

HILTON HEAD SYMPHONY ORCHESTRA, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

## TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets.....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-13



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hilton Head Symphony Orchestra, Inc.  
Hilton Head Island, South Carolina

### Opinion

We have audited the accompanying financial statements of Hilton Head Symphony Orchestra, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of Hilton Head Symphony Orchestra, Inc. as of June 30, 2024, and the results of its operations 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. 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 Hilton Head Symphony Orchestra, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Hilton Head Symphony Orchestra, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Hilton Head Symphony Orchestra, Inc.'s internal control. Accordingly, no such opinion is expressed.

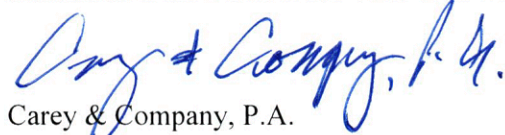
Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hilton Head Symphony Orchestra, Inc.'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.

### **Report on Summarized Comparative Information**

We have previously audited the Hilton Head Symphony Orchestra, Inc.'s financial statements for the year ended June 30, 2023 and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Carey & Company, P.A.  
August 9, 2024



HILTON HEAD SYMPHONY ORCHESTRA, INC.  
STATEMENTS OF FINANCIAL POSITION  
As of June 30, 2024 and 2023

ASSETS		Summarized Information
	2024	2023
<b>Current Assets</b>		
Cash and equivalents	\$ 538,708	\$ 537,607
Pledge and other receivables	20,573	28,250
Prepaid expenses	20,758	11,801
Total Current Assets	<u>580,039</u>	<u>577,658</u>
<b>Property And Equipment</b>		
Furniture, fixtures and equipment	140,360	138,226
Leasehold improvements	841,252	841,252
Accumulated depreciation	(766,193)	(636,868)
Total Property And Equipment	<u>215,419</u>	<u>342,610</u>
<b>Other Assets</b>		
Foundation endowment fund	229,212	218,330
Investments:		
Board designated quasi-endowment fund	297,039	332,001
Donor restricted	683,511	622,393
Total Investments	<u>980,550</u>	<u>954,394</u>
Operating lease right-of-use-asset	123,077	201,917
Security deposits	17,790	17,790
TOTAL ASSETS	<u>\$ 2,146,087</u>	<u>\$ 2,312,699</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 8,268	\$ 13,392
Line of credit	100,000	50,000
Operating lease liability	123,077	131,521
Payroll taxes payable	9,987	10,683
Deferred ticket revenues	259,380	195,539
Deferred contribution and fundraising revenues	465,394	436,372
Total Current Liabilities	<u>966,106</u>	<u>837,507</u>
Operating lease liability, net of current portion	-	70,396
TOTAL LIABILITIES	<u>966,106</u>	<u>907,903</u>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	(3,719)	232,062
Board designated	297,039	332,001
Total Net Assets Without Donor Restrictions	<u>293,320</u>	<u>564,063</u>
With donor restrictions	886,661	840,733
Total Net Assets	<u>1,179,981</u>	<u>1,404,796</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,146,087</u>	<u>\$ 2,312,699</u>

See accompanying notes and independent auditor's report.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Years Ended June 30, 2024 and 2023

	2024			Summarized Information 2023
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Admissions	\$ 732,419	\$ -	\$ 732,419	\$ 595,360
Contributions and grants	761,977	218,727	980,704	1,214,463
Government support	426,616	-	426,616	532,882
Fundraising and other support	181,556	61,178	242,734	199,787
Investment income	55,144	82,116	137,260	100,099
Restrictions satisfied by payments	316,093	(316,093)	-	-
Total Revenue and Support	<u>2,473,805</u>	<u>45,928</u>	<u>2,519,733</u>	<u>2,642,591</u>
EXPENSES				
Program	1,917,294	-	1,917,294	1,968,744
Management and general	721,378	-	721,378	671,119
Marketing and development	105,876	-	105,876	97,821
Total Expenses	<u>2,744,548</u>	<u>-</u>	<u>2,744,548</u>	<u>2,737,684</u>
INCREASE (DECREASE) IN NET ASSETS	(270,743)	45,928	(224,815)	(95,093)
NET ASSETS AT BEGINNING OF YEAR	<u>564,063</u>	<u>840,733</u>	<u>1,404,796</u>	<u>1,499,889</u>
NET ASSETS AT END OF YEAR	<u>\$ 293,320</u>	<u>\$ 886,661</u>	<u>\$ 1,179,981</u>	<u>\$ 1,404,796</u>

See accompanying notes and independent auditor's report.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended June 30, 2024 and 2023

	2024				Summarized Information 2023
	Program Services	Management and General	Marketing and Development	Total	
Salaries and wages	\$ 698,716	\$ 369,806	\$ 16,961	\$ 1,085,482	\$ 1,071,293
Payroll taxes and related benefits	106,820	28,866	1,324	137,009	141,919
Total payroll and benefits	805,536	398,672	18,285	1,222,491	1,213,212
Facilities cost	222,340	73,199	-	295,539	342,482
Contract services	359,706	21,301	-	381,008	322,762
Marketing and advertising	67,581	67,581	-	135,161	149,378
Performance production costs	138,816	-	-	138,816	129,920
Travel and lodging	155,919	-	-	155,919	156,297
Prizes, judges and awards	5,305	-	-	5,305	63,489
Fundraising	-	-	85,143	85,143	55,364
Office	7,344	31,426	2,448	41,219	47,914
Bank fees	-	22,738	-	22,738	16,851
Depreciation	90,528	38,798	-	129,325	129,604
Other	64,220	67,664	-	131,884	110,411
Total expenses	<u>\$ 1,917,294</u>	<u>\$ 721,378</u>	<u>\$ 105,876</u>	<u>\$ 2,744,548</u>	<u>\$ 2,737,684</u>

See accompanying notes and independent auditor's report.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2024 and 2023

	2024	Summarized Information 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (224,815)	\$ (95,093)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Unrealized gain on investments	(85,537)	(36,200)
Depreciation expense	129,325	129,605
Operating lease right-of-use asset	78,840	(201,917)
Increase (decrease) in assets		
Pledge and other receivables	7,677	(26,750)
Prepaid expenses and security deposits	(8,957)	1,682
Increase (decrease) in liabilities:		
Accounts payable	(5,124)	(4,552)
Operating lease liability	(78,840)	201,917
Payroll taxes payable	(696)	(2,547)
Deferred revenues	92,683	200,209
Net Cash Provided By Operating Activities	<u>(95,444)</u>	<u>166,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,135)	(1,018)
Net change in investments	38,554	(236,247)
Cash released from foundation endowment fund	10,126	10,251
Net Cash Used By Investing Activities	<u>46,545</u>	<u>(227,014)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from line of credit	50,000	50,000
Net Cash Provided By Financing Activities	<u>50,000</u>	<u>50,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,101	(10,660)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>537,607</u>	<u>548,267</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 538,708</u></u>	<u><u>\$ 537,607</u></u>
SUPPLEMENTAL DISCLOSURES - cash payments for:		
Interest	\$ 1,033	\$ 199
Income taxes	\$ -	\$ -

See accompanying notes and independent auditor's report.



HILTON HEAD SYMPHONY ORCHESTRA, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Hilton Head Symphony Orchestra, Inc. (the "Orchestra") is located on Hilton Head Island, South Carolina and is a nonprofit organization dedicated to presenting annual seasons of symphonic subscription concerts, as well as special concerts and educational and community engagement programs.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The accompanying financial statements of the Orchestra have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly the Orchestra reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Orchestra's management and the board of directors.

Net Assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Orchestra or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Contributions received are recorded as increases in net assets without or with donor restrictions depending on the existence and/or nature of the donor restrictions. Donor restricted contributions reported as increases in net assets with donor restrictions represent contributions for specific activities (youth and outreach programs, piano competition program, etc) and are released as support during either the current year or subsequent years depending on the nature of the restrictions.

Revenue from ticket sales and donations related to concert seasons are recognized as revenue in the applicable concert season, which is held from October to May. Accordingly deferred revenue represents ticket sales and donations received in advance of the applicable concert season. For the years ended June 30, 2024 and 2023, ticket sales of \$259,380 and \$195,539 from previous fiscal year deferred revenue were recognized, respectively.

Leases

The Financial Accounting Standards Board (FASB) issued Accounting Standards Code 842 (ASC 842) which requires presenting Right of Use Assets (ROU) on the balance sheet. The Orchestra determines if an arrangement is a lease at inception. Operating leases are included in ROU lease assets, which represent the Orchestra's right to use an underlying asset for the lease term, and lease obligations represent the Orchestra's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. Lease expense for lease payments is recognized on straight-line basis over the lease of the term.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include money market accounts and highly liquid debt instruments with an original maturity of three months or less.

Investments

Investments in marketable securities and debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of changes in net assets.

Fair Value Measurement

Fair value as defined under generally accepted accounting principles 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. Generally accepted accounting principles require a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. Those tiers include:

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 - Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Promises to Give

The Orchestra conducts an annual giving campaign during which it solicits pledges from local businesses which are featured in the annual program. These pledges do not meet the criteria for income recognition under generally accepted accounting principles, and are not reflected in the statement of activities until they are collected.

Contributions that are restricted by the donor are classified as increases to net assets with restrictions. When the restrictions expire, restricted net assets are reclassified to net assets without restrictions.

The Financial Accounting Standards Board (FASB) issued ASU 2016-13 Current Expected Credit Losses (CECL), which requires entities to identify losses based on expected losses rather than incurred losses. ASU 2016-13 is effective for non-public companies for fiscal years beginning after December 15, 2022. The Center has determined that all outstanding grants receivable are from a government agency that have a historical relationship with the Organization, and therefore do not anticipate any credit losses related to unconditional receivables.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives. Contributed property, plant and equipment are recorded at their fair value on the date of the gift as unrestricted support.

Contributed Services

The Orchestra receives a substantial amount of services donated by its members in carrying out the Orchestra's mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.



HILTON HEAD SYMPHONY ORCHESTRA, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

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.

Income Taxes

The Orchestra is a not-for-profit corporation that is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Allocation of Expense

The cost of providing the various programs and other activities have been summarized on a functional basis in the statements of functional activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited using reasonable ratios determined by management.

NOTE B - FOUNDATION ENDOWMENT FUND

The Community Foundation of the Lowcountry, Inc. (the "Community Foundation") acts in an agency capacity for the Orchestra in order to provide permanent stewardship, management and oversight of certain Orchestra investments. The fund is invested by the Community Foundation in a pool of marketable securities and reported at fair value, which is the closing price reported on the active market on which the individual securities are traded. Fair value of the fund is determined based upon the Orchestra's allocated share of the Community Foundations' investment pool. Fair value for the fund is categorized as Level 1 under the fair value measurement hierarchy and was \$229,212 and \$218,330 at June 30, 2024 and 2023, respectively. The annual withdrawal amount is limited to 4.5% of the average fair market value of the account and totaled \$10,126 and \$10,251 for the years ended June 30, 2024 and 2023, respectively. Net investment income was \$20,010 and \$14,507 for the years ended June 30, 2024 and 2023, respectively.

In addition, the Community Foundation maintains a fund established by a donor which is designated for the benefit of the Orchestra as long as the Orchestra, or its purpose, continues to serve the public interest. Under generally accepted accounting principles the Orchestra can not recognize these funds as contributions until the right to receive is unconditional or the amounts are received. At June 30, 2024 and 2023, the fair market value of this fund was \$192,865 and \$183,708, and respectively. The annual withdrawal amount from this fund is limited to 4.5% of the average fair market value of the account and totaled \$8,519 and \$8,267 for the years ended June 30, 2024 and 2023, respectively.

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets as of June 30 are as follows:

	2024	2023
Cash and equivalents	\$ 538,708	\$ 537,607
Foundation endowment fund	229,212	218,330
Investments	980,550	954,394
Total Financial Assets	<u>\$ 1,748,470</u>	<u>\$ 1,710,331</u>

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - CONTINUED

At June 30, 2024 and 2023, financial assets of approximately \$1,515,000 and \$1,490,000, respectively, were available to meet general expenditures over the next twelve months. Amounts not available for general expenditure over the next twelve months include an amount in the Community Foundations endowment fund which is not available for distribution.

The Orchestra maintains funds in banks to maximize liquidity, minimize risk and aligned to meet short term requirements.

NOTE D - INVESTMENTS

Cost and market values as of June 30 are summarized as follows:

	2024	
	Cost	Fair Value
<u>Investments:</u>		
Marketable securities	\$ 704,782	\$ 906,138
Cash	74,412	74,412
Total Other Investments	<u>\$ 779,194</u>	<u>\$ 980,550</u>
	2023	
	Cost	Fair Value
<u>Investments:</u>		
Marketable securities	\$ 814,807	\$ 937,272
Cash	17,122	17,122
Total Other Investments	<u>\$ 831,929</u>	<u>\$ 954,394</u>

Investments in marketable securities are reported at fair market value based upon quoted prices in active markets and are categorized as Level 1 under the fair value measurement hierarchy. Investment return for the years ended June 30, 2024 and 2023, including the Foundation Endowment Fund disclosed in Note B, are summarized as follows:

	2024	2023
Investment earnings	\$ 43,442	\$ 63,899
Investment expenses	(7,845)	(10,580)
Unrealized investment gain	86,625	32,273
Foundation Endowment Fund	15,038	14,507
Total investment return	<u>\$ 137,260</u>	<u>\$ 100,099</u>



HILTON HEAD SYMPHONY ORCHESTRA, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023

NOTE E - BOARD DESIGNATED QUASI ENDOWMENT FUND

In 2022, the Orchestra's Board of Directors established and initially funded an Endowment Fund for the purpose of increasing the Orchestra's restricted fund base. The investments of the Endowment Fund can be used for specific defined purposes only with the approval of the Board of Directors.

A summary of the Endowment Fund at June 30, is as follows:

	2024	2023
Beginning balance	\$ 332,001	\$ 180,687
Contributions	50,000	543,374
Withdrawals	(100,000)	(415,069)
Investment earnings	8,281	12,546
Investment expenses	(3,628)	(4,925)
Unrealized investment gain	10,385	15,388
Total Other Investments	<u>\$ 297,039</u>	<u>\$ 332,001</u>

The Endowment Fund investments are professionally managed by a wealth management firm subject to the guidance and oversight of the Orchestra's Board of Directors.

NOTE F - CONCENTRATION OF CREDIT RISK

The Orchestra maintains its cash balances at several financial institutions. The FDIC covers \$250,000 for substantially all depository accounts. At June 30, 2024 and 2023, the Orchestra has uninsured balances of \$230,214 and \$240,178, respectively.

Cash balances at brokerage firms are insured by SIPC up to \$250,000 and marketable securities at up to \$500,000. Private insurance provided by the brokerage firm covered balances in excess of these limits.

NOTE G - FINANCING ARRANGEMENTS

The Orchestra has a \$100,000 line of credit with its bank that is renewed annually on January 1. Borrowings under the line of credit bear interest at 9.5% and are uncollateralized. At June 30, 2024 and 2023, the balance was \$100,000 and \$50,000, respectively. On July 2, 2024, subsequent to year end, the balance of the line of credit was paid in full.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023

NOTE H - PROPERTY AND EQUIPMENT

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

	2024	2023
Leasehold improvements	\$ 841,252	\$ 841,252
Computer equipment	17,800	17,800
Office furniture and equipment	37,743	37,744
Performance equipment	84,817	82,682
Total property and equipment	981,612	979,478
Accumulated depreciation	(766,193)	(636,868)
Net property and equipment	\$ 215,419	\$ 342,610

Depreciation expense for the years ended June 30, 2024 and 2023 was \$129,325 and \$129,604, respectively.

NOTE I - REAL PROPERTY LEASE AGREEMENTS

On March 1, 2022, the Orchestra entered into a lease for offices and performance center located in Hilton Head, South Carolina. The lease has a term of three years that expires in 2025, with an option to extend for an additional three years. Under the lease, the Orchestra is required to make monthly payments of basic rent and an additional amount for taxes, insurance and common area maintenance. Annual office lease expense was \$188,000 and \$181,734 for the years ended June 30, 2024 and 2023, respectively.

Future minimum annual lease payments due over the term of the lease as of June 30, 2024:

Total undiscounted minimum lease payments \$	128,000
Less Discounts to present value	(4,923)
Total operating lease liability	\$ 123,077

As of June 30, 2024, the weighted-average remaining lease term for the operating leases is .7 years. The Orchestra utilized its incremental borrowing rate as the risk-free rate. The risk-free rate associated with the operating leases as of June 30, 2024 was 4%.

Concert and rehearsal locations are leased on a seasonal basis primarily at First Presbyterian Church of Hilton Head, SC. Annual concert and rehearsal lease expense for all such facilities was \$50,955 and \$73,472 for the years ended June 30, 2024 and 2023, respectively. 2023 included rental of Carnegie Hall's Weill Recital Hall.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2024 and 2023

NOTE J - EMPLOYEE RETENTION CREDIT

The Organization applied for COVID-19 relief from the Employee Retention Credit (ERC) program during the years ended June 30, 2023. The ERC, which allows an eligible employer for qualifying wages a credit against certain payroll taxes, was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Under the program, the Organization determined it was eligible for a \$42,679 credit for calendar year 2021. The credit has been recognized as revenue in the year in which received.

NOTE K - COMMITMENTS

The Orchestra has an independent contractor agreement in place with its Music Director which provides for annual increases in compensation plus additional amounts for performances if required beyond those scheduled in the agreement. The previous agreement expired June 30, 2022, and the new agreement was executed for the period of July 1, 2022 through June 30, 2025.

The Orchestra musicians are employed pursuant to the terms and conditions of a three-year wage scale and pension plan contract with the American Federation of Musicians Local 447-704. The agreement to end June 30, 2025, was ratified on October 11, 2022.

NOTE L - ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Orchestra evaluated all tax positions that could have a significant effect on the financial statements and determined that there are no uncertain tax positions at June 30, 2024.

NOTE M - NET ASSETS

Net assets with donor restrictions were available for the following purposes as of June 30:

	2024	2023
International Piano Competition	\$ 20,419	\$ 26,270
Youth programs	637,030	596,133
Permanent endowment fund	229,212	218,330
Total net assets	<u>\$ 886,661</u>	<u>\$ 840,733</u>

NOTE N - RELATED PARTY TRANSACTIONS

The Orchestra used a consultant, of which a Board member's wife is the owner, for Orchestra related administration. Additionally, another board member was paid for performance fees in 2023. The consulting services and performance fee expenses for June 30, 2024 and 2023 were \$11,550 and \$7,700, respectively.

NOTE O - SUBSEQUENT EVENTS

The Orchestra has evaluated subsequent events through August 9, 2024, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.