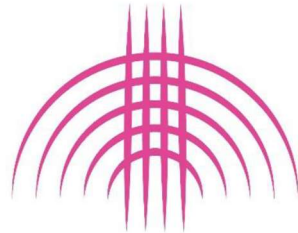


Symphony San Jose
(a not-for-profit corporation)

**Financial Statements
and
Independent Auditors' Report**

**For the Year Ended
June 30, 2025**



**SYMPHONY
SAN JOSE**

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Independent Auditors' Report

To the Board of Directors and Management
Symphony San Jose
San Jose, California

Opinion

We have audited the financial statements of Symphony San Jose, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Symphony San Jose as of June 30, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Symphony San Jose and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Symphony San Jose's ability to continue as a going concern for one year after the date that the financial statements are issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Symphony San Jose's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Symphony San Jose's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A stylized, handwritten signature of "BryMar" in black ink.

Watsonville, California
January 7, 2026

**Symphony San Jose
Statement of Financial Position**

June 30, 2025

	2025
ASSETS	
Current assets	
Cash and cash equivalents	\$ 468,034
Accounts receivable	5,321
Prepaid expenses	42,076
Total current assets	515,431
Board designated endowment investment	1,201,927
Donor restricted endowment investment	2,350,703
Property and equipment, net	109,188
Right-of-use asset	299,897
Total assets	\$ 4,477,146
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 38,938
Accrued expenses	71,795
Deferred revenue	358,898
Line of credit	-
Current portion of lease liability	51,227
Total current liabilities	520,858
Other non-current liability	9,836
Lease liability, net of current portion	248,670
Total liabilities	779,364
Net assets	
Without donor restrictions	
Undesignated	(25,725)
Board designated endowment	1,201,927
Total without donor restrictions	1,176,202
With donor restrictions	
With donor restrictions	170,874
Donor restricted endowment	2,350,706
Total with donor restriction	2,521,580
Total net assets	3,697,782
Total liabilities and net assets	\$ 4,477,146

See independent auditors' report and accompanying notes to the financial statements.

Symphony San Jose
Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions - individual	\$ 1,766,351	\$ 18,874	\$ 1,785,225
Contributions - government	184,381	-	184,381
Contributions - foundations	214,340	150,000	364,340
Contributions - corporations	34,750	-	34,750
Contributions of nonfinancial assets	12,900	-	12,900
Fundraising events, net of direct expenses \$46,066	11,773	-	11,773
	2,224,495	168,874	2,393,369
Performance fees	87,980	-	87,980
Subscription ticket sales	452,894	-	452,894
Single ticket sales	1,207,259	-	1,207,259
Other income	26,713	-	26,713
Total revenue and support	3,999,341	168,874	4,168,215
Net assets released from restrictions	138,835	(138,835)	-
Total revenues and support with net assets released from restrictions	4,138,176	30,039	4,168,215
EXPENSES			
Program services	2,697,087	-	2,697,087
Management and general	362,412	-	362,412
Fundraising expenses	154,934	-	154,934
Total expenses	3,214,433	-	3,214,433
OTHER INCOME (EXPENSES)			
Investment income	39,552	164,049	203,601
Miscellaneous income	2,321	-	2,321
Total other (expenses) income	41,873	164,049	205,922
Total change in net assets	965,616	194,088	1,159,704
Net assets, beginning of year	210,586	2,327,492	2,538,078
Net assets, end of year	\$ 1,176,202	\$ 2,521,580	\$ 3,697,782

See independent auditors' report and accompanying notes to the financial statements.

Symphony San Jose Statement of Functional Expenses

For the Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,839,078	\$ 63,283	\$ 142,221	\$ 2,044,582
Payroll taxes	149,873	8,998	10,111	168,982
Benefits	18,829	5,545	2,602	26,976
Production expenses	164,066	8,344	45,500	217,910
Marketing and advertising expenses	263,663	1,431	300	265,394
Occupancy	116,771	60,378	-	177,149
Professional fees	-	105,406	-	105,406
Box office expenses	85,571	-	65	85,636
Office expenses	16,395	82,622	201	99,218
Depreciation	29,592	1,996	-	31,588
Insurance	8,146	24,409	-	32,555
Travel	5,103	-	-	5,103
	<u>2,697,087</u>	<u>362,412</u>	<u>201,000</u>	<u>3,260,499</u>
Fundraising expenses netted against revenues	-	-	(46,066)	(46,066)
Total expenses	<u>\$ 2,697,087</u>	<u>\$ 362,412</u>	<u>\$ 154,934</u>	<u>\$ 3,214,433</u>

See independent auditors' report and accompanying notes to the financial statements.

Symphony San Jose Statement of Cash Flows

For the Year Ended June 30, 2025

	2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,159,704
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities	
Realized and Unrealized (gain) loss on investments	(122,839)
Depreciation	31,588
(Increase) decrease in operating assets:	
Accounts receivable	901
Prepaid expenses	20,975
Right-of-use asset	(243,186)
Increase (decrease) in operating liabilities:	
Accounts payable	(40,925)
Accrued expenses	54,111
Deferred revenue	(55,349)
Other liability	9,836
Lease liability	239,805
Net cash provided by (used in) operating activities	1,054,621
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(35,580)
Proceeds from sale of property and equipment	-
Purchase of investments	(2,877,338)
Proceeds from investments	2,318,785
Net cash provided by (used in) investing activities	(594,133)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from line of credit	200,000
Payments of line of credit	(395,000)
Net cash provided by (used in) financing activities	(195,000)
Net increase (decrease) in cash and cash equivalents	265,488
Cash and cash equivalents, beginning of year	202,546
Cash and cash equivalents, end of year	\$ 468,034
SUPPLEMENTAL CASH FLOW DISCLOSURES	
Interest expense	\$ 5,858
NONCASH INVESTING AND FINANCING ACTIVITIES	
New lease for right-of-use asset	\$ 299,897
Operating cash flows from operating lease	\$ 60,879

See independent auditors' report and accompanying notes to the financial statements.

Symphony San Jose

Notes to Financial Statements

June 30, 2025

NOTE 1 - NATURE OF OPERATIONS

Symphony San Jose (the Symphony) (formerly Symphony Silicon Valley) was incorporated on July 1, 2003, as an independent California nonprofit public benefit corporation, following its first performance season under the umbrella of Ballet San Jose Silicon Valley (2002-2003).

The Symphony's mission is to enrich the lives of San Jose and South Bay residents through superbly performed, accessible orchestral programs that address the diversity of their interests. The Symphony serves a spectrum of South Bay constituencies as their first-line resource for large ensemble, high quality musical performances. Whether presenting the masterworks of the classical canon, lesser known gems, contemporary creations, pops, film scores, choral, or education programs, the Symphony is widely recognized as the South Bay's premier orchestra.

Seventy-nine nationally recruited professional musicians make up its permanent core orchestra, which to date has performed for well over a million listeners of all ages. Their pay rate is highly competitive and, along with prominent guest artists, they are featured with the orchestra as concert soloists. In the absence of a resident music director, orchestra musicians are deeply engaged in the organization, serving on artistic, audition, and tenure committees. The number of annual services offered the Symphony musicians is among the highest in the greater Bay Area, outside of the three San Francisco giants.

The Symphony also has an all-volunteer chorus that joins the Symphony for select Classics and Pops concerts, as well as performs on its own.

San Francisco Classical Voice praises the Symphony as "...what perhaps only the most fortunate metropolises have: an orchestra that serves its public brilliantly, by presenting it with engaging, memorable musical experiences;" while the Mercury News calls it "a surprising organization with its enterprising and even innovative programs... its unusual business model...and its overall tenacity and loyal audiences."

NOTE 2 - PROGRAM SERVICES

Symphony San Jose presented 63 performances from fall 2024 through June 2025. The 2024/25 season was the third season under the direction of Executive Artistic Director Robert Massey. The Symphony presented seven pairs of concerts on its California Theatre subscription series, which featured masterworks of the symphonic canon, popular programming, lesser-known gems, and new discoveries. It also presented a pair of concerts of its annual Holiday Spectacular performed at the California Theatre, launched a new partnership with New Ballet to bring 11 performances of The San Jose Nutcracker to the California Theatre, and presented GRAMMY Award-winning legend Arturo Sandoval at The Mountain Winery. The Symphony Chorale presented its annual Serenade to Music concert at Mission Santa Clara.

The 2024/25 season saw increased activities of the Symphony's education programs, including two performances of Students at the Symphony, where 2,000 students attended a performance of the full orchestra at the California Theatre, and more than two dozen performances of Music in the Schools, where Symphony chamber ensembles bring music to area elementary schools. The Symphony's Music Without Borders program brought music to local hospitals, senior care centers, and businesses.

Symphony San Jose

Notes to Financial Statements

June 30, 2025

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Symphony have been prepared on the accrual basis of accounting. In accordance with accounting principles generally accepted in the United States of America (GAAP), the Symphony reports its financial position and activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions - assets over which the Board of Directors (the Board) has discretionary control in carrying out the operations of the Symphony. Under this category, the Symphony maintains an operating fund plus any net assets designated by the Board for specific purposes. The Symphony has elected to report as an increase in net assets without donor restrictions any restricted support received in the current period for which the restrictions have been met in the current period.
- Net assets with donor restrictions - assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period, as well as assets held in perpetuity. Net assets held in perpetuity include those assets which are subject to a non-expiring donor restriction, such as endowments.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash and money market funds. For purposes of reporting cash flows, the Symphony considers all unrestricted highly liquid investments with an initial maturity of 90 days or less at the date of purchase to be cash equivalents.

Accounts receivable

The Symphony considers all accounts receivable to be fully collectible; accordingly, no allowance for expected credit losses is considered necessary.

Pledges receivable

Unconditional promises to give are recognized as pledges receivable and contribution revenue in the period the promise is made. Pledges receivable are recorded at net realizable value, with amounts expected to be collected beyond one year discounted to present value. The Symphony records an allowance for uncollectible pledges based on management's assessment of collectability. Conditional promises to give are not recognized until the related conditions are met.

Symphony San Jose

Notes to Financial Statements

June 30, 2025

Prepaid expenses

Prepaid expenses consist of prepaid expense and prepaid insurance that are paid in advance of when due and are expected to be realized within one year.

Endowment investments

This account includes donor-restricted funds to function as endowments. It consists of cash and investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Board designated net assets

Board designated net assets include net assets that are not subject to donor-imposed restrictions that have been designated by the Board for a specific purpose. These funds may be disbursed at the discretion of the Board. All board designated net assets were designated to the Symphony's endowment at June 30, 2025. (Note 10)

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$500 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which are 5 to 15 years for all assets recorded as of June 30, 2025. The only assets depreciated over a period of other than 5 years are a nine-foot Steinway grand piano purchased during the year ended June 30, 2009, for concert use and a seven-foot Steinway B grand piano donated during the year ended June 30, 2013, which are depreciated over 15 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of amounts due for expenses incurred but not paid until the subsequent year as well as the accrual for wages and compensated absences.

Accrued vacation

Vacation pay is accrued for full-time employees at the rate of 6.66 hours per month or as negotiated. The maximum vacation time that can be accrued and carried over to the next year is 80 to 160 hours, dependent on length of service. Accrued vacation represents vacation earned, but not taken as of June 30, 2025, and is included in "accrued expenses" in the statements of financial position. The accrued vacation balance was \$37,887 as of June 30, 2025.

Leases

The Symphony elects to not recognize a lease liability or right-of-use asset for leases with a remaining lease term of 12 months or less.

Symphony San Jose

Notes to Financial Statements

June 30, 2025

Right-of-use assets

A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment.

Lease liabilities

At the commencement date of the lease, the Symphony recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Center uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Fair value of financial instruments

Financial instruments included in the Symphony's statements of financial position as of December 31, 2025 include cash and cash equivalents, accounts payable and accrued expenses, for which the carrying amounts represent a reasonable estimate of the corresponding fair values.

Revenue recognition

The Symphony follows the following steps to determine revenue recognition:

- Identifying the contract(s) with a customer,
- Identifying the performance obligations in the contract(s),
- Determining the transaction price,
- Allocating the transaction price to the performance obligations in the contract(s), and
- Recognizing revenue when, or as, the Symphony satisfies a performance obligation.

The Symphony recognizes support and revenue on the accrual basis of accounting. Program fees are recognized as revenue in the period in which the service is provided. Pre-sold ticket revenue for any event that has not yet occurred is shown as deferred until the event takes place.

Symphony San Jose

Notes to Financial Statements

June 30, 2025

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal period. Restricted contributions are reported as increases in net assets without donor restrictions if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in net assets with donor restrictions. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification from net assets with donor restrictions to net assets without donor restrictions.

Contributions of nonfinancial assets

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Symphony would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered.

Functional expense allocations

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses applicable to more than one program are allocated based on usage and management's estimates.

Advertising expenses

There are expenses incurred to advertise the various program offerings, and are expensed as incurred. Advertising expenses for the year ended June 30, 2025 was \$265,394.

Accounting for uncertainty in income taxes

The Symphony evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2025 management did not identify any uncertain tax positions.

Symphony San Jose

Notes to Financial Statements

June 30, 2025

Concentration of credit risk

Financial instruments that potentially subject the Symphony to credit risk consist primarily of cash and cash equivalents. The Symphony maintains cash and cash equivalents with a commercial bank. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such amounts might exceed Federal Deposit Insurance Corporation (FDIC) limits. As of June 30, 2025, the Symphony had \$217,834 in excess of federal insured limits.

Financial instruments that potentially subject the Symphony to concentrations of credit risk consist primarily of investments. The Symphony maintains its investment portfolio with a single brokerage firm. While securities are generally protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000, these protections do not safeguard against market value declines. As of June 30, 2025, the Symphony held investments of \$3,552,630 with a single brokerage firm.

For the year ended June 30, 2025, there was one donor, that provided more than 26% of support and revenue.

NOTE 4 - PROPERTY AND EQUIPMENT

At June 30, 2025, the value of the property and equipment and related accumulated depreciation is as follows:

	<u>2025</u>
Furniture and equipment	\$ 400,500
Less: accumulated depreciation	<u>(291,312)</u>
	<u>\$ 109,188</u>

Depreciation expense for the year ended June 30, 2025 was \$31,588.

NOTE 5 - ENDOWMENT INVESTMENTS

The Symphony reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs.

The basis for the carrying value of investments is from information provided by broker managed accounts. Fair value measurements of investment instruments are based on open actively traded securities markets as reported by investment account broker statements.

Symphony San Jose Notes to Financial Statements

June 30, 2025

The three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities.

When available, the Symphony measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The Symphony invests in cash, money market mutual fund, fixed income ETPs, bond funds, corporate bonds, municipal bonds, US Treasury, equity ETPs, stock funds, common stock, and REIT. The investments are recognized at fair value as of June 30, 2025:

	2025	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Cash equivalent investment:				
Cash	\$ 3,061	\$ 3,061	\$ -	\$ -
Money market mutual fund	523,971	523,971	-	-
Fixed Income investment:				
Fixed income ETPs	608,081	608,081	-	-
Bond funds	293,676	293,676	-	-
Corporate bonds	96,716	-	96,716	-
Municipal bonds	168,184	-	168,184	-
US Treasury	137,213	137,213	-	-
Equity investments:				
Equity ETPs	238,151	238,151	-	-
Stock funds	485,124	485,124	-	-
Common stock	976,351	976,351	-	-
REIT	22,102	22,102	-	-
Total	<u>\$ 3,552,630</u>	<u>\$ 3,287,730</u>	<u>\$ 264,900</u>	<u>\$ -</u>

Symphony San Jose

Notes to Financial Statements

June 30, 2025

Note 6 - LINE OF CREDIT

During the year ended June 30, 2012, the Symphony established a revolving line of credit with a bank to meet its short-term borrowing needs. The rate of interest on this line of credit is computed on the basis of the actual number of days elapsed in a year of 360 days at the rate of 7.005% Per Annum above the Prime Rate.

The maximum principal balance available is \$250,000. There was no balance outstanding on the line of credit as of June 30, 2025. Total interest expense related to line of credit was \$5,858 year ended June 30, 2025.

The Symphony annually extends the maturity date of the line of credit to August 2 of the subsequent year.

NOTE 7 - LEASES

The Symphony leases 2,148 square feet of office space under a lease agreement that expires on June 30, 2025. On April 25, 2025, the Symphony extended the lease for an additional five-year term. The new lease commences on July 1, 2025, and ends on June 30, 2030. The minimum monthly lease obligation during fiscal year 2025 is \$5,225. Future minimum lease payments are calculated based on a 3% annual increase in the minimum monthly payment.

Below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	2025
Right-of-use asset, beginning of year	\$ 56,711
Additions	299,897
Amortization	(56,711)
Right-of-use asset, end of year	\$ 299,897

Below are the carrying amounts of lease liabilities and the movements during the period:

	2025
Lease liabilities, beginning of year	\$ 60,092
Additions	299,897
Payments	(60,092)
Lease liabilities, end of year	299,897
Less: current portion	(51,227)
Non-current lease liabilities	\$ 248,670

Rent expense for the year ended June 30, 2025 was \$60,378.

Symphony San Jose

Notes to Financial Statements

June 30, 2025

The table below reconciles the fixed components of the undiscounted cash flows for each of the first five years and the total remaining years to the lease liabilities recorded on statement of financial position as of June 30, 2025. Amounts due for the 12 months ended June 30 are as follows:

2026	\$	62,706
2027		64,587
2028		66,525
2029		68,520
2030		70,576
Thereafter		-
Total		332,914
Less: interest		(33,017)
Present value of lease liabilities	\$	299,897

NOTE 7 - DEFERRED REVENUE

The total deferred revenue as of June 30, 2025, was \$358,898, and consisted of amounts received from:

1) Pre-sold subscription tickets for the upcoming 2025-26 Classics series. (\$325,964); 2) Gift certificates purchased for future ticket redemptions. (\$9,791); 3) Other deferred revenue related to various future activities and services. (\$23,143)

Occasionally, purchasers donate the value of tickets for canceled concerts to the Symphony. No amounts from deferred revenue were recognized as donated ticket contributions during the period.

NOTE 8 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

During the fiscal year ended June 30, 2025, the Symphony recognized in-kind assets consisting of donated hotel stays, golf voucher, wine and flowers with a fair market value of \$12,900.

		2025
Hotels	\$	10,000
Other goods (golf voucher, wine, flowers)		2,900
	\$	12,900

Hotels

Contributed hotel stays were utilized in performance programs and valued using the average published market rate for comparable rooms at similar hotels.

Other goods

The contributed golf voucher, wine, and flowers, used as silent auction items and raffle prizes for a special event, were valued based on the comparable resale price of identical or similar items in the secondary market.

Symphony San Jose

Notes to Financial Statements

June 30, 2025

NOTE 9- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions during the year ended June 30, 2025 consisted of the following:

	2024	Additions	Releases	2025
Perpetual endowment	\$ 2,041,116	\$ -	\$ -	\$ 2,041,116
Unappropriated earnings on	272,376	164,049	(126,835)	309,590
Time restricted	14,000	168,874	(12,000)	170,874
	\$ 2,327,492	\$ 332,923	\$ (138,835)	\$ 2,521,580

NOTE 10 - ENDOWMENT

Support for the Symphony comes in many forms, from volunteers' gifts of time to listeners' contributions toward the cost of a concert season.

In June 2005, the Symphony received an extraordinary gift made specifically with the future in mind: a \$1 million contribution to establish a permanent endowment fund. The purpose of the endowment gift is to provide unrestricted operating support to the Symphony on an annual basis. The donor has directed that every year a sum of not less than 5% of the value be drawn from the fund and incorporated in the operating fund of the Symphony. In accordance with the specific terms of the gift, the endowment principal is permanently restricted except as noted above or as follows: "If in the future the Symphony faces a life-threatening financial crisis and the endowment principal is deemed the only way to avoid sending the Symphony into bankruptcy/insolvency, then principal may be invaded to avoid that outcome on the following terms: the need to invade the principal needs to be defended with a Board developed plan to correct the financial path of the Symphony and that plan along with the specifics of how much of the endowment can be utilized for that purpose must be approved by 100% of both the sitting Board and the outside investment committee members. It should be the objective of the Board to return the "invaded funds" when the crisis has passed." In addition, the donor has approved the use of the endowment contribution as collateral for the Symphony's line of credit. (See Note 6)

The same donor continued to make endowment gifts during his lifetime netting to a total of \$1,084,700 (total endowment contributions of \$1,334,700 less a release from restriction of \$250,000 in response to the stock market downturn loss during the year ended June 30, 2009). It is the policy of the Symphony to treat all of these funds in the same manner as those stipulated in his original commitment letter and subsequent written instruction regarding using it for loan collateral.

The purpose of the endowment is to create an institution that will serve the Silicon Valley for generations to come by providing secure unrestricted operating support to the Symphony on an annual basis. Except as stated above, income from the fund may be reinvested or utilized for current expenses, as determined by the Symphony's Endowment Committee; but the permanently restricted principal remains intact, conservatively invested for a balance between growth and security.

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The Symphony needs the liquidity to be able to draw approximately 5% of the principal annually to supplement the operating budget. The goal of the spending policy is to apply a disciplined and reasoned approach to moving money from the endowment fund to its beneficiary on a predictable, consistent basis. There are two components of the spending policy. By donor directive, 5% of the sum of \$1,084,700 and its accumulated appreciation will be distributed to the operating account of the Symphony based on December 31st balances each year. The balance of the fund shall use a spending policy based on the payout rate multiplied by the average market value of the Fund over the previous 12 quarters. A 2%-7% range will be in place to allow for Board discretion during particularly volatile periods. Notwithstanding these spending parameters, the original corpus shall not be invaded except as provided within the specific donor terms for the \$1 million gift as described above. Any changes to the endowment's spending policy shall be recommended by the Investment Committee and/or Investment Advisors, with the ultimate approval by the Board of Directors.

The Symphony has also established a partnership with experienced planned giving professionals to assist donors who want to include the Symphony's endowment in their financial and estate plans. With the establishment of an endowment and the resources in place to augment it, the Symphony has taken a giant step toward becoming a secure, long-term resource for the community.

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

Interpretation of relevant law

The Symphony's Board of Directors has interpreted the California version of the 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, the Symphony classifies as "net assets with donor restrictions - perpetual endowment" (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the donor restricted endowment fund that is not classified as "net assets with donor restrictions - perpetual endowment" is classified as "net assets with donor restrictions - unappropriated earnings on perpetual endowment" until is appropriated for expenditure by the Symphony in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Symphony and the donor restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation

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(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Symphony

(7) The investment policies of the Symphony

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the balance of net assets held in perpetuity. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are required to be reported in net assets with donor restrictions. There were no deficiencies noted during the year ending June 30, 2025.

Return objectives and risk parameters

The investment portfolio held for the Symphony endowment will be managed using a "balanced" objective to provide stability, income and growth exclusively for the Symphony endowment. All assets acquired by the portfolio will be managed in accordance with "Prudent Investor" standards by incorporating the Modern Portfolio Theory, which focuses on the overall asset allocation and quality of the portfolio rather than just the individual securities. Diversification across various asset classes should help reduce the volatility of the total portfolio.

The appropriate allocation of capital among asset classes will have the greatest influence on the success of the portfolio. Therefore, the fiduciary manager shall be responsible for the ongoing portfolio management within the agreed upon risk parameters and allocation ranges.

- *Diversification/preservation of capital*

The portfolio should be managed in a prudent manner, with care, skill, and diligence. The composition of investment securities shall be suitably diversified and structured in a manner to avoid undue risk to capital. A low to moderate fluctuation in principal value is desired.

- *Income/liquidity*

The income derived from securities will provide support and stability to the portfolio. Therefore, an equally important component of the portfolio shall be the payment of interest or dividends. The fiduciary manager shall maintain sufficient liquidity to provide adequate and timely working funds.

- *Growth*

The long-term horizon of the portfolio necessitates the use of equity securities in order to provide the opportunity for positive real rates of return and growth of capital over time.

Strategies employed for achieving objectives

Strategic ranges are established to define the long-term asset allocation parameters for the portfolio. Enterprise Trust & Investment Company, serving in a fiduciary capacity as investment manager, will tactically manage the portfolio within the established ranges as current economic conditions and market opportunities warrant.

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The long-term strategic asset allocation ranges for the investment portfolio are as follows:

- *Cash equivalents and short-term investments*

The portfolio may invest cash equivalent investments within a range of zero to ten percent (0-10%) of the portfolio's aggregate market value.

- *Fixed income investments*

The portfolio may be invested in such securities with a range of thirty to sixty percent (30-60%) of the portfolio's aggregate market value.

- a. *Diversification:* With the exception of U.S. Treasury securities and U.S. Government Agency Obligations all other debt securities shall be limited to an amount per issuer not to exceed ten percent (10%) of the aggregate market value of the portfolio.

- b. *Credit Quality:* Upon initial purchase, the security must be of investment grade as rated by Moody's and/or Standard and Poor's rating services. Should any bond rating subsequently be reduced below investment grade the Adviser shall review to determine if investment considerations warrant it being discharged. High yield fixed income securities are permitted if held in fund format.

- c. *Maturity Structure:* In order to control interest rate risk, the maximum maturity of an individual bond shall not exceed ten years and the average maturity shall not exceed seven years.

- *Equity investments*

The portfolio may be invested in individual equity securities or mutual funds with a range of forty to seventy percent (40-70%) of the portfolio's aggregate market value.

- a. *Security Diversification:* Individual equity purchases shall not exceed five percent (5%) of the portfolio's aggregate market value.

- b. *Sector Diversification:* The maximum allowed overweight of any economic sector classification shall be limited to 2 times the weighting within the Standard and Poor's 500 Index.

- c. *Overall Portfolio Quality:* The overall equity portfolio shall maintain an average equivalent securities rating of B or better as rated by Moody's and/or Standard and Poor's rating services.

Spending policy and how the investment objectives relate to spending policy

The Symphony needs the liquidity to be able to draw not less than 5% of the principal annually to supplement the operating budget.

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The goal of the spending policy is to apply a disciplined and reasoned approach to moving money from the endowment fund to its beneficiary in a predictable, consistent basis. There are two components of the spending policy. By donor directive, 5% of the sum of \$1,084,700 and its accumulated appreciation will be distributed to the Operating Account of the Symphony based on December 31st balances each year. The balance of the fund shall use a spending policy based on the payout rate multiplied by the average market value of the Fund over the previous 12 quarters. A 2%-7% range will be in place to allow for Board discretion during particularly volatile periods. Notwithstanding these spending parameters, the original corpus shall not be invaded except as provided within the specific donor terms for the \$1 million gift as described above.

Any changes to the endowment's spending policy shall be recommended by the Investment Committee and/or Investment Advisors, with ultimate approval by the Board of Directors.

Endowment net asset composition by type of fund is as follows as of June 30, 2025:

	Without Donor Restriction	With Donor Restriction	Total
Board designated endowment	\$ 1,201,927	\$ -	\$ 1,201,927
Accumulated earnings on perpetual endowment	-	309,590	309,590
Perpetual endowment	-	2,041,116	2,041,116
	<u>\$ 1,201,927</u>	<u>\$ 2,350,706</u>	<u>\$ 3,552,633</u>

Changes in endowment net asset is as follows for the fiscal year ended June 30, 2025

	Board Designated Endowment	Unappropriated Earning on Perpetual Endowment	Perpetual Endowment	Total
Balance at June 30, 2024	\$ 557,746	\$ 272,376	\$ 2,041,116	\$ 2,871,238
Net investment income	39,550	164,049	-	203,599
Contributions	627,796	-	-	627,796
Amounts appropriated for expenditure	<u>(23,165)</u>	<u>(126,835)</u>	-	<u>(150,000)</u>
Balance at June 30, 2025	<u>\$ 1,201,927</u>	<u>\$ 309,590</u>	<u>\$ 2,041,116</u>	<u>\$ 3,552,633</u>

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Notes to Financial Statements

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NOTE 11 - LIQUIDITY AND AVAILABILITY

The Symphony strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Symphony considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Symphony manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Symphony.

The following table reflects the Symphony's financial assets as of June 30, 2025, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year include net assets with donor restrictions greater than one year and special project outside of the Symphony's core programs.

The board designated endowment investments totaling \$1,201,927 as of June 30, 2025, could be made available in their entirety if needed. Also, \$1,084,700 of the donor restricted perpetual endowment investment could be made available in the event of "a life-threatening financial crisis" (see Note 10).

In addition, the Symphony has a line of credit with a balance availability of \$250,000 as of June 30, 2025 (see Note 6).

	<u>2025</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 468,034
Accounts receivable	5,321
Expected endowment appropriation for the year ending June 30, 2026	<u>165,000</u>
Total financial assets	<u>638,355</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 638,355</u>

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NOTE 12 - RELATED PARTY

The Symphony received approximately \$44,681 during the year ending June 30, 2025 from Board members, their affiliated organizations and management.

Note 13 - FUNCTIONAL EXPENSES

Expenses require an allocation on a reasonable basis that is consistently applied as certain categories of expenses are attributed to more than one program or supporting function. The Symphony allocates all expenses based on a time allocation of the employees per month and this is done for all indirect expense. Facility related expenses are allocated based on estimated use of square footage.

Note 14 - RETIREMENT PLAN

The Symphony sponsors a defined contribution retirement plan (the Plan) established under Section 403(b) of the Internal Revenue Code. The Plan is administered by Fidelity Investments and covers substantially all employees who meet certain eligibility requirements regarding age and length of service. The Plan is funded solely through elective deferrals made by participants. Participants may contribute a portion of their annual compensation, either on a pre-tax or after-tax basis, subject to the maximum limits established by the Internal Revenue Service. Under the terms of the Plan, the Symphony does not provide matching or discretionary non-elective contributions.

NOTE 15 - CONCENTRATION OF LABOR

The Symphony's musicians, ushers, and stagehands, are members of the following labor unions respectively: American Federation of Musicians (AFM) Local 6, International Alliance of Theatrical Stage Employees (IATSE) Local B-32, and IATSE Local 134 Stagehands. The Symphony's contract with AFM Local 6 expired on August 31, 2023. The Symphony's contract with IATSE Local B-32 expires on August 31, 2027; its contract with IATSE Local 134 Stagehands expires on June 30, 2027.

Note 16 - MULTI-EMPLOYER PENSION PLANS

The Symphony participates in the American Federation of Musicians and Employers' Pension Fund (the Fund), a multi-employer defined benefit pension plan, under the terms of a collective bargaining agreement. For the year ended June 30, 2025, the Symphony's participation in the Fund requires contributions based on a percentage of scale wage earnings for covered employees. Pursuant to a Supplemental Agreement effective September 1, 2014, the Symphony currently contributes at a rate of 8.72%, which includes supplemental contributions required under the 2010 Rehabilitation Plan adopted by the Fund's Board of Trustees. This 8.72% rate, which is an increase from the standard 8% non-supplemental rate, will remain in effect until the Fund is no longer required to maintain rates higher than the non-supplemental rates under its rehabilitation plan and the Fund repeals its restrictive contribution reduction procedures. Upon the occurrence of both events, the rate will briefly revert to 8% before immediately increasing to a fixed rate of 9.5%. Regarding the financial health of the plan, the Fund was previously identified as being in "Critical Status" and, as of April 15, 2010, adopted a Rehabilitation Plan intended to improve its funding level through these increased employer contribution rates.

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NOTE 17 - CONFLICT OF INTEREST POLICY

Included among the Symphony's Board of Directors and Officers are volunteers from the community who provide valuable assistance to the Symphony in the development of policies and programs and in the evaluation of business transactions. The Symphony has adopted a conflict of interest policy whereby Board members are disqualified from participation in the final decisions regarding any action affecting their related company or agency

NOTE 18 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the date the financial statements were available to be issued. The Symphony recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Symphony and available to be issued.

No subsequent events require disclosure or recognition.