

**NEW JERSEY
SYMPHONY ORCHESTRA**

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)



SobelCo
Certified Public Accountants & Advisors

NEW JERSEY SYMPHONY ORCHESTRA

AUGUST 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
New Jersey Symphony Orchestra
Newark, New Jersey

Opinion

We have audited the accompanying financial statements of the New Jersey Symphony Orchestra ("Organization"), a nonprofit organization, which comprise the statement of financial position as of August 31, 2022, 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 the Organization as of August 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principals 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Management's Responsibility for the Financial Statements

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

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 auditors' 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, including omissions, 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 the Organization'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 the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance on pages 25 and 26, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget ("NJOMB") Circular Letter 15-08, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The notes to the SEFA and SESA on page 27 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized, Comparative Information

We have previously audited the New Jersey Symphony Orchestra's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 22, 2022. In our opinion, the summarized, comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.

A handwritten signature in blue ink that reads "Sobel & Co. LLC".

Certified Public Accountants

Livingston, New Jersey
January 13, 2023

NEW JERSEY SYMPHONY ORCHESTRA
STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 489,312	\$ 1,388,702
Restricted cash and investments	8,304,280	7,691,969
Unconditional promises to give, net	2,747,044	4,435,484
Prepaid expenses	382,330	204,515
Other receivables	171,630	1,024,125
Property and equipment, net	289,782	293,483
Music library, less accumulated amortization of \$460,601 and \$450,800, respectively	86,573	93,795
Funds held in trust	163,461	172,678
	\$ 12,634,412	\$ 15,304,751
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 923,667	\$ 1,126,304
Deferred revenue	1,920,648	1,190,803
Refundable advance	-	1,698,908
Funds held for others	46,840	33,676
Total Liabilities	2,891,155	4,049,691
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	(2,182,846)	(1,698,947)
With donor restrictions	11,926,103	12,954,007
Total Net Assets	9,743,257	11,255,060
	\$ 12,634,412	\$ 15,304,751

NEW JERSEY SYMPHONY ORCHESTRA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(With Summarized Comparative Totals for the Year Ended August 31, 2021)

	Year Ended August 31, 2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Changes in Net Assets without Donor Restrictions:				
Operating Revenues:				
Performance revenue	\$ 2,208,761	\$ -	\$ 2,208,761	\$ 152,235
Education and community engagement	116,068	-	116,068	51,955
Total Operating Revenues	2,324,829	-	2,324,829	204,190
Operating Expenses:				
Program costs	10,567,444	-	10,567,444	7,312,019
General and administrative	2,031,995	-	2,031,995	1,533,392
Total Operating Expenses	12,599,439	-	12,599,439	8,845,411
Loss from Operations	(10,274,610)	-	(10,274,610)	(8,641,221)
Supplemental Income:				
Interest and dividend income	-	47,127	47,127	34,742
Other (expense) revenue	(7,324)	-	(7,324)	14,367
Unrealized (loss) gain on investments	-	(600,159)	(600,159)	22,878
Donated materials, facilities, and services	68,695	-	68,695	154,620
Realized gain on investments	-	163,339	163,339	-
	61,371	(389,693)	(328,322)	226,607
Fundraising:				
Annual giving	2,861,696	1,117,144	3,978,840	6,333,109
Government grants	2,682,393	-	2,682,393	5,284,067
Special events	675,696	-	675,696	426,714
Endowment contributions	-	3,157,185	3,157,185	930,210
Change in discount	-	(22,662)	(22,662)	39,202
Net assets released from restrictions	4,889,878	(4,889,878)	-	-
	11,109,663	(638,211)	10,471,452	13,013,302
Fundraising Expenses	1,380,323	-	1,380,323	1,103,882
Fundraising, Net	9,729,340	(638,211)	9,091,129	11,909,420
Supplemental Income, Net	9,790,711	(1,027,904)	8,762,807	12,136,027
Changes in Net Assets	(483,899)	(1,027,904)	(1,511,803)	3,494,806
Net Assets - Beginning of period	(1,698,947)	12,954,007	11,255,060	7,760,254
Net Assets - End of period	\$ (2,182,846)	\$ 11,926,103	\$ 9,743,257	\$ 11,255,060

NEW JERSEY SYMPHONY ORCHESTRA
STATEMENT OF FUNCTIONAL EXPENSES
(With Summarized Comparative Totals for the Year Ended August 31, 2021)

	Year Ended August 31, 2022				2021 Total
	Program	General and Administrative	Fundraising	Total	
Compensation	\$ 5,214,515	\$ 775,534	\$ 817,982	\$ 6,808,031	\$ 5,094,739
Artistic and professional fees	846,398	140,524	11,926	998,848	683,853
Payroll taxes	654,764	60,929	85,574	801,267	557,391
Employee benefits	1,617,489	115,034	91,426	1,823,949	1,623,006
Supplies	14,635	86,778	3,477	104,890	41,686
Insurance	-	89,210	-	89,210	90,930
Printing	113,313	-	19,578	132,891	35,383
Rent	541,880	266,826	-	808,706	319,224
Telephone	3,570	11,826	-	15,396	24,969
Postage	76,485	14,794	14,280	105,559	55,485
Maintenance, repairs, and equipment rentals	158,842	133,870	1,825	294,537	189,648
Travel	343,899	43,435	32,297	419,631	60,366
Meals and entertainment	18,558	-	-	18,558	2,526
Marketing and promotion	516,027	38,142	141,298	695,467	469,207
Electronic media	222,418	-	-	222,418	420,129
Library	97,546	-	-	97,546	59,916
Special events	-	-	118,676	118,676	57,893
Depreciation and amortization	42,752	59,501	9,802	112,055	63,638
Provision (recovery) for uncollectible pledges	-	136,950	-	136,950	(6,168)
Banking and financing fees	-	13,149	-	13,149	8,978
Miscellaneous	84,353	45,493	32,182	162,028	96,494
	\$ 10,567,444	\$ 2,031,995	\$ 1,380,323	\$ 13,979,762	\$ 9,949,293

NEW JERSEY SYMPHONY ORCHESTRA

STATEMENT OF CASH FLOWS

(With Summarized Comparative Totals for the Year Ended August 31, 2021)

	Year Ended August 31,	
	2022	2021
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (1,511,803)	\$ 3,494,806
Adjustments to reconcile changes in net assets to net cash used for operating activities:		
Depreciation and amortization	112,055	63,638
Bad debt provision (recovery)	136,950	(6,168)
Deferred rent	-	(5,074)
Investment losses (gains):		
Unrealized	600,159	(22,878)
Realized	(163,339)	-
Funds held in trust	9,217	(11,196)
Changes in certain assets and liabilities:		
Unconditional promises to give	1,551,490	(879,332)
Prepaid expenses	(177,815)	298,125
Other receivables	852,495	(992,145)
Accounts payable and accrued expenses	(202,637)	791,933
Deferred revenue	729,845	(128,955)
Funds held for others	13,164	4,525
Net Cash Provided by Operating Activities	<u>1,949,781</u>	<u>2,607,279</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of fixed assets	(101,132)	(227,640)
Purchase of investments	(1,212,470)	(2,335,177)
Sale of investments	163,339	-
Net Cash Used for Investing Activities	<u>(1,150,263)</u>	<u>(2,562,817)</u>
<u>FINANCING ACTIVITIES:</u>		
Proceeds from the second-round PPP loan	-	1,698,908
Forgiveness of the first-round PPP loan	-	(1,698,900)
Forgiveness of the second-round PPP loan	(1,698,908)	-
Net Cash (Used for) Provided by Financing Activities	<u>(1,698,908)</u>	<u>8</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(899,390)	44,470
CASH AND CASH EQUIVALENTS:		
Beginning of period	<u>1,388,702</u>	<u>1,344,232</u>
End of period	<u>\$ 489,312</u>	<u>\$ 1,388,702</u>

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION:

New Jersey Symphony Orchestra (“New Jersey Symphony” or “Organization”) is a New Jersey not-for-profit organization whose purpose is to engage the public by performing classical music at the highest caliber in a variety of settings for diverse audiences.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also included in this classification are net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash Equivalents:

New Jersey Symphony considers all highly liquid debt instruments with an original maturity of less than three months to be cash equivalents.

Restricted Cash and Investments:

Restricted cash and investments have been restricted by donors either for a specified purpose or perpetually.

Investments:

Investment income is presented net of investment advisory/management fees in the statements of activities and changes in net assets. All investment income is credited directly to unrestricted net assets unless otherwise restricted by the donor. All capital appreciation/depreciation earned on investments is reported as a change in unrestricted net assets unless otherwise restricted by the donor. All investments are carried at fair value with the related gains and losses included in the statement of activities and changes in net assets, respectively.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fair Value:

Fair value measurements are defined as the amount 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. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value. The fair value hierarchy defines the three levels as follows:

- Level 1:** Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2:** Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data.
- Level 3:** Valuations based on unobservable inputs that are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk (or other parties such as counterparty in a swap) in its assessment of fair value.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statement of activities and changes in net assets as increases or decreases in unrestricted net assets unless the use was restricted by explicit donor stipulations or by law.

The fair values of investments are as follows:

Restricted cash – Valued at the net asset value of shares held by the Organization at year-end.

Mutual funds – Valued at the net asset value of shares held by the Organization at year-end.

Money market funds – Valued at the net asset value of shares held by the Organization at year-end.

Savings and time deposits – Valued at the net asset value of shares held by the Organization at year-end.

Government bonds – Bonds are valued at the closing unit price in the inactive market in which the individual shares are traded.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fair Value: (Continued)

Certificates of deposit – Certificates of deposit are valued at the closing unit price in the inactive market in which the individual shares are traded.

Equities – Equities traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

Uncollectible, Unconditional Promises to Give:

The Organization charges off unconditional promises to give when they are determined to be uncollectible. During the years ended August 31, 2022 and 2021, the Organization determined that uncollectible amounts totaled \$136,950 and \$6,168, respectively. Allowances are estimates based on management's evaluation of outstanding pledges and consideration of historical write-off activity. These unconditional promises to give were taken in as revenue in the statement of activities and changes in net assets.

Property and Equipment:

Property and equipment is stated at cost or fair market value, at date of gift for donated assets. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from five to ten years.

Music Library:

New Jersey Symphony's music library was valued by an independent appraiser and recorded at the resulting fair value due to a lack of historical cost information. Subsequent additions have been recorded at cost. Although the value of the library may increase, the applicable sheet music is subject to physical deterioration and, accordingly, is being depreciated over a 25-year period.

Deferred Rent:

The Organization recognizes rent expense on the straight-line basis for financial reporting purposes. The difference between cash payments and expenses is included in accounts payable and accrued expenses as deferred rent.

Funds Held for Others:

In January 2020, the New Jersey Symphony entered into an agreement with El Sistema New Jersey Alliance ("Alliance") to provide administrative support services, including receiving and distributing funds on behalf of the Alliance in support of its activities. In conjunction with this relationship, New Jersey Symphony has included \$46,840 and \$33,676 in funds held for others at August 31, 2022 and 2021, respectively, that belongs to the Alliance.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:

The Organization derives a portion of its revenue from performance revenue. Revenues are recognized at a point in time when the performances are provided by the Organization, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for providing the performance. There are no significant financing components or variable considerations provided to the attendees. Subscriptions received for subsequent concert seasons are recorded as deferred subscription revenue. Costs applicable to the generation of such revenue are included in prepaid expenses and are amortized over the subsequent concert season. In the case of postponed or canceled concerts, as has occurred since March 2020 due to the COVID-19 pandemic, the Organization has reflected ticket donations as fundraising income at the time of the donation, and monies left on account are reflected as deferred revenue.

Revenue With and Without Donor Restrictions:

Contributions are recognized as revenue when the contributions are given. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Net assets with donor restrictions are either available for periods after August 31, 2022, or are restricted to endowments to be held indefinitely, with no restriction on the use of income. New Jersey Symphony has received permission from certain donors to borrow against the endowment for operating purposes. Grant revenue is recognized in the fiscal year it is earned.

Underwater Endowment Funds:

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization complies with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Donated Materials, Facilities, and Services:

During the year ended August 31, 2022, the Organization adopted the changes relating to the Financial Accounting Standards Board Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update clarifies the presentation and disclosure of contributed nonfinancial assets by disclosing the valuation methods and inputs utilized to determine the fair value of the in-kind contributions, any donor-restrictions imposed, and presenting the contribution on a separate line item on the statements of activities and changes in net assets.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Advertising:

New Jersey Symphony uses advertising to promote its programs among the audiences it serves and expenses them as incurred. Advertising expense for the years ended August 31, 2022 and 2021, was approximately \$358,606 and \$103,395, respectively, and is included in the statement of functional expenses as marketing and promotion expense.

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded for the years ended August 31, 2022 and 2021. At August 31, 2022 and 2021, there are no significant income tax uncertainties.

Use of Estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Actual results could differ from those estimates.

Functional Allocation of Expenses:

Costs of providing the Organization's programs, management and general, and fundraising activities are separately summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general, and fundraising activities benefited. Management and general costs include those expenses that are not directly identifiable with any other specific function but do provide for the overall support and direction of the Organization. Library, special events, and provision for uncollectible pledges are directly expensed to their functional activity. All other expenses are allocated among the functional activities based on a combination of direct costing, and time and effort.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Recent Accounting Pronouncements:

In February 2016, the Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition or a cumulative-effect adjustment transition approach may be used and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. Earlier adoption is permitted subject to certain limitations. The Organization is currently evaluating the effect the provisions of this standard will have on the financial statements.

Reclassifications:

Certain items have been reclassified from the fiscal year ended August 31, 2021 to confirm with the current year presentation.

Subsequent Events:

The Organization has evaluated its subsequent events and transactions occurring after August 31, 2022, through January 13, 2023, the date that the financial statements were available to be issued.

Summarized, Comparative Information:

The financial statements include certain prior-year, summarized, comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2021, from which the summarized information was derived.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 3 - RESTRICTED CASH AND INVESTMENTS:

Restricted cash and investments at fair value are summarized as follows:

FAIR VALUE MEASUREMENTS AS OF AUGUST 31, 2022			
	Level 1	Level 2	Total
Restricted cash	\$ 58,841	\$ -	\$ 58,841
Mutual funds	3,608,862	-	3,608,862
Money market	2,332,366	-	2,332,366
Savings and time deposits	73,260	-	73,260
Government bonds	-	501,710	501,710
Certificate of deposit	-	1,729,241	1,729,241
Investments at Fair Value	<u>\$ 6,073,329</u>	<u>\$ 2,230,951</u>	<u>\$ 8,304,280</u>

FAIR VALUE MEASUREMENTS AS OF AUGUST 31, 2021			
	Level 1	Level 2	Total
Restricted cash	\$ 56,338	\$ -	\$ 56,338
Mutual funds	1,489,239	-	1,489,239
Money market	4,823,996	-	4,823,996
Government bonds	-	330,076	330,076
Certificate of deposit	-	992,320	992,320
Investments at Fair Value	<u>\$ 6,369,573</u>	<u>\$ 1,322,396</u>	<u>\$ 7,691,969</u>

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give comprise the following:

	August, 31	
	2022	2021
Receivable in less than one year	\$ 1,850,875	\$ 2,860,385
Receivable in one to five years	765,000	1,246,150
Receivable in more than five years	350,000	400,000
	<u>2,965,875</u>	<u>4,506,535</u>
Less: Discounts to net present value	(63,072)	(41,578)
Less: Allowance for uncollectible promises	(155,759)	(29,473)
Unconditional Promises to Give, Net	<u>\$ 2,747,044</u>	<u>\$ 4,435,484</u>

Unconditional promises to give in more than one year are discounted at 1.74% and 0.81% at August 31, 2022 and 2021, respectively.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment is as follows:

	August 31,	
	2022	2021
Sound stage	\$ 418,831	\$ 418,831
Office equipment	94,153	126,899
Musical instruments	192,950	156,275
Scenery and props	86,686	86,686
Leasehold improvements	15,072	15,072
Furniture and other equipment	449,318	412,283
	<u>1,257,010</u>	<u>1,216,046</u>
Less: Accumulated depreciation	967,228	922,563
Property and Equipment, Net	<u>\$ 289,782</u>	<u>\$ 293,483</u>

NOTE 6 - RETIREMENT PLANS:

Defined-benefit, Multiemployer Pension Plan:

New Jersey Symphony participates in a defined-benefit, multiemployer pension plan with the American Federation of Musicians and Employers' Pension Fund ("Plan") covering all eligible musicians. The Plan covers all eligible employees in which the participant earns \$750 in covered earnings by an employer who is required to make contributions to the Plan. Pension expense for this Plan for the years ended August 31, 2022 and 2021, was \$368,591 and \$260,835, respectively, included in employee benefits on the statement of functional expenses.

The Plan is a multiemployer plan and the individual information for each employer is not available. The actuarial information for the Plan as of August 2021 indicates that the Plan is in "critical and declining" status, as defined in the Pension Protection Act of 2006, because the Plan's actuary determined that the Plan is projected to have an accumulated funding deficiency over the next nine years due to a projected deficiency for the Plan-year ending March 31, 2021. The assumed rate of return used in determining actuarial values to present accumulated benefits was 7.50%. The Entry Age Normal actuarial cost method is used in the actuarial valuation; amortization of gains and losses is over 10 years; and the amortization of past or prior service cost is 10 years.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 6 - RETIREMENT PLANS: (Continued)

Defined-benefit, Multiemployer Pension Plan: (Continued)

The Plan contributes, on behalf of Plan employees, to a defined-benefit, multiemployer pension plan. The risks of participating in this multiemployer pension plan are different from the risks of participating in single-employer pension plans in the following respects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of the participating employers.
- If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers.
- If New Jersey Symphony chooses to stop participating in its multiemployer pension plan, New Jersey Symphony may be required to pay the Plan an amount based on the unfunded status of the Plan, referred to as a withdrawal liability.

New Jersey Symphony's participation in the multiemployer plan for the year ended March 31, 2021, is outlined in the following table. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number, if applicable. The most recent "Pension Protection Act" zone status available is for the year beginning April 1, 2017. Among other factors, plans in the red zone are generally less than 65% funded or projected to have a deficit in their funding standard account within four years, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "RP Implemented" column indicates plans for which a rehabilitation plan ("RP") is either pending or has been implemented. The last column lists the expiration date of the participation agreement to which plan contributions are subject.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone		Rehabilitation Plan Implemented	Contributions for the Year Ended August 31, 2022	Surcharge Imposed	Expiration Date of Participation Agreement
		2021	2020				
American Federation of Musicians and Employers' Pension Fund	51-6120204-001	Red	Red	Yes	\$358,274	N/A	N/A

The information for this fund was obtained from the Form 5500 filed for the Plan's year-end at March 31, 2021, and the notes to the March 31, 2021, consolidated financial statements. Form 5500 filed for the Plan's year-end at March 31, 2022, is not yet available.

Noncontributory, Defined-contribution Plan:

New Jersey Symphony has a noncontributory, defined-contribution plan for its nonunion employees who have met the Plan's eligibility requirements. For the years ended August 31, 2022 and 2021, contributions amounted to \$62,682 and \$79,182, respectively, included in employee benefits on the statement of functional expenses.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 7 - COMMITMENTS AND CONTINGENCIES:

Musicians Agreement:

The New Jersey Symphony has a master labor agreement with the Musicians Guild of Essex County, Local #16, American Federation of Musicians (representing approximately 65% of New Jersey Symphony's employees) and the Organization's Orchestra Committee. This agreement, effective from September 1, 2017, through August 31, 2022, guarantees the aggregate minimum for 66 contract musicians and minimum number of services and compensation per year per musician. The musician's contract was negotiated and ratified by the Board of Trustees and Orchestra in May 2018. During 2020, the parties entered into a Side Letter modifying the guarantee for the year ended June 30, 2020 (executed in March and May 2020), and an additional Side Letter altering terms for the year ended August 31, 2022, executed in July 2021. This resulted in a minimum salary of \$2.2 million to musicians for the year ended August 31, 2022. New Jersey Symphony's other employees are not represented by a union.

As of August 31, 2022, a new musician's agreement was pending negotiation. In November 2022, a new five-year contract agreement was ratified, covering the period from September 1, 2022 through August 31, 2027. This agreement is expected to be finalized and formally executed in February 2023.

Leases:

New Jersey Symphony has an operating lease for administrative office space, which expires in 2024. Monthly payments range from approximately \$15,000 to \$17,000 through September 30, 2024. On September 23, 2021, New Jersey Symphony amended the operating lease to include additional space. Lease amendment runs concurrent to the original lease with additional monthly payments of approximately \$2,000.

Total office rent expense amounts to \$266,826 and \$214,372 for the years ended August 31, 2022 and 2021, respectively.

Future minimum rental payments under the lease are as follows:

Fiscal Year Ending	
August 31,	
2023	\$ 228,068
2024	228,068
2025	1,986
Total	<u>\$ 458,122</u>

Total rent expense for concert halls was \$541,880 and \$104,652 for the years ended August 31, 2022 and 2021, respectively.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 7 - COMMITMENTS AND CONTINGENCIES: (Continued)

Leases: (Continued)

The Organization has various office equipment leases under operating leases that expire at various dates through 2028. Future minimum operating lease payments are as follows:

Fiscal Year Ending	
August 31,	
2023	\$ 18,171
2024	17,836
2025	10,983
2026	10,360
2027	4,140
Thereafter	345
Total	<u>\$ 61,835</u>

Total rent expense for the various equipment was \$18,147 and \$17,401 for the years ended August 31, 2022 and 2021, respectively.

Employment Agreements:

New Jersey Symphony has entered into an agreement with the Music Director/Conductor for the period from September 1, 2020, through August 31, 2024. The agreement provides for subscription and music directorship program fees as approved by the Board of Trustees.

New Jersey Symphony has also entered into an agreement with the President/Chief Executive Officer for the period from February 1, 2021, through August 31, 2024. The agreement provides for a base salary and additional benefits as approved by the Board of Trustees.

New Jersey Symphony has the right to terminate the agreements at any time for cause, or, if for reasons other than cause, upon notice of not less than three months.

NOTE 8 - CONDITIONAL PROMISES TO GIVE:

The Organization has been named as a beneficiary of various revocable trusts and, as such, the grantors may rescind the promise to give at any time. Since these promises to give do not meet the criteria for revenue recognition, they are not reflected as a contribution in the statement of activities and changes in net assets until the promise to give is collected or becomes irrevocable. As of August 31, 2022, \$7,420,460 has been raised for planned giving related to the endowment, and \$2,000,000 has been raised for planned giving for operations. The Organization has also raised \$1,310,000 in conditional pledges for operations, whereby certain conditions must be met before the amounts can be recognized in the statement of activities and changes in net assets.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 9 - NEW JERSEY CULTURAL TRUST:

The Organization was a recipient of a grant from the New Jersey Cultural Trust (“NJCT”), which concluded in 2016. The grant provided that contributions made to the Organization that are submitted to NJCT for matching funds, and that are certified by NJCT, are to be held in perpetuity in the endowment and classified as permanently restricted net assets. Additionally, the matching funds received by the Organization from the NJCT were to be classified as permanently restricted. The Organization had submitted to NJCT for matching funds contributions totaling \$6,529,983, which were certified by the NJCT.

Through August 31, 2022, a total of \$1,305,997 has been received by the Organization in matching funds from the NJCT, and these matching funds are included in permanently restricted net assets.

NOTE 10 - ENDOWMENT FUNDS:

The Organization follows accounting standards that provide clarification on accounting for donor-restricted endowment funds. The guidance prescribes that the portion of donor-restricted endowment funds that are classified as net assets with donor restrictions should not be reduced by losses on the investment of the fund or an organization’s appropriations from the fund.

The Board of Trustees’ interpretation requires 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, the Organization classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment until those amounts are appropriated for expenditure by the Organization.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the program
- (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 Organization
- (7) The investment policies of the Organization

The Board of Trustees’ primary objective, in this regard, is to add value and minimize risk in managing the assets of the fund while providing a hedge against inflation into the future. It is the intent of the Board of Trustees to grow the endowment and utilize the total return (income plus capital change) to further the mission of the Organization. In recognition of the prudence required of fiduciaries, reasonable diversification of quality investment securities will be sought where possible, knowing that fluctuating rates of return are a characteristic of the investment market and performance cycles cannot be accurately predicted. The funds may be held in individual securities or mutual funds, may be comprised of domestic and international securities, and will be further diversified into asset classes by their market capitalization.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 10 - ENDOWMENT FUNDS: (Continued)

It is the policy of the Organization to spend, on an annual basis, a maximum of 4% of the average endowment balance over the prior 20 quarters.

Endowment net asset composition by type of fund is as follows as of August 31, 2022:

Donor-restricted Endowment:

Donor-restricted endowments by type of fund are as follows as of August 31, 2022 and 2021:

August 31, 2022	Perpetual in Nature (Endowments)	Purpose Restrictions	Underwater Endowments	Total
Donor-restricted endowments	\$ 22,032,413	\$ -	\$ (12,318,133)	\$ 9,714,280

August 31, 2021	Perpetual in Nature (Endowments)	Purpose Restrictions	Underwater Endowments	Total
Donor-restricted endowments	\$ 18,897,890	\$ -	\$ (10,389,921)	\$ 8,507,969

Funds with Deficiencies:

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to permit spending from underwater endowments in accordance with prudent measures required under law.

At August 31, 2022 and 2021, funds with deficiencies of \$12,318,133 and \$10,389,921, respectively, were reported in net assets with donor restrictions.

	August 31,	
	2022	2021
Fair value of endowment funds	\$ 9,714,280	\$ 8,507,969
Original endowment gift amount	22,032,413	18,897,890
Deficiencies of Endowment Funds	\$ (12,318,133)	\$ (10,389,921)

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 10 - ENDOWMENT FUNDS: (Continued)

Spending Policy:

For the year ended August 31, 2022, the Organization may distribute the interest of the endowment investment portfolio value each year, as approved by the Finance Committee.

Changes in endowment net assets for the year ended August 31, 2022 and 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2021	\$ -	\$ 8,507,969	\$ 8,507,969
Investment return, net	-	(389,693)	(389,693)
Contributions	-	3,157,185	3,157,185
Change in discount	-	(22,662)	(22,662)
Transfers out	-	(1,538,519)	(1,538,519)
Endowment Net Assets, August 31, 2022	<u>\$ -</u>	<u>\$ 9,714,280</u>	<u>\$ 9,714,280</u>

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2020	\$ -	\$ 6,244,319	\$ 6,244,319
Investment return, net	-	57,620	57,620
Contributions	-	930,210	930,210
Change in discount	-	39,202	39,202
Transfers in	-	1,236,618	1,236,618
Endowment Net Assets, August 31, 2021	<u>\$ -</u>	<u>\$ 8,507,969</u>	<u>\$ 8,507,969</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS:

	August 31,	
	2022	2021
Net Assets with Donor Restrictions:		
Restricted due to time	\$ 2,211,823	\$ 4,446,038
Restricted in perpetuity - Endowment	9,714,280	8,507,969
Total Net Assets with Donor Restrictions	<u>\$ 11,926,103</u>	<u>\$ 12,954,007</u>

Net assets released from restrictions were \$4,889,878 and \$1,055,874 for the years ended August 31, 2022 and 2021, respectively.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 12 - CONCENTRATIONS OF CREDIT RISK:

The Organization maintains cash and cash equivalent balances at several financial institutions that, in some instances, may exceed insured limits.

One vendor represented 44% and 36% of the Organization's accounts payables for the years ended August 31, 2022 and 2021, respectively. In addition, three constituents represented 70% and 71% of unconditional promises to give for the years ended August 31, 2022 and 2021, respectively.

Three sources represented 13% and 38% of the Organization's total revenue for the years ended August 31, 2022 and 2021, respectively.

NOTE 13 - PAYCHECK PROTECTION PROGRAM ("PPP") LOAN:

The Organization obtained a Paycheck Protection Program ("PPP") loan under the CARES Act in April 2020 for approximately \$1,698,900. This loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New Jersey. The Organization received forgiveness of the PPP loan for its full amount from the Small Business Administration ("SBA") in January 2021. This revenue is included in government grants on the statement of activities and changes in net assets.

In January 2021, the Organization applied for, and received, a second PPP loan for \$1,698,908. The Organization may receive partial or full forgiveness of the debt if it maintains employee count, as well as salary levels, during such specified period. Any portion of the loan that is not forgiven must be repaid. The loan is uncollateralized and guaranteed by the SBA. The loan is included as a refundable advance on the statement of financial position.

The Organization received forgiveness of the second PPP loan for its full amount from the SBA in October 2021.

NOTE 14 - IN-KIND CONTRIBUTIONS:

The Organization receives donated equipment, supplies, and professional services that create or enhance nonfinancial assets and allow the Organization to fulfill its mission. Donated professional services are recognized if the services received: create or enhance long-lived assets or require specialized skills; are provided by individuals possessing those skills; and would typically need to be purchased if not provided by donation. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 14 - IN-KIND CONTRIBUTIONS: (Continued)

Donated services benefiting the Organization include minor building and grounds maintenance and repair, participation in agency fundraising events, and uncompensated, volunteer Board of Director membership. Such volunteer services do not meet the criteria for financial statement recognition and are not included in the financial statements. Contributed nonfinancial assets included on the statements of activities and changes in net assets as of August 31, 2022 and 2021, included:

	August 31,	
	2022	2021
Legal services	\$ 38,365	\$ 67,006
General & administrative services	525	72,379
Auction items	29,805	12,735
Performances	-	2,500
Contributed nonfinancial assets	<u>\$ 68,695</u>	<u>\$ 154,620</u>

The majority of contributed nonfinancial assets are donated as services provided to the Organization. These services are utilized to assist the Organization with legal matters and performance-related expenses. Donated items to the Organization for the purpose of raising funds are sold as soon as possible and converted to cash through auction events.

In-kind contributions received by the Organization for the years ended August 31, 2022 and 2021, were considered to be contributions without donor restrictions and are able to be used by the Organization as determined by the Board of Directors and management.

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 and 2021

NOTE 15 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets at August 31, 2022 and 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside by the Board of Trustees that could be drawn upon if the Board approves that action.

	August 31,	
	2022	2021
Financial Assets at year-end:		
Cash and cash equivalents	\$ 489,312	\$ 1,388,702
Unconditional promises to give receivable within one year, net	1,850,875	2,860,385
Other receivables	171,630	1,024,125
Total financial assets	<u>2,511,817</u>	<u>5,273,212</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(360,948)</u>	<u>(1,585,653)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,150,869</u>	<u>\$ 3,687,559</u>

Endowment funds, including restricted cash and investments, consist of donor-restricted endowments and are not available for general expenditure.

The Organization has a goal to maintain financial assets sufficient to meet operating expenses as they become due throughout the year.

NOTE 16 - RISKS AND UNCERTAINTIES:

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on its employees, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on the employees, donors, operations, and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

NEW JERSEY SYMPHONY ORCHESTRA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2022

Federal Grantor Program Title	Federal ALN Number	Grant Period	Grant Amount	Current-Year Expenditures
U.S. Small Business Administration Shuttered Venue Operators Grant	59.075	07/01/2021-6/30/2022	\$ 1,051,557	<u>\$ 916,821</u>

NEW JERSEY SYMPHONY ORCHESTRA
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED AUGUST 31, 2022

Agency Grantor/Program Title	Date	Grant/Contract Number	Grant Award	Expenditures
New Jersey State Department Council on the Arts	09/01/2021-08/31/2022	2202X010064	\$ 1,330,000	\$ 1,330,000

NEW JERSEY SYMPHONY ORCHESTRA
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
AUGUST 31, 2022

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity, respectively, of the New Jersey Symphony Orchestra and are presented on the accrual basis of accounting. The information in the schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended August 31, 2022, the Organization did not provide any funds relating to its federal or state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

The Organization did not elect to use the de minimis cost rate when allocating indirect costs to the federal and state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of August 31, 2022, the Organization did not have any federal loan or loan guarantee programs.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
New Jersey Symphony Orchestra
Newark, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of New Jersey Symphony Orchestra ("Organization"), which comprise the consolidated statements of financial position as of August 31, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Sobel & Co. LLC".

Certified Public Accountants

Livingston, New Jersey
January 13, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08

To the Board of Trustees
New Jersey Symphony Orchestra
Newark, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited New Jersey Symphony Orchestra's ("Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* and the New Jersey OMB ("NJOMB") Circular Letter 15-08 that could have a direct and material effect on the Organization's major federal and state programs for the year ended August 31, 2022. The Organization's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended August 31, 2022.

Basis for Opinion on Major Federal and State Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and NJOMB Circular Letter 15-08. Our responsibilities under those standards and the Uniform Guidance and NJOMB Circular Letter 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform

Guidance, and NJOMB Circular Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and NJOMB Circular Letter 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control and compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJOMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Sobel & Co. LLC".

Certified Public Accountants

Livingston, New Jersey
January 13, 2023

NEW JERSEY SYMPHONY ORCHESTRA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2022

I. Summary of Auditors' Results

Financial Statements

The auditors' report issued on the basic financial statements of the New Jersey Symphony Orchestra was an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted?

Yes No

Major Awards

Internal control over the major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

The auditors' report issued on compliance for the major program was an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance and NJ OMB Circular Letter 15-08

Yes No

The following program was designated as a federal major program:

<u>ALN Number</u>	<u>Name of Federal Program or Cluster</u>
59.075	Shuttered Venue Operators Grant

The following program was designated as a major program:

<u>Grant Number</u>	<u>Name of State Program or Cluster</u>
2002X010013	New Jersey State Council on the Arts

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

- Auditee qualified as a low-risk auditee? (Federal) Yes No
- Auditee qualified as a low-risk auditee? (State) Yes No

II. Financial Statement Finding

NONE

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FINANCIAL STATEMENT FINDINGS

III. Compliance Finding

NONE

IV. Prior Audit Findings

NONE