

Charleston Symphony Orchestra

Report on Financial Statements

Years Ended June 30, 2025 and 2024



Charleston Symphony Orchestra
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Independent Auditor's Report

Board of Directors of
Charleston Symphony Orchestra
Charleston, South Carolina

Opinion

We have audited the financial statements of Charleston Symphony Orchestra, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 Charleston Symphony Orchestra as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Charleston Symphony Orchestra 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 Charleston Symphony Orchestra's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility 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 Charleston Symphony Orchestra'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 Charleston Symphony Orchestra'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.

Other Information

Management is responsible for the other information included in the supplementary schedules of revenues. The other information comprises the supplementary schedules of revenues presented for purposes of additional analysis but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Veris LLC

Mount Pleasant, South Carolina
October 30, 2025



Charleston Symphony Orchestra
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents (see Note A)	\$ 1,833,030	\$ 1,074,370
Cash - operating reserve fund	342,333	126,601
Current portion of unconditional promises to give, net	564,419	833,347
COVID relief grants receivable	-	542,519
Prepaid expenses and other assets	104,472	70,251
Total Current Assets	2,844,254	2,647,088
Noncurrent Assets		
Non-depreciable property and equipment	334,504	334,504
Depreciable property and equipment, net	25,736	-
Total Property and Equipment, Net	360,240	334,504
Long-term investments	7,334,925	6,436,706
Right of use asset, net - operating lease	386,451	488,109
Unconditional promises to give, net of current portion	374,791	821,062
Total Noncurrent Assets	8,456,407	8,080,381
Total Assets	\$ 11,300,661	\$ 10,727,469

Charleston Symphony Orchestra
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 12,273	\$ 204,798
Accrued payroll	81,230	77,067
Accrued expenses	5,974	30,438
Deferred revenue	955,189	893,127
Current portion of operating lease	115,980	86,658
Current portion of deferred pension settlement	19,950	18,509
Total Current Liabilities	1,190,596	1,310,597
Noncurrent Liabilities		
Lease liability, net of current portion - operating lease	297,971	413,951
Deferred pension settlement, net of current portion	199,401	219,351
Total Noncurrent Liabilities	497,372	633,302
Total Liabilities	1,687,968	1,943,899
Net Assets		
Without Donor Restrictions		
Board designated - endowments	7,658,366	6,204,446
Board designated - operating reserve fund	240,674	24,942
Undesignated	485,469	550,341
Total Net Assets Without Donor Restrictions	8,384,509	6,779,729
With Donor Restrictions		
Other net assets with donor restrictions	1,126,525	1,902,182
Operating reserve fund	101,659	101,659
Total Net Assets With Donor Restrictions	1,228,184	2,003,841
Total Net Assets	9,612,693	8,783,570
Total Liabilities and Net Assets	\$ 11,300,661	\$ 10,727,469

Charleston Symphony Orchestra
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Support			
General contributions	\$ 2,522,717	\$ 97,000	\$ 2,619,717
Grants	36,074	247,500	283,574
Subtotal	2,558,791	344,500	2,903,291
Endowment contributions	-	542,255	542,255
Total Support	2,558,791	886,755	3,445,546
Concert revenue	2,122,375	-	2,122,375
Miscellaneous income	37,862	-	37,862
Net assets released from restrictions	1,677,357	(1,677,357)	-
Total Operating Revenue	6,396,385	(790,602)	5,605,783
Operating Expenses			
Program Services			
Artistic costs	2,694,079	-	2,694,079
Production costs	1,141,257	-	1,141,257
Educational costs	579,963	-	579,963
Total Program Services	4,415,299	-	4,415,299
Supporting Services			
General and administrative	403,671	-	403,671
Fundraising expenses	638,149	-	638,149
Total Supporting Services	1,041,820	-	1,041,820
Total Operating Expenses	5,457,119	-	5,457,119
Total Operating Income	939,266	(790,602)	148,664
Non-operating Income (Expense)			
Investment income, net	650,260	14,945	665,205
COVID relief grants	59,887	-	59,887
Endowment advisory fees	(23,743)	-	(23,743)
Interest	(17,491)	-	(17,491)
Depreciation	(3,399)	-	(3,399)
Total Non-operating Income (Expense)	665,514	14,945	680,459
Total Expenses	4,791,605	(14,945)	4,776,660
Change in Net Assets	1,604,780	(775,657)	829,123
Beginning Net Assets	6,779,729	2,003,841	8,783,570
Ending Net Assets	\$ 8,384,509	\$ 1,228,184	\$ 9,612,693

See notes to financial statements and independent auditor's report.

Charleston Symphony Orchestra
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Support			
General contributions	\$ 1,949,190	\$ 297,500	\$ 2,246,690
Grants	71,905	200,000	271,905
Subtotal	2,021,095	497,500	2,518,595
Endowment contributions	-	263,839	263,839
Total Support	2,021,095	761,339	2,782,434
Concert revenue	2,101,630	-	2,101,630
Miscellaneous income	33,966	-	33,966
Net assets released from restrictions	1,249,275	(1,249,275)	-
Total Operating Revenue	5,405,966	(487,936)	4,918,030
Operating Expenses			
Program Services			
Artistic costs	2,320,406	-	2,320,406
Production costs	1,086,438	-	1,086,438
Educational programs	476,295	-	476,295
Total Program Services	3,883,139	-	3,883,139
Supporting Services			
General and administrative	472,747	-	472,747
Fundraising	499,973	-	499,973
Total Supporting Services	972,720	-	972,720
Total Operating Expenses	4,855,859	-	4,855,859
Total Operating Income	550,107	(487,936)	62,171
Non-operating Income (Expense)			
Investment income, net	537,692	14,355	552,047
Endowment	(40,971)	-	(40,971)
Interest	(29,673)	-	(29,673)
Depreciation	(5,467)	-	(5,467)
Total Non-operating Income (Expense)	461,581	14,355	475,936
Total Expenses	4,394,278	(14,355)	4,379,923
Change in Net Assets	1,011,688	(473,581)	538,107
Beginning Net Assets	5,768,041	2,477,422	8,245,463
Ending Net Assets	<u>\$ 6,779,729</u>	<u>\$ 2,003,841</u>	<u>\$ 8,783,570</u>

See notes to financial statements and independent auditor's report.

Charleston Symphony Orchestra
Statement of Functional Expenses
Year Ended June 30, 2025

	Program			Supporting Services		Total
	Artistic Costs	Production Costs	Education Costs	General and Administrative	Fundraising Expenses	
Core musician salaries and benefits	\$ 1,012,637	\$ -	\$ 222,286	\$ -	\$ -	\$ 1,234,923
Artistic and education staff salaries and benefits	528,592	64,971	174,984	-	-	768,547
Guest musician salaries and benefits	665,951	-	59,112	-	-	725,063
Marketing	-	347,843	4,995	-	-	352,838
Development salaries and benefits	-	-	-	-	328,333	328,333
Guest artist and guest conductor fee and travel	302,822	-	15,694	-	-	318,516
Indirect production	-	276,045	37,556	-	-	313,601
General and administrative staff salaries and benefits	85,027	-	28,342	85,027	85,027	283,423
Stage crews	-	257,961	6,417	-	-	264,378
Donor stewardship and development	-	-	-	-	210,639	210,639
Professional services	-	-	-	165,627	-	165,627
Occupancy and related costs	99,050	20,000	14,150	14,150	14,150	161,500
Hall rental	-	57,385	8,333	-	-	65,718
Office supplies and postage	-	-	-	61,597	-	61,597
Box office	-	53,097	665	-	-	53,762
Insurance	-	-	-	43,922	-	43,922
Staff and board	-	-	-	29,266	-	29,266
Music rental	-	35,274	7,429	-	-	42,703
Licensing	-	28,681	-	-	-	28,681
Interest and bank fees	-	-	-	4,082	-	4,082
Total Functional Expenses	\$ 2,694,079	\$ 1,141,257	\$ 579,963	\$ 403,671	\$ 638,149	\$ 5,457,119

See notes to financial statements and independent auditor's report.

Charleston Symphony Orchestra
Statement of Functional Expenses
Year Ended June 30, 2024

	Program			Supporting Services		Total
	Artistic Costs	Production Costs	Education Costs	General and Administrative	Fundraising Expenses	
Core musician salaries and benefits	\$ 878,165	\$ -	\$ 192,157	\$ -	\$ -	\$ 1,070,322
Artistic and education staff salaries and benefits	308,652	166,037	183,848	-	-	658,537
Guest musician salaries and benefits	617,616	-	29,678	-	-	647,294
Marketing	-	342,304	678	-	-	342,982
Development salaries and benefits	-	-	-	-	268,681	268,681
Guest artist and guest conductor fee and travel	335,991	-	6,423	-	-	342,414
Indirect production	-	87,712	5,915	-	-	93,627
General and administrative staff salaries and benefits	96,886	-	32,294	96,886	96,886	322,952
Stage crews	-	262,246	5,513	-	-	267,759
Donor stewardship and development	-	-	-	-	122,427	122,427
Professional services	-	-	-	226,864	-	226,864
Occupancy and related costs	83,096	20,000	11,871	11,871	11,979	138,817
Hall rental	-	93,505	6,888	-	-	100,393
Office supplies and postage	-	-	-	74,634	-	74,634
Box office	-	52,516	15	-	-	52,531
Insurance	-	-	-	36,938	-	36,938
Staff and board	-	-	199	17,248	-	17,447
Music rental	-	40,528	816	-	-	41,344
Licensing	-	21,590	-	-	-	21,590
Interest and bank fees	-	-	-	8,306	-	8,306
Total Functional Expenses	\$ 2,320,406	\$ 1,086,438	\$ 476,295	\$ 472,747	\$ 499,973	\$ 4,855,859

See notes to financial statements and independent auditor's report.

Charleston Symphony Orchestra
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 829,123	\$ 538,107
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,399	5,467
Lease expense from operating lease right of use asset	140,000	116,667
Investment income, net	(665,205)	(552,047)
Change in:		
Unconditional promises to give, net	715,199	492,125
COVID relief grants receivable	542,519	368,359
Prepaid expenses and other assets	(34,221)	32,274
Accounts payable	(192,525)	(15,878)
Accrued payroll	4,163	15,266
Accrued expenses	(24,464)	(24,050)
Deferred revenue	62,062	53,821
Lease liability - operating lease	(125,000)	(104,167)
Net cash provided by operating activities	1,255,050	925,944
Cash Flows from Investing Activities		
Purchase of property and equipment	(29,135)	-
Sale of investments	256,641	209,104
Purchase of investments	(489,655)	(964,866)
Net cash used in investing activities	(262,149)	(755,762)
Cash Flows from Financing Activities		
Payments on the deferred pension settlement	(18,509)	(17,124)
Net cash used in financing activities	(18,509)	(17,124)
Net Increase in Cash and Cash Equivalents	974,392	153,058
Cash and Cash Equivalents, Beginning of Year	1,200,971	1,047,913
Cash and Cash Equivalents, End of Year	\$ 2,175,363	\$ 1,200,971
Supplemental Disclosure of Cash Flow Information		
Right of use asset - obtained in exchange for new operating lease liability	\$ -	\$ 567,423
Cash paid for interest	\$ 17,491	\$ 29,673

See accompanying notes to financial statements and independent auditor's report.

Charleston Symphony Orchestra Notes to Financial Statements

Note A – Nature of Operations and Summary of Significant Accounting Policies

Nature of Organization

The Charleston Symphony Orchestra (the Symphony) is a prominent full-time performing arts organization, annually reaching over 60,000 people. Since its founding in 1936 and revitalization in 2011, the Symphony has aimed to engage and inspire the community through exceptional musical performances and educational programs. With a unique artistic and financial model centered around 24 full-time musicians, the Symphony has evolved into a cultural powerhouse, demonstrating its readiness to lead the way in showcasing how a modern Symphony can effectively serve its community. The Symphony attracts "Guest Musicians" nationwide to perform alongside "Core Musicians", and welcomes internationally renowned Guest Conductors and Soloists for most programs. Oversight of the Symphony's operations comes from 15 full-time staff members under the leadership of its Board of Directors.

After 90 years of uniting audiences through emotionally moving music, the Symphony has demonstrated its resilience and commitment to serving the vibrant Charleston community. The Symphony remains dedicated to delivering the highest quality artistic and educational programming accessible to all community members. Each educational program provided by the Symphony is both led and performed by well-established musicians, ensuring an engaging and approachable experience for students of all ages, economic backgrounds, and levels of musical knowledge. Moreover, each of the Symphony's 24 core musicians dedicates approximately one-third of their professional time to community impact programming, reaching over 20,000 students annually across Berkeley, Charleston, and Dorchester counties.

The Symphony presented over 75 concerts and special events at more than a dozen venues throughout the 2024-2025 season, showcasing both internationally renowned musicians and local artists. The Masterworks and Pops series featured a remarkable lineup of legendary conductors like Hugh Wolff, Andrew Grams, Hans Graf, Michael Francis, and JoAnn Falletta, to superstar soloists including Byron Stripling, Drew Petersen, Rachel Barton Pines, Jean Louisa Kelly, Tessa Lark, George Li, and more. With a range of bold and elevated programs, the orchestra championed groundbreaking works like Paul Moravec's "Sanctuary Road" while also performing traditional repertoire by Beethoven, Berlioz, Copland, Debussy, Mahler, and Rachmaninoff to name a few. The Symphony's commitment to artistic excellence resulted in another year of record subscription and single ticket results.

On February 26, 2025, the Charleston Symphony made history with its Carnegie Hall debut, featuring performances by the Charleston Symphony Youth Orchestra and the College of Charleston Orchestra. "A Celebration of Charleston" electrified the audience with a program honoring the city's rich musical heritage, featuring Edward Hart's *A Charleston Concerto* and the world premiere of Thomas Cabaniss's *Charleston Mix*. This landmark performance marked a bold step onto the national stage, showcasing Charleston as a vibrant hub for orchestral music.

Charleston Symphony Orchestra Notes to Financial Statements

Thanks to ongoing strategic investments in artistic programming and marketing, the Symphony exceeded earned revenue goals once again. Over the last two seasons the Symphony has seen 20% growth in subscription revenue and 27% growth in Masterworks and Pops single ticket sales. Despite other arts organizations struggling to return to pre-pandemic sales, the Symphony is defying those trends and experienced another record-breaking year selling close to 17,000 individual tickets. The annual Holiday Pops program was the highest-grossing concert in Symphony history. Compared to pre-pandemic main series attendance, the 2024-2025 season saw 63% audience growth and 55% increased revenue. These achievements underscore our commitment to delivering exceptional musical experiences and expanding our audience base. Additionally, we provided more than 2,500 free tickets to educators, students, nonprofits, Charleston County Public Library employees, Joint Base Charleston residents, musicians, and community partners.

The Symphony has the following educational programs:

Charleston Symphony Youth Orchestra Program: The Charleston Symphony Youth Orchestras is a cornerstone of the Symphony's educational initiatives, offering two ensembles composed of the Lowcountry's top middle and high school musicians. The Youth Orchestra (CSYO) offers students the chance to perform cornerstone works of the symphonic repertoire, while gaining meaningful musical and educational experiences in a supportive community of peers and mentors. The Youth Sinfonietta (CSYS) is a training string ensemble for developing players that incorporates winds and brass, often serving as a student's first symphonic performing experience and preparing them for the more advanced CSYO.

During the 2024-2025 season, the program served 96 students from grades 4-12, who performed multiple concerts at renowned venues, including the Charleston Gaillard Center and Carnegie Hall in New York City. The CSYO and CSYS were also featured in a Symphony Masterworks performance, providing students with the life-changing experience of performing alongside professional musicians of the Symphony on the Gaillard stage, conducted by Maestra JoAnn Falletta. Students participated in the annual retreat at James Island County Park, which offered both CSYO and CSYS members intensive rehearsals and team-building activities, enhancing their musical abilities while fostering camaraderie and lasting friendships. Many students also participated in the chamber music program where they bring chamber music performances in various communities. Lastly, the CSYO went on their first tour to New York City to perform at Carnegie Hall.

Young People's Concert - Carnegie Hall Link Up: During the 2024-2025 season, the Symphony presented two sold-out performances of our Young People's Concert in collaboration with the Charleston Gaillard Center and Carnegie Hall's Link Up program, featuring *The Orchestra Moves*. Approximately 3,000 students from 21 schools participated in the program, with Title I schools receiving complimentary tickets and transportation. To enhance the educational experience, all participating teachers attended an accredited workshop on the Link Up curriculum at the start of the school year.

Charleston Symphony Orchestra Notes to Financial Statements

Musicians in Schools: Charleston Symphony musicians perform at local schools throughout the tri-county region free of charge, breaking down barriers like cost and transportation to make live music accessible to all students. These performances enrich teachers' curricula by bringing to life the musical concepts students are learning in the classroom. Many Symphony musicians, who are also music educators, tailor each performance to the age and knowledge level of their audience, ensuring an engaging and educational experience. For many younger students, this is their first exposure to live music, while older students benefit from Symphony musicians visiting their band or orchestra programs to offer specialized coaching and sectionals on their current repertoire. During the 2024-2025 season, the Symphony performed at 54 schools, reaching nearly 9,500 students, 50% of whom attend Title I schools

Charleston Symphony Fellowship: The Symphony continued its partnership with the College of Charleston for the fourth year of the Executive Fellowship program and introduced the third season of the Orchestral Fellowship. This year, five musicians along with two executive fellows, were selected through a rigorous process to join the Symphony. The program offers personal and professional development for emerging nonprofit arts leaders and musicians. During the 2024-2025 season, the fellows participated in a variety of Symphony activities, including main series performances, education and community projects, and the Fellowship Showcase. The Symphony remains dedicated to providing culturally relevant programming that resonates with diverse audiences.

Basis of Accounting

The Symphony's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (U.S. GAAP), and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenue is recognized when earned and expenditures are recognized when incurred.

Basis of Presentation

The Symphony's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) of the United States of America in its Accounting Standards Codification (ASC) 958 – 205, *Not-For-Profit Entities – Presentation of Financial Statements*. These standards require classification of net assets and changes in net assets as net assets without donor restrictions and net assets with donor restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Charleston Symphony Orchestra Notes to Financial Statements

Revenue and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Symphony has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Symphony considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

At June 30, 2025, cash and cash equivalents include approximately \$506,700 of donor-restricted funds designated for the endowment. These amounts were temporarily held in the Organization's operating account and were transferred to the endowment investment account subsequent to year-end.

Cash - Operating Reserve Fund

An operating reserve fund was established with Board designated and donor restricted funds reserved by the Symphony to support the Symphony's day-to-day operations in the event of unforeseen and significant shortfalls.

Long-term Investments

The Symphony carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market value based on quoted market prices. Unrealized and realized gains and losses, interest and dividends, and investment expenses are included in the Statements of Activities as Investment income, net. Investment income, net is reported as unrestricted and temporarily restricted, depending on the nature of investment.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. Unconditional promises to give due in subsequent years are reported at present value of their net realizable value, using the allowance method to determine uncollectible promises to give when deemed necessary. The allowance is based on prior years' experience and Management's analysis of specific amounts.

Charleston Symphony Orchestra Notes to Financial Statements

COVID Relief Grants Receivable and Grant Revenue

COVID grants receivable consist of Employee Retention Tax Credit receivable from government agencies for COVID relief and no allowance for doubtful grants receivable was deemed necessary by management. Government grants are recorded as revenues in the period the Symphony meets the conditions for revenue recognition, namely when expenses have been incurred for the purposes specified by the contracts.

Property and Equipment

Purchased property, equipment, and musical instruments are recorded at cost. Donated property and equipment are recorded at approximate fair value at the date of donation. Expenditures for major additions and improvements, generally in excess of \$5,000, are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred, with the exception of music. All music purchases are capitalized at their purchase price. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives of property and equipment are as follows:

Musical equipment	15 years
Other equipment	5 years
Vehicles	5 years

The Symphony retains two grand pianos which are not expected to decrease in value and are not depreciated. The related maintenance and repairs are charged to expense as incurred. Additionally, the Symphony maintains a music library which consists of works of music and rights to certain collections. These items are capitalized at cost and are not depreciated as they do not lose their value over time and have an indefinite life.

Endowment Funds

The state of South Carolina follows the State Prudent Management of Institutional Funds Act (SPMIFA). The Board of Directors of the Symphony has interpreted SPMIFA 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 in perpetuity (a) the original gifts donated to the permanent endowment, (b) subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as donor restrictions for use or purpose until those amounts are appropriated for expenditure by the Symphony in a manner consistent with the standard of prudence prescribed by SPMIFA.

Charleston Symphony Orchestra

Notes to Financial Statements

In accordance with SPMIFA, 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 organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Symphony
- (7) The investment policies of the Symphony

Return Objectives and Risk Parameters

The Symphony has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Symphony must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Symphony 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). The Symphony targets a diversified asset allocation that places an emphasis on equity-based investments and bond funds to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Symphony has a policy of appropriating for distribution each year a percentage of its selected endowment fund's moving average fair value over a rolling 12 quarters in which the distribution is planned. In establishing this policy, the Symphony considered the long-term expected return on its endowment. Accordingly, over the long-term, the Symphony expects the current spending policy to allow its endowment to maintain its purchasing power or grow through new gifts and appreciation.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition*. These standards require that contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from restrictions.

Functional Allocation of Expense

The Symphony allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the appropriate expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by Management.

Charleston Symphony Orchestra

Notes to Financial Statements

Income Tax Status

The Symphony is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under the laws of South Carolina. Therefore, no provision for income taxes has been provided for. The Symphony qualifies for the charitable contribution deduction under Section 170(b)(1) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The FASB provides guidance on the Symphony's evaluation of accounting for uncertainty in income taxes. Management evaluated the Symphony's tax position and concluded that the Symphony had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of the donation.

Donated Services

Donated services are recognized as contributions in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition* (ASC 958-605), if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Symphony. Volunteers provided many hours in program services and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958 – 605 are not met.

Marketing Expenses

Costs of promotion and advertising are expensed as incurred. Advertising and promotion expense were \$352,838 and \$342,982 for the years ended June 30, 2025 and 2024, respectively.

Note B – Operating Reserve Fund

The Symphony holds cash for an operating reserve fund which totaled \$342,333 and \$126,601 as of June 30, 2025 and 2024, respectively. The operating reserve fund consisted of donor restricted funds which totaled \$101,659 as of June 30, 2025 and 2024, and Board designated funds which totaled \$240,674 and \$24,942 as of June 30, 2025 and 2024, respectively.

Note C – Concentration of Credit Risk

Financial instruments that potentially subject the Symphony to concentrations of credit risk consist of cash and cash equivalents in banks, investments managed by brokerage firms and promises to give. The Symphony places its cash and cash equivalents and investments with reputable financial institutions and limits the amount of credit exposure for cash to any one financial institution. Accounts held by banking institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 and cash and cash equivalents in investment accounts are placed in US government or US government backed securities.

Charleston Symphony Orchestra
Notes to Financial Statements

Note D – Unconditional Promises to Give, Net

Unconditional promises to give are estimated to be collected as follows:

	2025	2024
Unconditional promises to give expected to be collected in:		
Less than one year	\$ 564,419	\$ 833,347
One to five years	430,405	898,289
Total unconditional promises to give before discount	994,824	1,731,636
Less: Discount at 2.65%	(55,614)	(77,227)
Total Unconditional Promises to Give, Net	\$ 939,210	\$ 1,654,409
Promises to give, current	\$ 564,419	\$ 833,347
Promises to give, long term - net	374,791	821,062
	\$ 939,210	\$ 1,654,409

Credit loss expense related to unconditional promises to give was \$0 for the years ended June 30, 2025 and 2024. There was no allowance for doubtful accounts as of June 30, 2025 and 2024.

Note E – COVID Relief Grants Receivable

COVID relief grants receivable totaled \$0 and \$542,519 as of June 30, 2025 and 2024, respectively, and related to the Employee Retention Tax Credit program. Credit loss expense was \$0 for the years ended June 30, 2025 and 2024. The allowance for doubtful accounts was \$0 as of June 30, 2025 and 2024.

Charleston Symphony Orchestra
Notes to Financial Statements

Note F – Property and Equipment, Net

Major classifications of property and equipment as of June 30, 2025 and 2024 are summarized below:

	2025	2024
Depreciable property and equipment:		
Musical instruments	\$ 74,010	\$ 74,010
Equipment	88,096	58,961
Vehicles	81,808	81,808
Total Depreciable Assets	243,914	214,779
Less: Accumulated depreciation	(218,178)	(214,779)
Total Depreciable Property and Equipment, Net	25,736	-
Non-depreciable property and equipment:		
Grand pianos	155,300	155,300
Music library	179,204	179,204
Total Non-Depreciable Property and Equipment	334,504	334,504
Total Property and Equipment, Net	\$ 360,240	\$ 334,504

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$3,399 and \$5,467, respectively.

Note G – Fair Value of Financial Assets and Liabilities

The Symphony follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets and liabilities. The Symphony is required to provide additional disclosures. ASC 820 clarifies that fair value is an exit price, representing 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. The Symphony utilizes market data or assumptions that market participants would use in pricing the asset or liability. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three levels of inputs used to measure fair value are as follows:

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 inactive markets, 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 or no market activity and that are significant to the fair value of the assets or liabilities.

Charleston Symphony Orchestra
Notes to Financial Statements

Prices for certain cash equivalents, such as money market mutual funds and equity securities are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1.

The Symphony does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during the years ended June 30, 2025 and 2024. There were no changes during the years ended June 30, 2025 and 2024 to the Symphony's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables present the assets measured at fair value on a recurring basis as of June 30, 2025 and 2024:

Fair Value Measurements at June 30, 2025			
	Level 1	Level 2	Level 3
Money market	\$ 223,196	\$ -	\$ -
Mutual funds	866,124	-	-
Equities	6,245,605	-	-
Total	\$ 7,334,925	\$ -	\$ -
Fair Value Measurements at June 30, 2024			
	Level 1	Level 2	Level 3
Money market	\$ 112,523	\$ -	\$ -
Mutual funds	1,344,820	-	-
Equities	4,979,363	-	-
Total	\$ 6,436,706	\$ -	\$ -

Note H – Deferred Revenue

The Symphony received \$955,189 and \$893,127, on advanced ticket sales, deferred CSYO tuition payments, and program advertising sales for the upcoming concert season for the years ended June 30, 2025 and 2024, respectively. As each production is presented, the portion of the advance sales collection and marketing expense that pertains to that production will be recognized. In the event any of the scheduled productions for the upcoming season are not presented, the ticket holder may either obtain a refund of the ticket price or contribute the ticket refund to the Symphony. The Symphony has retained in its cash balances, at June 30, 2025 and 2024, amounts in excess of these advanced ticket sales and advertising revenue.

Charleston Symphony Orchestra
Notes to Financial Statements

Note I – Deferred Pension Settlement

In October 2013, the musicians of the Symphony voted to decertify the Union, Local 502. This action caused the unfunded portion of the Plan allocated to the Symphony to become due. Management and the Board of Directors worked with Symphony counsel, actuaries, and representatives of the American Federation of Musicians and Employers’ Pension Fund (AFM-EPF) to reach a settlement. On November 13, 2014, a settlement was reached. This agreement calls for a \$720,000 settlement to be paid to the AFM-EPF in quarterly installments of principal and interest of \$9,000 over a 20-year period, less \$46,939 in payments already made to this amount on June 30, 2014. This settlement was discounted at the Plan's stated discount rate of 7.50%. This discounted deferred pension obligation expense incurred by the Symphony associated with this settlement totaled \$379,696 for the year ended June 30, 2014. This was the full and final settlement of this deferred pension plan obligation which included a fixed amortization schedule.

The deferred pension settlement balance was as follows as of June 30, 2025 and 2024:

	2025	2024
Deferred pension settlement	\$ 219,351	\$ 237,860
Less: Current portion of deferred pension settlement	(19,950)	(18,509)
Deferred Pension Settlement, Net of Current Portion	\$ 199,401	\$ 219,351

The schedule of future minimum payments is as follows:

Year ending June 30,	
2026	\$ 19,950
2027	21,504
2028	23,145
2029	24,981
2030	26,926
Thereafter	102,845
	\$ 219,351

Imputed interest under this agreement totaled \$17,491 and \$18,876 for the years ended June 30, 2025 and 2024, respectively.

During August 2024, the AFM-EPF received approximately \$1.5 billion in special financial assistance under the American Rescue Plan Act. As a result of this assistance, the Plan is no longer considered “critical and declining” but remains in “critical” status, as required under federal law for plans receiving special financial assistance through 2051. The Trustees of the Plan also adopted an updated Rehabilitation Plan in December 2024 reflecting the special funding and projected ability to pay benefits and expenses through 2051.

Charleston Symphony Orchestra Notes to Financial Statements

Note J – Endowments

Charleston Symphony Endowment Funds include assets held by the Symphony and donor advised funds.

Symphony held assets are reported on the Statements of Financial Position. In accordance with U.S. GAAP, net assets related to endowment funds are classified based on donor-imposed restrictions or board designations. Annual disbursements of Symphony held funds are subject to the Symphony's Investment Policy, which is currently set at 3% of the Endowment Fund balances over the previous twelve quarters. Funds held by the Symphony include:

Music Matters Endowment Fund (2021, Board designated): Provides income to support the Symphony's mission. The Symphony Board has approved a provision to allow for an additional draw to be taken to support the recently launched cost of the employee match 401(k) plan until 2028. It is expected that after 2028, this additional support will no longer be needed.

Charleston Symphony Orchestra Endowment Fund (1995, Board designated): Provides income to support the Symphony's mission.

David Stahl Education Through Music Endowment (2014, donor restricted): Provides income to support music education programs.

Donor Advised Endowment Funds name the Symphony as the beneficiary but are held by external sponsoring organizations, which have variance power over the funds. These funds are excluded from the Symphony's financial statements but provide annual income to support its mission. The Symphony's Donor Advised Endowment Funds include:

- Funds held by the Coastal Community Foundation. The following funds disburse approximately 4% of the average market value over the previous twenty quarters.
 - Elizabeth Rivers Lewine Endowment for the Symphony Fund (2018)
 - Reyburn/Griffith Fund for Charleston Symphony Orchestra (2016)
 - Symphony Permanent Endowment Fund (2022)
- **American Gift Fund** (2020): Managed by the American Gift Fund, this fund disburses 3% annually based on its market value on the date of the disbursement and may allow for additional disbursements at the donor-advisor's discretion.

Charleston Symphony Orchestra
Notes to Financial Statements

The following are the Endowments by type as of June 30, 2025 and 2024:

2025	Purpose	Without Donor Restrictions	With Donor Restrictions	Total
Symphony Held Assets				
Music Matters Endowment Fund Charleston Symphony Orchestra	Operating	\$ 6,439,409	\$ 749,210	\$ 7,188,619
Endowment Fund	Operating	1,218,957	-	1,218,957
The David Stahl Education Through Music Endowment	Education	-	187,315	187,315
Total Endowment Funds Included in Net Assets		<u>\$ 7,658,366</u>	<u>\$ 936,525</u>	8,594,891
Donor Advised Endowment Funds				
Elizabeth Rivers Lewine Endowment for the Symphony Fund	Operating			626,677
Reyburn/Griffith Fund for Charleston Symphony Orchestra	Education			143,602
Symphony Permanent Endowment Fund	Operating			1,022,530
American Gift Fund	Operating			590,316
Total Donor Advised Endowment Funds Excluded from Net Assets				<u>2,383,125</u>
Total Endowment Funds				<u>\$ 10,978,016</u>
2024	Purpose	Without Donor Restrictions	With Donor Restrictions	Total
Symphony Held Assets				
Music Matters Endowment Fund Charleston Symphony Orchestra	Operating	\$ 5,482,536	\$ 1,277,409	\$ 6,759,945
Endowment Fund	Operating	721,910	-	721,910
The David Stahl Education Through Music Endowment	Education	-	179,273	179,273
Total Endowment Funds Included in Net Assets		<u>\$ 6,204,446</u>	<u>\$ 1,456,682</u>	7,661,128
Donor Advised Endowment Funds				
Elizabeth Rivers Lewine Endowment for the Symphony Fund	Operating			593,356
Reyburn/Griffith Fund for Charleston Symphony Orchestra	Education			136,386
Symphony Permanent Endowment Fund	Operating			970,406
American Gift Fund	Operating			587,454
Total Donor Advised Endowment Funds Excluded from Net Assets				<u>2,287,602</u>
Total Endowment Funds				<u>\$ 9,948,730</u>

Charleston Symphony Orchestra
Notes to Financial Statements

The Symphony received the following disbursements for each of the Charleston Symphony Endowment Funds and Donor Advised Funds for the fiscal year ending June 30, 2025 and 2024:

	Purpose	2025	2024
Symphony Controlled Endowment Funds			
Music Matters Endowment Fund Charleston Symphony Orchestra	Operating	\$ 219,415	\$ 171,378
Endowment Fund	Operating	28,773	20,472
The David Stahl Education Through Music Endowment	Education	6,904	6,049
Total Symphony Endowment Disbursements		255,092	197,899
Donor Advised Endowment Funds			
Elizabeth Rivers Lewine Endowment for the Symphony Fund	Operating	20,312	17,082
Reyburn/Griffith Fund for Charleston Symphony Orchestra	Education	5,103	4,892
Symphony Permanent Endowment Fund	Operating	35,567	33,749
American Gift Fund	Operating	36,573	-
Total Donor Advised Disbursements		97,555	55,723
Total Support from Endowment Disbursements		\$ 352,647	\$ 253,622

Note K – Net Assets with Donor Restrictions

The Symphony's net assets with donor restrictions are restricted for the following purposes as of June 30:

	2025	2024
Subject to Time Restrictions	\$ 749,210	\$ 1,277,409
Subject to Purpose Restrictions		
Operating reserve	101,659	101,659
Future concert sponsorships	190,000	445,500
David Stahl Endowment restricted for education	187,315	179,273
Total Subject to Purpose Restrictions	478,974	726,432
Total	\$ 1,228,184	\$ 2,003,841

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors. The net assets released from restrictions for the years ended June 30, 2025 and 2024 totaled \$1,677,357 and \$1,249,275, respectively.

Charleston Symphony Orchestra Notes to Financial Statements

Note L – Retirement Plan

The Symphony provides a salary reduction 401(k) plan to eligible employees. The Symphony may provide a discretionary matching contribution. For the years ended June 30, 2025 and 2024, there were 6% discretionary matching contributions with employer expense of \$104,693 and \$90,222, respectively.

Note M – Affiliated Organizations

The Charleston Symphony Orchestra League, Inc. (a separate 501(c)(3) organization) is a group of volunteers whose purpose is to support the Symphony through music education programs, audience development, and providing financial assistance through fundraising projects. During the years ended June 30, 2025 and 2024, the League contributed \$130,200 and \$203,500, respectively, to the Symphony.

The Charleston Symphony Orchestra Chorus (a separate 501(c)(3) organization) is a group of auditioned, volunteer singers whose purpose is to promote enjoyment and appreciation of choral music in the Lowcountry of South Carolina. The Charleston Symphony Orchestra Chorus provides choral components for the Symphony throughout the year.

Note N – Related Party Transactions

The Symphony received \$1,046,586 and \$404,206 in contributions, pledge payments, and ticket sales from members of its Board of Directors for the years ended June 30, 2025 and 2024, respectively.

Outstanding Endowment pledges due from Board members as of June 30, 2025 and 2024 is \$285,000 and \$589,317, respectfully.

Note O – Operating Lease

The Symphony has an operating lease for office space in Charleston, South Carolina extending through August 2028. In accordance with ASC 842, the Symphony recorded a right of use asset in exchange for an operating lease liability. The balance of the right of use asset and operating lease liability as of June 30, 2025 was \$413,951. The Symphony uses a risk-free discount rate and applied it to this lease. The weighted average remaining lease term of the operating lease is 3.17 years, and the weighted average discount rate used for calculating the present value of lease payments is 8.50%. Lease expense during the years ended June 30, 2025 and 2024 for the operating lease is \$140,000 and \$116,667, respectively.

Future maturities of the operating lease are as follows as of June 30, 2025:

	2026	\$	145,833
	2027		150,000
	2028		150,000
	2029		<u>25,000</u>
Total Undiscounted Cash Flows			470,833
Less: Present value discount			<u>(56,882)</u>
Total Lease Liability		\$	<u>413,951</u>

Charleston Symphony Orchestra
Notes to Financial Statements

Note P – Liquidity and Availability of Financial Assets

The Symphony’s working capital and cash flows have variations throughout the year attributable to the timing of support, concert revenue, and expenses. To manage liquidity, the Symphony evaluates cash on a regular basis as part of the monthly review of the internal financial statements, and estimates cash needs based on budgeted and current expenses.

The following reflects the Symphony’s financial assets reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. Needs for expenditures within one year will be utilized fully for program services and general and administrative costs.

	2025	2024
Cash and cash equivalents	\$ 1,833,030	\$ 1,074,370
Cash - operating reserve fund	342,333	126,601
Current portion of unconditional promises to give, net	564,419	833,347
COVID relief grants receivable	-	542,519
Total Current Financial Assets	2,739,782	2,576,837
Less: Amounts not available to be used within one year:		
Other net assets with donor restrictions not to be met in one year	(187,315)	(179,273)
Donor restricted for operating reserve	(101,659)	(101,659)
Total Amounts Not Available to be Used Within One Year	(288,974)	(280,932)
Total Financial Assets Available to Meet Cash		
Needs for Expenditures Within One Year	\$ 2,450,808	\$ 2,295,905

Note Q – Subsequent Events

Management has evaluated subsequent events through the date which the financial statements were available to be issued. Based upon this evaluation, there were no material adjustments to these financial statements.

Charleston Symphony Orchestra
Supplementary Schedules of Revenues (Unaudited)
Years Ended June 30, 2025 and 2024

	2025	2024
Funds Raised		
Support		
Contributions	\$ 2,619,717	\$ 2,246,690
Endowment contributions	542,255	263,839
Grants	283,574	271,905
Total Funds Raised	3,445,546	2,782,434
 Concert Revenue		
Season ticket sales		
Masterworks	686,446	644,218
Pops	229,911	208,174
Single ticket sales		
Masterworks	341,665	322,247
Pops	388,703	421,625
Chamber music	34,675	26,598
Special events	91,835	245,622
Sold services	14,090	-
Education/CSYO	11,110	-
Education		
CSYO	53,260	38,707
Sold services	270,680	194,439
Total Concert Revenue	2,122,375	2,101,630
Miscellaneous income	37,862	33,966
Total Operating Revenue	\$ 5,605,783	\$ 4,918,030