among a diverse group of money managers who direct investments in securities and other financial instruments utilizing a variety of investment styles. The fund invests in offshore funds whose money managers employ a long/short strategy.
- (d) Private Credit – The fund invests in directly originated second lien, mezzanine, other private high yield debt securities, and equity co-investments of high quality upper middle market companies, generally as lead investor. The Fund generally targets companies in North America with EBITDA greater than \$75 million.
- (e) Private Real Estate – The fund is a diversified open-end core real estate fund whose primary objective is to exceed the NCREIF Fund Index - Open-End Diversified Core Equity ("NFI-ODCE") on a net-of-fees basis. The Fund seeks to provide for the preservation of capital, stable income and modest appreciation over the mid to long-term. The Fund invests only in the United States in four main property types: office, multifamily, industrial, and retail.

NOTE F – RELATED PARTY TRANSACTIONS

Contributions received from members of the Board of Trustees and their affiliates during the year ended June 30, 2021 totaled approximately \$2,424,000; these contributions represent 19% of total revenue, excluding net unrealized and realized gains and losses and assets released from restrictions. As of June 30, 2021, amounts due for these contributions from members of the Board of Trustees and their affiliates totaled \$670,000, which is included in contributions receivable on the accompanying consolidated statement of financial position.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE G – GOVERNMENT SUPPORT

During the year ended June 30, 2021 NWS was the recipient of the following support from governmental agencies:

Florida Department of State, Division of Cultural Affairs	
• General Program Support Grant – 2020-2021 season	48,610
• State of Florida CARES Grant Program - COVID-19 Relief	2,099
National Endowment for the Arts	
• Art Works: Music	60,000
City of Miami Beach	
• Cultural Affairs Program and Cultural Arts Council	27,129
• City of Miami Beach - COVID-19 Emergency Relief	85,050
Miami-Dade County Department of Cultural Affairs	
• Youth Arts Enrichment Program	10,000
• Major Cultural Institutions Grants Program	566,428
• MDC Cultural Arts Council - COVID-19 Emergency Relief	254,893
• Cultural Facilities Grant Program	<u>2,550,000</u>
Total	<u>\$ 3,604,209</u>

All grant funds were expended, obligated, or invested according to the specific terms of agreement with each governmental agency and were capitalized or recorded as program services under those agreements as either net assets without donor restrictions or net assets with donor restrictions.

NWS was awarded a grant from Miami-Dade County for the development, construction and design of New World Center to be funded in annual increments from legally available convention development tax funds through the year ending 2030. Based on current information available, NWS estimates it will receive up to \$55,000,000 over that timeframe. The annual allocations are subject to approval and adjustment by the Board of County Commissioners as well as the availability of sufficient applicable tax revenues.

NWS has recognized a total of \$20,150,000 in relation to this grant through June 30, 2021 of which \$2,550,000 was recognized during the fiscal year ended June 30, 2021.

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE G – GOVERNMENT SUPPORT (Continued)

As of June 30, 2021, \$56,090 in grant funds had been expended and not yet reimbursed; this amount is recorded in accounts receivable in the accompanying consolidated statement of financial position. Grants received by NWS are subject to financial and compliance audits by the grantors or their representatives. The possible disallowance of any item charged to the program or the request for return of any unexpended funds cannot be determined at this time; therefore, no provision for any liability that may result has been made in the consolidated financial statements as the amount is not expected to be material.

NOTE H – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs services and supporting activities benefited. The expenses allocated included facility expenses which are allocated based on an analysis of square footage occupied, as well as salaries and benefits, which are allocated based on an analysis of personal time and effort.

NOTE I – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give to be received in future periods and are discounted to their present value based on anticipated payment streams. As of June 30, 2021, NWS received multiyear promises, which have been discounted using a market interest rate between 0.3% and 3.31%. Uncollectible promises are expected to be insignificant. Contributions receivable at June 30, 2021 are as follows:

Due in less than one year	\$ 5,967,231
Due in one to five years	<u>5,503,600</u>
Total contributions receivable	11,470,831
Less allowance for uncollectable amounts	(99,764)
Less discount to net present value	<u>(380,078)</u>
Total contributions receivable, net	<u>\$ 10,990,989</u>

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE J – CONTINGENCIES

NWS is involved in lawsuits from time to time that arise in the ordinary course of business. In the opinion of management, after consulting legal counsel, any liabilities resulting from such litigation would not be material in relation to NWS's consolidated financial position. As of June 30, 2021, there were no active lawsuits.

The COVID-19 virus was declared a global pandemic in March 2020 and it continues to spread around the world. Pursuant to local government directives, NWS revised all academic and artistic programs based on CDC guidelines. Management believes that the financial statements for the year ended June 30, 2021 accurately reflect institutional impacts of the pandemic through that point in time. While specific future impacts are not readily determinable as of the date of these financial statements, management believes it has taken appropriate actions to mitigate these uncertainties.

NOTE K – NET ASSET RESTRICTIONS

As of June 30, 2021, NWS has undesignated net assets without donor restrictions in the amount of \$132,177,304.

Net assets with donor restrictions as of June 30, 2021 are as follows:

Subject to Expenditure for Specified Purpose		
Future Operations		\$ 986,699
Organizational Support		<u>7,723,756</u>
Total Net Assets Subject to Expenditure for Specified Purpose		<u>\$ 8,710,455</u>
 Subject to NWS Spending Policy and Appropriation		
Investment in perpetuity:		
Organizational Support (original gift \$79,577,923)		\$ 111,194,123
Capital Improvements (original gift \$1,495,364)		<u>2,313,167</u>
Total Net Assets Subject to NWS Spending Policy and Appropriation		<u>\$ 113,507,290</u>
Total Net Assets With Donor Restrictions		<u>\$ 122,217,745</u>

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE K – NET ASSET RESTRICTIONS (Continued)

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the period ended June 30, 2021 as follows:

Purpose Restrictions Accomplished

Organizational Support	\$ 4,773,633
Current Operations	4,223,829
Capital Improvements	<u>415,375</u>

Total Net Assets Released from Donor Restriction	<u>\$ 9,412,837</u>
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NOTE L – LIQUIDITY AND AVAILABILITY OF RESOURCES

NWS regularly monitors liquidity required to meet operational needs and other contractual commitments, while also striving to maximize the investment of its available funds. NWS considers all expenditures related to its ongoing activities for purposes of analyzing resources available to meet general expenditures over a 12-month period. NWS has various sources of liquidity at its disposal, including a line of credit and endowment funds. See Note C for information regarding the line of credit. See Note D for information regarding the endowments.

In addition to financial assets available to meet general expenditures over the 12 months, NWS operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by board or donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of NWS's cash for the twelve months ended June 30, 2021. The following table shows the total financial assets held by NWS and the amounts of those financial assets that could be made readily available within one year to meet general expenditures as of June 30, 2021:

Financial Assets

Cash and Cash Equivalents	\$ 66,768
Endowment Investments	122,874,001
Contributions Receivable, Net of Allowance	10,990,989
Other Accounts Receivable	<u>218,787</u>

Total Financial Assets	<u>\$ 134,150,545</u>
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NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE L – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Financial Assets Available over the Next 12 Months

Cash and Cash Equivalents	\$	66,768
Investments Available for use over the next 12 months		
Endowment Available for use over the next 12 months		4,997,093
Board-Designated Endowment Funds		10,096,785
Contributions Receivable due in less than 1 year		5,967,231
Other Accounts Receivable		218,787
		<hr/>
Total Financial Assets Available	\$	21,346,664
over the Next 12 Months		<hr/>

NOTE M – OTHER REVENUE

Other revenue without donor restrictions primarily consists of revenues related to the rental of New World Center by outside parties and rental income earned at Alton Pointe. See Note B.

NOTE N – RETIREMENT SAVINGS PLAN

NWS has a 401k retirement savings plan available to all qualifying employees. NWS contributes a safe harbor matching contribution to each participant equal to 100% of the employee's contribution up to but not exceeding 4% of the employee's annual compensation. The safe harbor matching contribution was suspended on July 1, 2020 and reinstated on July 1, 2021; accordingly, the total 401k expense for the year ended June 30, 2021 is \$0.