



Thursday, March 30, 2023

**bluffton**
HEART OF THE LOWCOUNTRY**ACCOMMODATIONS TAX GRANT
APPLICATION**

DUE 12:00 P.M. (NOON) ON MARCH 31, 2023

Application Date	Thursday, March 30, 2023
Full Legal Organization Name	Hilton Head Symphony Orchestra, Inc.
Project Name	Hilton Head Symphony Orchestra 2023 Bluffton Concerts
Total Project Costs	\$89,940
Total ATAX Funds Requested	48628
Percent of Total Budget	54.07
Address	c/o SoundWaves at Coligny, 7 Lagoon Road, Suite 100 Hilton Head Island, SC, 29928
Applicant must be designated as a non-profit entity to receive ATAX funds. Please include a copy of your organization's non-profit status, such as your IRS Designation Letter.	<div> 01. HHSO IRS Determinationpdf</div>
Please upload a copy of your current Town of Bluffton Business License, which is required of all applicants.	<div> 02. Bluffton Business Licens... .pdf</div>
Organization Primary Point of Contact	Alan Jordan
Title	President and CEO
Phone Number	(843) 842-2055
E-Mail Address	ajordan@hhsso.org

TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION**Project Description:**

The Hilton Head Symphony Orchestra will present two concerts in Bluffton during 2023 as parts of its 2022-2023 and 2023-2024 concert seasons. On Thursday, October 19, 2023, the HHSO will produce a free outdoor pops concert at Martin Family Park as the opening event of the final weekend of the Historic Bluffton Arts and Seafood Festival—the third such annual partnership. On Saturday, November 25, 2023, the HHSO will perform a Holiday Pops Concert at the St. Gregory the Great Catholic Church Parish Life Center with reasonably-priced tickets to appeal to families visiting during the holidays. Both concerts will be conducted by Music Director John Morris Russell. Vocal soloists will be engaged for the concerts and the Hilton Head Symphony Orchestra Chorus will be featured during the Holiday Pops

Concert.

All advertising/marketing paid for with Town of Bluffton Accommodations Tax dollars must incorporate the branding shown here: [Town of Bluffton Brand Standards](#). The use of the Town's logo must meet the design standards outlined at the aforementioned link and be approved by the Town. Designs may be submitted electronically using this [link](#). Please allow five (5) business days for approval.

Impact on or Benefit to Tourism:

The Historic Bluffton Arts and Seafood Festival is a traditional mainstay of the region's cultural calendar, drawing 25,000 visitors to downtown Bluffton during the 9-day festival. The free outdoor pops concert is primarily designed to enhance the visitor experience, and it is anticipated to draw approximately 1,000 people, with 30% of them identified as tourists. Out-of-town patrons regularly attend HHSO presentations, both in Bluffton and on Hilton Head Island. As has been done previously, residency data will be collected at this free outdoor performance through an online contest with winners receiving prizes (i.e., restaurant, bar, and retail store gift certificates). Attendees will be encouraged to complete a brief and fun contest on their mobile devices. Demographic data will be drawn from these contest submissions, analyzed, and reported. The HHSO has presented Holiday Pops concerts at St. Gregory the Great in 2019, 2021, and 2022, to large crowds that drew tourists, visitors, and residents during the Thanksgiving holiday weekend. 405 audience members attended the 2022 presentation—a 46% increase over 2021—with 17.53% of these identified as tourists. [A significant number of the tickets purchased by residents were for large groups—as many as eight—suggesting that out-of-town visitors (some of whom may have stayed in Bluffton hotels) were holiday guests of these local ticket-buyers.] Residency data was, and will be, collected at the time of ticket purchase. The two concerts will be promoted widely, with flyers liberally distributed in area hotels, vacation rental offices, restaurants, retail spaces, and at the Savannah/Hilton Head International Airport and at South Carolina rest areas; paid local and regional print and broadcast advertising (in coordination with Historic Bluffton Arts and Seafood Festival marketing for the October concert) and through an aggressive social media campaign.

"Tourist" means a person who does not reside within the corporate limits of the Town or within a Town zip code that takes a trip into the corporate limits of the Town for any purpose, except daily commuting to and from work.

"Travel" and "Tourism" mean the action and activities of people taking trips outside their home communities for any purpose, except daily commuting to and from work.

Project/Event Start Date: Thursday, October 19, 2023

Project/Event Completion Date: Saturday, November 25, 2023

Multi-Year Project/Event?

No

Permits Required, if any: (required permits will be secured by Historic Bluffton Arts and Seafood Festival for the October 19, 2023 concert)

Additional Comments:

The HHSO continues to work on the long-range goal of regular, annual concerts presented in Bluffton, complementing its traditional performances on Hilton Head Island, in an effort to broaden its reach throughout Beaufort County, especially "South of the Broad." Bluffton also represents a closer and more convenient destination for visitors from Savannah, Beaufort, and beyond. Of course, the HHSO also is working to build its legion of fans who consider Bluffton home. With the experiences of the first two years of Outdoor Pops concerts in October, 2021 and 2022, and our growing collaboration with the Arts and Seafood Festival, the HHSO and the Festival are both in better positions to improve promotion and logistical partnerships to increase concert participation and support.

We are requesting support in the amount of \$48,628 to pay for the following expenses:

- Out-of-town guest artist expenses of \$3,500;

- venue rental of \$500;
- port-o-lets rental of \$1,250;
- tent, stage, and HVAC rentals of \$20,581;
- sound and lighting equipment rental of \$4,797;
- media advertising of \$16,000; and
- print materials and program inserts of \$2,000 (that will also extend the promotion beyond the live performance).

TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION

FINANCIAL INFORMATION

Project/Event Line Item Budget



03. HHSO Project Budget.pdf

Most Recent Fiscal Year Balance Sheet and Profit and Loss Accounting Statement



04. D. HHSO Audit 2022-06-30.pdf

Financial Guarantee



05. HHSO Board Minutes 202... .pdf

Please list all contributions made to the project/event by the sponsoring organization. This shall include both monetary and in-kind goods and/or services, as applicable.

Contribution Pro-Rated Annual Fund

Amount/Value 11000

Contribution Other Income (General Funds)

Amount/Value 561

Have you requested, received or been awarded funding from other sources or organizations (including additional ATAX funds from other local entities) for this project/event?

Yes

If yes, please list all sources and amounts:

Funding Source Ticket Sales

Amount 10500

Funding Source Sponsorship and Underwriting

Amount 19500

TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION

PRIOR RECIPIENT'S REPORT

If your organization has received ATAX funding from the Town of Bluffton in previous years, you must complete the below information. Only the information for the most recent round of funding is required. If you have not received ATAX funding from the Town of Bluffton, please answer "No" and skip this section and sign and submit your application.

Has your organization previously received ATAX funds from the Town of Bluffton?

Yes

Project/Event Name

Hilton Head Symphony Orchestra 2022 Concerts

Year

2022

Amount Awarded

38374.19

Was project completed?

Yes

How were the funds used?

The HHSO presented an outdoor pops concert on Thursday, October 20, 2022, at Martin Family Park, and a Holiday Pops Concert at the St. Gregory the Great Catholic Church Parish Life Center on Saturday, November 26, 2022.

What impact did this project/event have on the community or benefit tourism? Describe how the tourism data was measured.

These events were advertised in the Bluffton Sun, Hilton Head Sun, Local Life, Monthly, on WSAV, WTOG, and WHHI, on South Carolina Public Radio, and through multiple social media communications including promotion to our 4,000+ e-mail list derived from area residents, visitors, and tourists who attend our events. They were also included in season brochures, widely distributed (including at the Savannah/Hilton Head International Airport) and on rack cards distributed to Bluffton hotels and downtown businesses. We retrieved addresses from direct telephone and online ticket purchases. Based on contest responses, 258 (28.66%) of the estimated 900 attendees of our October 20, 2022, performance were tourists. For the November 26, 2022, concert, 71 (17.53%) attendees were tourists. As noted elsewhere, the number of tourists and visitors for November 26, 2022, is very likely larger, since tickets purchased by residents included large groups; we believe many of these holiday guests of these local ticket-buyers were out-of-town visitors.

Please provide the project/event budgets for the previous two (2) years.



06. Projects Budgets vs. Actu... .pdf

All applicants will be required to come before the Accommodations Tax Advisory Committee (ATAC) and answer any and all questions when scheduled to do so.

Any organization awarded funds for advertising/marketing must incorporate the Bluffton Heart of the Lowcountry brand logo in all promotional materials and advertising.

The South Carolina Freedom of Information Act (FOIA) defines a "public body" as any organization or corporation supported in whole or in part by public funds or expending public funds. If awarded, your organization's acceptance of public funds from the Town of Bluffton may cause your organization to come within the meaning of "public body" as defined by the Freedom of Information Act. S.C. Code Ann. §30-4-10, et seq. (Supp. 2002). Accordingly, this is to advise that by accepting public funds, your organization may be subject to the South Carolina Freedom of Information Act.

By submitting this application, the organization certifies that it has read and understands the paragraphs above. The organization additionally certifies that it does not discriminate in any manner on

the basis of race, color, national origin, age, sex, disability, religion, or language, and that all funds that may be received by the applicant organization from the Town of Bluffton, South Carolina will be solely used for the purposes set forth in this application and will comply with all laws and statutes, including the South Carolina Code of Laws regarding Allocations of Accommodations Tax Revenues.

By typing your name below, you are signing this application electronically. You agree that your electronic signature is the legal equivalent of your manual signature on this application.

Alan Jordan

Signatory's Title or Position

President and CEO

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: FEB 08 2007

Person to Contact:

Jo Ann Cunningham
ID# 31-07757

Toll Free Telephone Number:

877-829-5500

Employer Identification Number:

57-0761297

HILTON HEAD SYMPHONY ORCHESTRA INC
32 OFFICE PARK ROAD STE 214
HILTON HEAD ISLAND, SC 29928

Dear Sir or Madam:

This is in response to your request of January 23, 2007, regarding your name and address change. We have updated our records to change your name from Hilton Head Orchestra Inc to Hilton Head Symphony Orchestra Inc.

Our records indicate that a determination letter was issued in December 1984 that recognized you as exempt from Federal income tax, and reflect that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Cindy Westcott
Manager, Exempt Organizations
Determinations

TOWN OF BLUFFTON

January 09, 2023

DATE ISSUED

April 30, 2023

EXPIRES

LIC-01-23-047412

LICENSE NUMBER

019155-2023

BUSINESS ID

Hilton Head Symphony Orchestra, Inc.

COMPANY NAME

Hilton Head Symphony Orchestra, Inc.

DBA NAME

Musical Groups and Artists

BUSINESS TYPE

Musical Performances, Education and Community Outreach

DESCRIPTION/CONDITIONS

7 Lagoon RD 100
Hilton Head Island SC 29928

BUSINESS LOCATION

PO Box 5757
Hilton Head Island SC 29938

MAILING LOCATION

ALL BUSINESSES LOCATED IN THE TOWN OF BLUFFTON MUST POST THE BUSINESS LICENSE IN A VISIBLE LOCATION WITHIN THE BUSINESS LOCATION AS REFERENCED ABOVE AND IS VALID FOR THIS LOCATION ONLY. ALL BUSINESSES LOCATED OUTSIDE THE TOWN OF BLUFFTON MUST KEEP A CURRENT COPY WHILE CONDUCTING BUSINESS INSIDE THE TOWN OF BLUFFTON. CHANGE IN LOCATION OR OWNERSHIP REQUIRES A NEW LICENSE. IF THE BUSINESS IS CLOSED, CONTACT OUR OFFICE AT 843-706-4501 TO UPDATE ACCOUNT.

Section 6-21 Purpose and Duration of Business License

The business license levied by this ordinance is for the purpose of providing such regulation as may be required for the business subject thereto and for the purpose of raising revenue for the general fund through a privilege tax. Each license shall be issued for one (1) calendar year ending December 31. The provisions of this ordinance and the rates herein shall remain in effect from year to year as amended by Town Council.

Renewal Process

Renewal notices are mailed in January of each year to all active businesses.

Section 6-22-A License Tax

The required license tax shall be paid for each business subject hereto according to the applicable rate classification on or before the thirtieth (30th) day of April in each year.

Hilton Head Symphony Orchestra, Inc.

PO Box 5757

Hilton Head Island SC 29938

Construction within the Town of Bluffton shall only occur during the hours of 7:00am - 7:00pm Monday thru Saturday and 12:00pm - 7:00pm on Sunday.



HILTON HEAD SYMPHONY ORCHESTRA
2023 BLUFFTON CONCERTS PROJECT BUDGET
March 30, 2023

	Outdoor Pops-October	Holiday Pops	TOTAL
Revenues			
Ticket Sales	\$0	\$10,500	\$10,500
Private Support	\$26,000	\$4,500	\$30,500
Sponsorship and Underwriting	\$17,500	\$2,000	\$19,500
Pro-rated Annual Fund	\$8,500	\$2,500	\$11,000
Public Support	\$37,678	\$10,950	\$48,628
Other Income	<u>\$263</u>	<u>\$298</u>	<u>\$561</u>
TOTAL REVENUES	\$63,941	\$26,248	\$90,189
Expenses			
Artistic	\$19,543	\$11,063	\$30,605
Guess Artist Expenses	\$2,250 *	\$1,250 *	\$3,500 *
Orchestra Musician Expenses	\$17,293	\$9,813	\$27,105
Production	\$27,728	\$1,875	\$29,603
Production Labor and Security	\$500	\$225	\$725
Venue Rental	\$0 *	\$500 *	\$500 *
Port-O-Lets	\$1,250 *	\$0	\$1,250 *
Tent, Stage, and HVAC	\$20,581 *	\$0	\$20,581 *
Sound and Lighting	\$4,397 *	\$400 *	\$4,797 *
Music Library	\$1,000	\$750	\$1,750
Marketing	\$9,200	\$8,800	\$18,000
Media Advertising	\$8,000 *	\$8,000 *	\$16,000 *
Print Materials/Program Inserts	\$1,200 *	\$800 *	\$2,000 *
Development	\$0	\$0	\$0
General & Administrative	<u>\$8,471</u>	<u>\$3,261</u>	<u>\$11,731</u>
TOTAL EXPENSES	<u>\$64,941</u>	<u>\$24,998</u>	<u>\$89,940</u>
NET PROFIT/(LOSS)	(\$1,000)	\$1,250	\$250

* - allowable expense for which Bluffton ATAX Funds are requested

Attachment D

HILTON HEAD SYMPHONY ORCHESTRA, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021

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CAREY & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER
AMERICAN INSTITUTE OF CPAs
S.C. ASSOCIATION OF CPAs

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, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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.

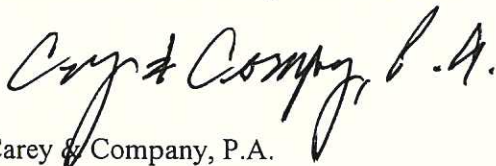
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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.

A handwritten signature in black ink that reads "Carey & Company, P.A." in a cursive, stylized font.

Carey & Company, P.A.
August 8, 2022

HILTON HEAD SYMPHONY ORCHESTRA, INC.
 STATEMENTS OF FINANCIAL POSITION
 As of June 30, 2022 and 2021

ASSETS		Summarized Information
	2022	2021
Current Assets		
Cash and equivalents	\$ 548,267	\$ 95,599
Pledge and other receivables	1,500	29,955
Prepaid expenses	13,482	-
Total Current Assets	<u>563,249</u>	<u>125,554</u>
Property And Equipment		
Furniture, fixtures and equipment	137,208	131,855
Leasehold improvements	841,252	841,252
Accumulated depreciation	(507,263)	(377,814)
Total Property And Equipment	<u>471,197</u>	<u>595,293</u>
Other Assets		
Foundation endowment fund	214,074	263,010
Investments:		
Board designated quasi-endowment fund	180,687	-
Donor restricted	515,768	512,906
Total Investments	<u>696,455</u>	<u>512,906</u>
Security deposits	<u>17,790</u>	<u>17,790</u>
TOTAL ASSETS	<u>\$ 1,962,765</u>	<u>\$ 1,514,553</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 17,944	\$ 67,516
Payroll taxes payable	13,230	8,583
Deferred ticket revenues	163,962	-
Deferred contribution and fundraising revenues	267,740	107,457
Paycheck protection program loan	-	201,600
Total Current Liabilities	<u>462,876</u>	<u>385,156</u>
TOTAL LIABILITIES	<u>462,876</u>	<u>385,156</u>
Net Assets		
Without donor restrictions:		
Undesignated	589,362	353,481
Board designated	180,687	-
Total Net Assets Without Donor Restrictions	<u>770,049</u>	<u>353,481</u>
With donor restrictions	729,840	775,916
Total Net Assets	<u>1,499,889</u>	<u>1,129,397</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,962,765</u>	<u>\$ 1,514,553</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, 2022 and 2021

	2022			Summarized Information 2021
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Admissions	\$ 538,343	\$ -	\$ 538,343	\$ 242,774
PPP loan forgiveness	201,600	-	201,600	-
Contributions and grants	1,161,052	292,373	1,453,425	1,087,376
Government Support	560,464	-	560,464	-
Fundraising and other support	193,629	58,445	252,074	35,731
Investment income (loss)	(5,801)	(113,904)	(119,705)	173,300
Restrictions satisfied by payments	282,990	(282,990)	-	-
Total Revenue and Support	<u>2,932,277</u>	<u>(46,076)</u>	<u>2,886,201</u>	<u>1,539,181</u>
EXPENSES				
Program	1,790,957	-	1,790,957	990,213
Management and general	648,133	-	648,133	509,487
Marketing and development	76,619	-	76,619	58,249
Total Expenses	<u>2,515,709</u>	<u>-</u>	<u>2,515,709</u>	<u>1,557,949</u>
(DECREASE) INCREASE IN NET ASSETS	416,568	(46,076)	370,492	(18,768)
NET ASSETS AT BEGINNING OF YEAR	<u>353,481</u>	<u>775,916</u>	<u>1,129,397</u>	<u>1,148,165</u>
NET ASSETS AT END OF YEAR	<u>\$ 770,049</u>	<u>\$ 729,840</u>	<u>\$ 1,499,889</u>	<u>\$ 1,129,397</u>

See accompanying notes and independent auditor's report.

HILTON HEAD SYMPHONY ORCHESTRA, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 Years Ended June 30, 2022 and 2021

	2022				Summarized Information 2021
	Program Services	Management and General	Marketing and Development	Total	
Salaries and wages	\$ 657,173	\$ 300,085	\$ 9,100	\$ 966,358	\$ 607,076
Payroll taxes and related benefits	101,956	26,989	818	129,763	100,511
Total payroll and benefits	759,129	327,074	9,918	1,096,121	707,587
Facilities cost	263,119	80,153	-	343,272	231,096
Contract services	272,533	21,413	-	293,946	262,341
Marketing and advertising	65,305	65,304	-	130,609	35,646
Performance production costs	154,277	-	-	154,277	85,214
Travel and lodging	61,965	-	-	61,965	16,214
Prizes, judges and awards	87,832	-	-	87,832	300
Fundraising	-	-	64,134	64,134	10,239
Office	7,702	34,772	2,567	45,041	41,129
Bank fees	-	15,605	-	15,605	11,528
Depreciation	90,614	38,835	-	129,449	128,392
Other	28,482	64,976	-	93,458	28,263
Total expenses	<u>\$ 1,790,957</u>	<u>\$ 648,133</u>	<u>\$ 76,619</u>	<u>\$ 2,515,709</u>	<u>\$ 1,557,949</u>

See accompanying notes and independent auditor's report.

HILTON HEAD SYMPHONY ORCHESTRA, INC.
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2022 and 2021

	2022	Summarized Information 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 370,492	\$ (18,768)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Unrealized (gain) loss on investments	119,705	(176,706)
Noncash contribution of property and equipment	(5,353)	(33,500)
Depreciation expense	129,449	128,392
Proceeds from Paycheck Protection Program	(201,600)	
Decrease (increase) in assets		
Pledge and other receivables	28,455	(9,252)
Prepaid expenses and security deposits	(13,482)	9,404
(Decrease) increase in liabilities:		
Accounts payable	(49,572)	53,015
Payroll taxes payable	4,647	4,412
Deferred revenues	324,245	(344,453)
Net Cash Provided (Used) By Operating Activities	<u>706,986</u>	<u>(387,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(7,488)
Net change in investments	(264,174)	(117,664)
Cash released from foundation endowment fund	9,856	9,677
Net Cash (Used) Provided By Investing Activities	<u>(254,318)</u>	<u>(115,475)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment) proceeds from line of credit	-	(47,387)
Proceeds from Paycheck Protection Program	-	201,600
Net Cash Provided By Financing Activities	<u>-</u>	<u>154,213</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	452,668	(348,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>95,599</u>	<u>444,317</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 548,267</u>	<u>\$ 95,599</u>
SUPPLEMENTAL DISCLOSURES - cash payments for:		
Interest	\$ -	\$ 771
Income taxes	\$ -	\$ -

See accompanying notes and independent auditor's report.

HILTON HEAD SYMPHONY ORCHESTRA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021

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, 2022 and 2021, ticket sales of \$0 and \$159,620 from previous fiscal year deferred revenue were recognized, respectively.

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, 2022 and 2021

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.

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.

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.

HILTON HEAD SYMPHONY ORCHESTRA, INC.
 NOTES TO FINANCIAL STATEMENTS
 Years Ended June 30, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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's investment pool. Fair value for the fund is categorized as Level 1 under the fair value measurement hierarchy and was \$214,074 and \$263,010 at June 30, 2022 and 2021, respectively. The annual withdrawal amount is limited to 4.5% of the average fair market value of the account and totaled \$9,856 and \$9,678 for the years ended June 30, 2022 and 2021, respectively. Net investment income (loss) was (\$48,940) and \$61,276 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the fair market value of this fund was \$180,100 and \$221,268, 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 \$8,291 and \$8,140 for the years ended June 30, 2022 and 2021, respectively.

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets as of June 30 are as follows:

	2022	2021
Cash and equivalents	\$ 548,267	\$ 95,599
Foundation endowment fund	214,074	263,010
Investments	696,455	512,906
Total Financial Assets	<u>\$ 1,458,796</u>	<u>\$ 871,515</u>

HILTON HEAD SYMPHONY ORCHESTRA, INC.
 NOTES TO FINANCIAL STATEMENTS
 Years Ended June 30, 2022 and 2021

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - CONTINUED

At June 30, 2022 and 2021, financial assets of approximately \$1,240,000 and \$620,000, 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:

	2022	
	Cost	Fair Value
<u>Investments:</u>		
Marketable securities	\$ 491,535	\$ 598,517
Cash	97,930	97,938
Total Other Investments	<u>\$ 589,465</u>	<u>\$ 696,455</u>
	2021	
	Cost	Fair Value
<u>Investments:</u>		
Marketable securities	\$ 305,512	\$ 511,165
Cash	1,741	1,741
Total Other Investments	<u>\$ 307,253</u>	<u>\$ 512,906</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, 2022 and 2021, including the Foundation Endowment Fund disclosed in Note B, are summarized as follows:

	2022	2021
Investment earnings	\$ 25,947	\$ 7,343
Investment expenses	(5,667)	(5,055)
Unrealized investment gain (loss)	(91,198)	109,736
Foundation Endowment Fund	(48,787)	61,276
Total investment return (loss)	<u>\$ (119,705)</u>	<u>\$ 173,300</u>

HILTON HEAD SYMPHONY ORCHESTRA, INC.
 NOTES TO FINANCIAL STATEMENTS
 Years Ended June 30, 2022 and 2021

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:

	<u>2022</u>
Beginning balance	\$ -
Contributions	196,346
Investment earnings	1,901
Investment expenses	(25)
Unrealized investment gain (loss)	<u>(17,535)</u>
Total Other Investments	<u>\$ 180,687</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, 2022 and 2021, the Orchestra has uninsured balances of \$260,628 and \$0, 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 \$50,000 line of credit with its bank that is renewed annually on January 1. Borrowings under the line of credit bear interest at 7.25% and are uncollateralized. At June 30, 2022 and 2021, the balance was \$0 and \$0, respectively.

HILTON HEAD SYMPHONY ORCHESTRA, INC.
 NOTES TO FINANCIAL STATEMENTS
 Years Ended June 30, 2022 and 2021

NOTE H - PROPERTY AND EQUIPMENT

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

	2022	2021
Leasehold improvements	\$ 841,252	\$ 841,252
Computer equipment	17,800	17,800
Office furniture and equipment	36,726	36,726
Performance equipment	82,682	77,329
Total property and equipment	978,460	973,107
Accumulated depreciation	(507,263)	(377,814)
Net property and equipment	\$ 471,197	\$ 595,293

Depreciation expense for the year ended June 30, 2022 and 2021 was \$129,449 and \$128,392, respectively.

NOTE I - REAL PROPERTY LEASE AGREEMENTS

The Orchestra entered into a lease for offices and performance center located in Hilton Head, South Carolina. The lease has a term of seven years that expires in 2025, with an option to extend for an additional seven 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 \$195,771 and \$208,030 for the years ended June 30, 2022 and 2021, respectively.

Future minimum annual lease payments due over the term of the lease are as follows:

2023	\$ 212,509
2024	216,025
2025	253,185
Total	\$ 681,719

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 \$89,629 and \$6,005 for the years ended June 30, 2022 and 2021, respectively.

HILTON HEAD SYMPHONY ORCHESTRA, INC.
 NOTES TO FINANCIAL STATEMENTS
 Years Ended June 30, 2022 and 2021

NOTE J - PAYCHECK PROTECTION PROGRAM

During the year ended June 30, 2021, the Orchestra received \$201,600 in proceeds from a Paycheck Protection Program loan ("PPP") from the Small Business Administration ("SBA"). On September 10, 2021, the principal amount of the loan and related interest was forgiven. The \$201,600 was recognized as revenue in the year ended June 30, 2022.

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 ratification of which is pending for the agreement to end June 30, 2025.

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, 2022.

NOTE M - NET ASSETS

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

	2022	2021
International Piano Competition	\$ 24,865	\$ 29,721
Youth programs	490,901	483,185
Permanent endowment fund	214,074	263,010
Total net assets	<u>\$ 729,840</u>	<u>\$ 775,916</u>

NOTE N - RELATED PARTY TRANSACTIONS

The Orchestra used a consultant for Orchestra related administration, which a Board member's wife is the owner. The consulting services expense was \$11,850 for the year ended June 30, 2022.

NOTE O - SUBSEQUENT EVENTS

The Orchestra has evaluated subsequent events through August 8, 2022, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

**Hilton Head Symphony Orchestra
Board of Directors
Meeting Minutes Thursday, March 30, 2023**

The meeting was called to order by Chair Michael Harter at 9:22 am. In attendance at SoundWaves were directors Rabbi Brad Bloom, Joan Dattelbaum, Jay Elliot, Don Flora, Michael Harter, Bret Jacobowitz, Eric Magnin, Jim Neumeister, Mary Princing, Connie Rathman, Charles Sampson, Barbara Harris Sorkin, League President Carol Gyllenhoff, CEO Alan Jordan, COO Mario Incorvaia, HHIPC Director Steve Shaiman, and Development Associate Susan Hartmann. Participating virtually was director Charlie Frost.

Consent Agenda

Harter called out the five items on the consent agenda: February 23, 2023, meeting minutes, President & CEO's report, and three committee reports from HHIPC, Marketing and Resource Development.

Motion by Bret Jacobowitz and seconded by Carol Gyllenhoff to approve the Consent Agenda as presented; motion passed.

Financial Report through February 28, 2023

Jordan reported that the HHSO is projecting a \$150K cash deficit at the end of the fiscal year. The last of the Hilton Head ATAX draws will occur when marketing invoices are received and paid.

Harter noted the HHSO Legacy Society is in need of new members and urged the board to identify those who might be good prospects. There will be a Thank You event for living Legacy Society members on Tuesday, April 25 which will include an invitation to attend the second Young Persons Concert at First Presbyterian followed by lunch. Jordan noted that such planned gifts managed as endowments can provide meaningful revenue annually to the HHSO even with a conservative 4% draw. Current members will be asked to invite other potential supporters. **Motion by Barbara Sorkin, seconded by Mary Princing to approve the financial reports as presented; motion passed.**

Board Development Committee Report and Recommendation

Princing reported that the committee has identified and vetted five potential candidates who will be presented for Harter and Jordan to interview. Two board members are at the end of their terms: Frost and White. Bylaws call for a board to have between 18 and 24 members so there is room to grow the board. Additional candidates will be welcomed.

The committee also recommended an amendment to Bylaw 3.3 Manner of Election & Term of Office to add the statement at the end: ***"Notwithstanding any of the foregoing, if a Director is in their final year of their second three year term as a Director and has been elected as the Chairman of the Board for that last year, he or she may be asked to extend their term as both a Director and as Chairman of the Board for one additional year or until their successor is elected."***

The committee recommendation to amend Bylaw 3.3 was approved by the board.

Further, the board recommends that a secession plan for board leadership be established. Princing also advised that there should be a regular review of the Bylaws.

Board Action for Removing Past Principals/Managers from HHSO State Record

Jordan noted that the State of SC required updates to remove past board members to facilitate a smoother license renewal process.

It was moved by Don Flora and seconded by Barbara Sorkin that staff act to remove Mary Briggs and Bob Cherichella from the list of principals and/or managers on file with the South Carolina Department of Revenue and any other government entity, but specifically in regard to the Hilton Head Symphony Orchestra's Alcoholic Beverage License. Motion passed.

Other Business

- **Old Business**

- The ATAX Application for Bluffton is requesting \$48,628 for two remaining Bluffton concerts for calendar year 2023 – Outdoor Pops on October 19th and Holiday Pops on November 25th. **Motion by Mary Prining, seconded by Connie Rathman for Board Action to authorize the Bluffton ATAX 2023 application; motion passed.**
- The HHSO League “Swing for the Symphony” event is scheduled for Monday October 16th at Wexford. Jacobowitz and Gyllenhoff requested board participation to show support by their attendance, sponsorship and donating auction items.
- Strategic Planning initiatives are continuing. Magnin reported that the initial set of surveys are being analyzed and a new set focused on community leaders and orchestra musicians. Focus is to create a 3-year plan.
- Gyllenhoff on behalf of the League thanks the board for their support of the recent silent auction and cookies for the reception after the HHIPC finals.

- **New Business**

- The HHSO Board Annual Meeting is set for Thursday May 25th followed by a luncheon at SoundWaves for board and staff provided by Mike and Susan Harter.
- The League provided a \$25,000 gift—above and beyond their pledge—in March.
- Jordan commended Shaiman for a successful and smooth HHIPC this month.
- Jay Elliot announced the passing of longtime HHSO violinist Dorothy Mauney.

The next meeting will be Thursday, April 27, 2023, at 9:15 am.

Adjournment of the meeting was moved by Don Flora and seconded by Jay Elliot; motion passed at 10:23 a.m.

Respectfully submitted,

Susan Hartmann, substitute Secretary pro tem



**HILTON HEAD SYMPHONY ORCHESTRA
HOLIDAY POPS CONCERT PROJECT BUDGET AND ACTUAL
November 27, 2021**

		Budget	Actual
Revenues			
Ticket Sales		\$5,871	\$5,901
Private Support		\$5,000	\$10,635
Sponsorship and Underwriting	\$5,000		
Pro-rated Annual Fund	\$0		\$10,635
Public Support		\$5,000	\$5,000
Other Income		<u>\$0</u>	<u>\$0</u>
TOTAL REVENUES		\$15,871	\$21,536
Expenses			
Artistic		\$10,558	\$10,441
Artist Fees			
Production		\$817	\$1,779
Production Labor	\$150		\$984
Venue Rental	\$0		\$300
Music Library	\$667		\$495
Marketing		\$5,000	\$7,358
Media Advertising	\$4,000 *		\$6,571
Print Materials/Program Inserts	\$1,000 *		\$787
Development		\$0	\$0
General & Administrative		<u>\$1,637</u>	<u>\$1,958</u>
TOTAL EXPENSES		<u>\$18,012</u>	<u>\$21,536</u>
NET PROFIT/(LOSS)		(\$2,141)	(\$0)

* - allowable expense for which Bluffton ATAX Funds are requested



**HILTON HEAD SYMPHONY ORCHESTRA
2022 CONCERTS PROJECT BUDGET AND ACTUAL
March 30, 2023**

Attachment 5

	Outdoor Pops			Holiday Pops			TOTAL	
Revenues	Budget		Actual	Budget		Actual	Budget	Actual
Ticket Sales	\$0.00		\$0.00	\$7,200.00		\$7,880.00	\$7,200.00	\$7,880.00
Private Support	\$31,500.00		\$25,020.96	\$8,000.00		\$5,975.35	\$39,500.00	\$30,996.31
Sponsorship and Underwriting	\$15,000.00		\$6,000.00	\$5,000.00			\$20,000.00	
Pro-rated Annual Fund	\$16,500.00		\$19,020.96	\$3,000.00		\$5,975.35	\$19,500.00	
Public Support	\$30,574.19		\$27,516.01	\$7,800.00		\$5,981.72	\$38,374.19	\$33,497.73
Other Income	\$52.00		\$1,615.00	\$78.00		\$181.00	\$130.00	\$1,796.00
TOTAL REVENUES	\$62,126.19		\$54,151.97	\$23,078.00		\$20,018.07	\$85,204.19	\$74,170.04
Expenses								
Artistic	\$20,932.69		\$18,685.91	\$10,754.23		\$10,657.53	\$31,686.92	\$29,343.44
Artist Fees								
Production	\$26,890.35		\$19,950.12	\$2,013.52		\$1,332.00	\$28,903.87	\$21,282.12
Production Labor and Security	\$1,516.16		\$175.00	\$1,013.52		\$625.00	\$2,529.68	
Venue Rental	\$0.00 *		\$0.00	\$500.00 *		\$400.00	\$500.00	
Tent and Stage	\$20,385.00 *		\$14,736.08	\$0.00 *		\$0.00	\$20,385.00 *	
Sound and Lighting	\$3,989.19 *		\$3,989.00 @	\$0.00 *		\$0.00	\$3,989.19 *	
Music Library	\$1,000.00		\$1,050.04	\$500.00		\$307.00	\$1,500.00	
Marketing	\$6,200.00		\$8,790.93	\$7,300.00		\$5,581.72	\$13,500.00	\$14,372.65
Media Advertising	\$5,000.00 *		\$7,590.93 @	\$6,500.00 *		\$4,782.16	\$11,500.00 *	
Print Materials/Program Inserts	\$1,200.00 *		\$1,200.00 @	\$800.00 *		\$799.56	\$2,000.00 *	
Development	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00	\$0.00
General & Administrative	\$8,103.46		\$7,114.04	\$3,010.16		\$2,635.69	\$11,113.62	\$9,749.73
TOTAL EXPENSES	\$62,126.50		\$54,541.00	\$23,077.91		\$20,206.94	\$85,204.41	\$74,747.94
NET PROFIT/(LOSS)	(\$0.31)		(\$389.04)	\$0.09		(\$188.87)	(\$0.22)	(\$577.90)

* - allowable expense for which Bluffton ATAX Funds are requested

@ - actual expenses exceed budgeted amount