

Milroy, Shannon

**From:** noreply@civicplus.com  
**Sent:** Wednesday, March 27, 2024 12:20 PM  
**To:** ATax Communications  
**Subject:** Online Form Submittal: Accommodations Tax Grant Application

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Accommodations Tax Grant Application

TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION

TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION

Accommodations Tax Grant Application Instructions	<a href="#">Accommodations Tax Grant Application Instructions</a>
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Accommodations Tax Grant Application Instructions	I have read and acknowledged the Town of Bluffton, SC Accommodations Tax Grant Application Instructions.
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Application Date	3/27/2024
Full Legal Organization Name	Hilton Head Symphony Orchestra, Inc.
Project Name	Hilton Head Symphony Orchestra 2024 Bluffton Concerts
Total Project Costs	\$89,710
Total ATAX Funds Requested	\$43,632
Percent of Total Budget	48.64%
Address	7 Lagoon Road

Street Address Line 2	Suite 100
City	Hilton Head Island
State	SC
Zip Code	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.

[501C-3 letter 2008-02-07.pdf](#)

Please upload a copy of your current Town of Bluffton Business License, which is required of all applicants.

[Bluffton Business License exp. 2024-04-30.pdf](#)

## **TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION**

### Organization Primary Point of Contact

First Name	Alan
Last Name	Jordan
Title	President and CEO
Phone Number	8438422055
E-mail Address	<a href="mailto:ajordan@hhso.org">ajordan@hhso.org</a>

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### Organization Secondary Point of Contact

First Name	<i>Field not completed.</i>
Last Name	<i>Field not completed.</i>
Title	<i>Field not completed.</i>
Phone Number	<i>Field not completed.</i>

E-mail Address *Field not completed.*

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## TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION

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**Project Description:** The Hilton Head Symphony Orchestra will present two concerts in Bluffton during 2024 as part of its 2024-2025 concert season. On Thursday, October 17, 2024, 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 fourth such annual partnership. On Saturday, November 30, 2024, 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.

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**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.**

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**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 1,100 people, with 20% 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 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, 2022, and 2023, to capacity crowds that drew tourists, visitors, and residents during the Thanksgiving holiday weekend. 401 audience members attended the 2023 presentation, with 4.53% of these identified as tourists. [A significant number of the tickets purchased by

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residents were for large groups—several of five or six—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 interstate rest areas across South Carolina; 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.

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**“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.**

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Project/Event Start & End Date:	10/17/2024 - 11/30/2024
Multi-Year Project/Event?	No
Permits Required, if any:	(required permits will be secured by Historic Bluffton Arts and Seafood Festival for the October 17, 2024 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 three years of Outdoor Pops concerts in October, 2021, 2022, and 2023, and our developing 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.

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We are requesting support in the amount of \$43,632 to pay for the following expenses:

- venue rental of \$500;
- port-o-lets rental of \$259 (pro-rated at est. tourist percentage);
- tent, stage, and HVAC rentals of \$21,439;
- sound and lighting equipment rental of \$5,011;
- media advertising of \$14,172; and
- print materials and program inserts of \$2,251 (that will also extend the promotion beyond the live performance).

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## TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION

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### FINANCIAL INFORMATION

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Project/Event Line Item      [2024 Project Budget.pdf](#)  
Budget

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Most Recent Fiscal Year      [Audit 2023-06-30 HHSO.pdf](#)  
Balance Sheet and  
Profit and Loss  
Accounting Statement

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Financial Guarantee          [Minutes 2024-03-21.pdf](#)

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*Applicant must provide a copy of official minutes wherein the sponsoring organization approves the project and commits the organization to financial responsibility for carrying it out to the stage of completion.*

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**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.**

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Contribution	Pro-Rated Annual Fund
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Amount/Value	\$12,500
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Contribution	Other Income (General Funds)
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Amount/Value	\$1,500
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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	Table/Ticket Sales
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Amount	\$13,500
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Funding Source	Sponsorship/Underwriting
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Amount	\$18,000
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Funding Source	<i>Field not completed.</i>
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Amount	<i>Field not completed.</i>
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Funding Source	<i>Field not completed.</i>
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Amount	<i>Field not completed.</i>
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## **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
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Project/Event Name	Hilton Head Symphony Orchestra 2023 Concerts
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Year	2023
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Amount Awarded	48,628
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Was project completed?	Yes
How were the funds used?	The HHSO presented an outdoor pops concert on Thursday, October 19, 2023, at Martin Family Park, and a Holiday Pops Concert at the St. Gregory the Great Catholic Church Parish Life Center on Saturday, November 25, 2023.
What impact did this project/event have on the community or benefit tourism? Describe how the tourism data was measured.	<p>These events were advertised in the Bluffton Sun, Hilton Head Sun, Local Life, on WTOG, and WHHI, on South Carolina Public Radio, and through multiple social media communications including promotion to our 5,000+ 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, 86 (7.44%) of the estimated 1,000 attendees of our October 19, 2023, performance were tourists. For the November 25, 2023, concert, 18 (4.53%) attendees were tourists. As noted elsewhere, the number of tourists and visitors for November 25, 2023, is very likely larger, since tickets purchased by residents often included large groups; we believe many of these Thanksgiving holiday guests were out-of-town visitors.</p> <p>We were disappointed that our tourist percentages at both performances decreased from our 2022 levels. Working with our Historic Bluffton Arts and Seafood Festival partners and media outlets, we will strategize ways to boost those percentages closer to 2022 levels.</p>
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Please provide the project/event budgets for the previous two (2) years.	<a href="#">2023 and 2022 Project Budget v. Actual.pdf</a>
Additional Comments	<i>Field not completed.</i>

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## TOWN OF BLUFFTON ACCOMMODATIONS TAX GRANT APPLICATION

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**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.**

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**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.**

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Signature	Alan Jordan
Signatory's Title or Position	President and CEO

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Email not displaying correctly? [View it in your browser.](#)



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

September 11, 2023

DATE ISSUED

April 30, 2024

EXPIRES

LIC-09-23-052015

LICENSE NUMBER

019155-2023

BUSINESS ID

**Hilton Head Symphony Orchestra, Inc.**

COMPANY NAME

**Hilton Head Symphony Orchestra**

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  
 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**  
**2024 BLUFFTON CONCERTS PROJECT BUDGET**  
**March 27, 2024**

	Outdoor Pops-October		Holiday Pops		TOTAL
<b>Revenues</b>					
Table/Ticket Sales	\$1,500	\$1,500		\$12,000	\$13,500
Private Support		\$25,000		\$5,500	\$30,500
Sponsorship and Underwriting	\$15,000		\$3,000		\$18,000
Pro-rated Annual Fund	\$10,000		\$2,500		\$12,500
Public Support		\$35,420		\$8,212	\$43,632
Other Income		<u>\$1,500</u>		<u>\$0</u>	<u>\$1,500</u>
<b>TOTAL REVENUES</b>		<b>\$63,420</b>		<b>\$25,712</b>	<b>\$89,132</b>
<b>Expenses</b>					
Artistic		\$23,716		\$10,036	\$33,752
Guess Artist Expenses	\$2,250		\$1,628		\$3,878
Orchestra Musician Expenses	\$21,466		\$8,408		\$29,874
Production		\$28,342		\$2,150	\$30,492
Production Labor and Security			\$500		\$500
Venue Rental	\$0 *		\$500 *		\$500 *
Port-O-Lets	\$1,292 *		\$0		\$1,292 *
Tent, Stage, and HVAC	\$21,439 *		\$0		\$21,439 *
Sound and Lighting	\$4,611 *		\$400 *		\$5,011 *
Music Library	\$1,000		\$750		\$1,750
Marketing		\$9,111		\$7,312	\$16,424
Media Advertising	\$7,503 *		\$6,669 *		\$14,172 *
Print Materials/Program Inserts	\$1,608 *		\$643 *		\$2,251 *
Development		\$0		\$0	\$0
General & Administrative		<u>\$6,117</u>		<u>\$2,925</u>	<u>\$9,042</u>
<b>TOTAL EXPENSES</b>		<b><u>\$67,286</u></b>		<b><u>\$22,424</u></b>	<b><u>\$89,710</u></b>
<b>NET PROFIT/(LOSS)</b>		<b>(\$3,866)</b>		<b>\$3,289</b>	<b>(\$576)</b>

\* - allowable expense for which Bluffton ATAX Funds are requested

HILTON HEAD SYMPHONY ORCHESTRA, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

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CAREY & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

Attachment 4

70 MAIN STREET • SUITE 100  
HILTON HEAD ISLAND, SC 29926

181 BLUFFTON ROAD • A-104  
BLUFFTON, SC 29910

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

## INDEPENDENT AUDITOR'S REPORT

TELEPHONE: (843) 681-4430  
FAX: (843) 681-4425  
EMAIL: [pcarey@pcareycpa.com](mailto:pcarey@pcareycpa.com)

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, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hilton Head Symphony Orchestra, Inc. as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hilton Head Symphony Orchestra, Inc.'s internal control. Accordingly, no such opinion is expressed.


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

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hilton Head Symphony Orchestra, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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

We have previously audited the Hilton Head Symphony Orchestra, Inc.'s financial statements for the year ended June 30, 2022 and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Carey & Company, P.A.  
July 24, 2023

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 As of June 30, 2023 and 2022

ASSETS		Summarized Information
	2023	2022
<b>Current Assets</b>		
Cash and equivalents	\$ 537,607	\$ 548,267
Pledge and other receivables	28,250	1,500
Prepaid expenses	11,801	13,482
Total Current Assets	<u>577,658</u>	<u>563,249</u>
<b>Property And Equipment</b>		
Furniture, fixtures and equipment	138,226	137,208
Leasehold improvements	841,252	841,252
Accumulated depreciation	(636,868)	(507,263)
Total Property And Equipment	<u>342,610</u>	<u>471,197</u>
<b>Other Assets</b>		
Foundation endowment fund	218,330	214,074
Investments:		
Board designated quasi-endowment fund	332,001	180,687
Donor restricted	622,393	515,768
Total Investments	<u>954,394</u>	<u>696,455</u>
Operating lease right-of-use-asset	201,917	-
Security deposits	17,790	17,790
TOTAL ASSETS	<u>\$ 2,312,699</u>	<u>\$ 1,962,765</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 13,392	\$ 17,944
Line of credit	50,000	-
Operating lease liability	131,521	-
Payroll taxes payable	10,683	13,230
Deferred ticket revenues	195,539	163,962
Deferred contribution and fundraising revenues	436,372	267,740
Total Current Liabilities	<u>837,507</u>	<u>462,876</u>
Operating lease liability, net of current portion	<u>70,396</u>	<u>-</u>
TOTAL LIABILITIES	<u>907,903</u>	<u>462,876</u>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	232,062	589,362
Board designated	332,001	180,687
Total Net Assets Without Donor Restrictions	<u>564,063</u>	<u>770,049</u>
With donor restrictions	840,733	729,840
Total Net Assets	<u>1,404,796</u>	<u>1,499,889</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,312,699</u>	<u>\$ 1,962,765</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, 2023 and 2022

	2023			Summarized Information 2022
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
REVENUE AND SUPPORT				
Admissions	\$ 595,360	\$ -	\$ 595,360	\$ 538,343
PPP loan forgiveness	-	-	-	201,600
Contributions and grants	871,394	343,069	1,214,463	1,104,313
Government support	532,882	-	532,882	909,576
Fundraising and other support	169,727	30,060	199,787	252,074
Investment income (loss)	31,815	68,284	100,099	(119,705)
Restrictions satisfied by payments	330,520	(330,520)	-	-
Total Revenue and Support	<u>2,531,698</u>	<u>110,893</u>	<u>2,642,591</u>	<u>2,886,201</u>
EXPENSES				
Program	1,968,744	-	1,968,744	1,790,957
Management and general	671,119	-	671,119	648,133
Marketing and development	97,821	-	97,821	76,619
Total Expenses	<u>2,737,684</u>	<u>-</u>	<u>2,737,684</u>	<u>2,515,709</u>
INCREASE (DECREASE) IN NET ASSETS	(205,986)	110,893	(95,093)	370,492
NET ASSETS AT BEGINNING OF YEAR	<u>770,049</u>	<u>729,840</u>	<u>1,499,889</u>	<u>1,129,397</u>
NET ASSETS AT END OF YEAR	<u>\$ 564,063</u>	<u>\$ 840,733</u>	<u>\$ 1,404,796</u>	<u>\$ 1,499,889</u>

See accompanying notes and independent auditor's report.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 Years Ended June 30, 2023 and 2022

	2023				Summarized Information 2022
	<u>Program Services</u>	<u>Management and General</u>	<u>Marketing and Development</u>	<u>Total</u>	
Salaries and wages	\$ 710,359	\$ 324,371	\$ 36,563	\$ 1,071,293	\$ 966,358
Payroll taxes and related benefits	<u>111,718</u>	<u>27,142</u>	<u>3,059</u>	<u>141,919</u>	<u>129,763</u>
Total payroll and benefits	822,077	351,513	39,622	1,213,212	1,096,121
Facilities cost	274,949	67,533	-	342,482	343,272
Contract services	306,738	16,024	-	322,762	293,946
Marketing and advertising	74,689	74,689	-	149,378	130,609
Performance production costs	129,920	-	-	129,920	154,277
Travel and lodging	156,297	-	-	156,297	61,965
Prizes, judges and awards	63,489	-	-	63,489	87,832
Fundraising	-	-	55,364	55,364	64,134
Office	8,504	36,575	2,835	47,914	45,041
Bank fees	-	16,851	-	16,851	15,605
Depreciation	90,723	38,881	-	129,604	129,449
Other	<u>41,358</u>	<u>69,053</u>	<u>-</u>	<u>110,411</u>	<u>93,458</u>
Total expenses	<u>\$ 1,968,744</u>	<u>\$ 671,119</u>	<u>\$ 97,821</u>	<u>\$ 2,737,684</u>	<u>\$ 2,515,709</u>

See accompanying notes and independent auditor's report.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
 STATEMENTS OF CASH FLOWS  
 Years Ended June 30, 2023 and 2022

	2023	Summarized Information 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (95,093)	\$ 370,492
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Investment (income) loss	(100,099)	119,705
Noncash contribution of property and equipment	-	(5,353)
Depreciation expense	129,605	129,449
Operating lease amortization	(201,917)	-
Proceeds from Paycheck Protection Program	-	(201,600)
Increase (decrease) in assets		
Pledge and other receivables	(26,750)	28,455
Prepaid expenses and security deposits	1,682	(13,482)
Increase (decrease) in liabilities:		
Accounts payable	(4,552)	(49,572)
Operating lease liability	201,917	-
Payroll taxes payable	(2,547)	4,647
Deferred revenues	200,209	324,245
Net Cash Provided By Operating Activities	<u>102,455</u>	<u>706,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,018)	-
Net change in investments	(172,348)	(264,174)
Cash released from foundation endowment fund	10,251	9,856
Net Cash Used By Investing Activities	<u>(163,115)</u>	<u>(254,318)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from line of credit	50,000	-
Net Cash Provided By Financing Activities	<u>50,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,660)	452,668
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	548,267	95,599
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 537,607</u>	<u>\$ 548,267</u>
SUPPLEMENTAL DISCLOSURES - cash payments for:		
Interest	\$ 199	\$ -
Income taxes	\$ -	\$ -

See accompanying notes and independent auditor's report.

## 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, 2023 and 2022, ticket sales of \$195,539 and \$163,962 from previous fiscal year deferred revenue were recognized, respectively.

### Leases

Effective for the year beginning July 1, 2022, or if adopted earlier, the Financial Accounting Standards Board (FASB) issued Accounting Standards Code 842 (ASC 842) which requires presenting Right of Use Assets (ROU) on the balance sheet. ASC 842 supersedes the guidance applied under ASC 840, which was the method in place for the year ended June 30, 2022. The Orchestra determines if an arrangement is a lease at inception. Operating leases are included in ROU lease assets, which represent the Orchestra's right to use an underlying asset for the lease term, and lease obligations represent the Orchestra's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. Lease expense for lease payments is recognized on straight-line basis over the lease of the term.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 2023 and 2022

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.

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.

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, 2023 and 2022

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 Foundation's investment pool. Fair value for the fund is categorized as Level 1 under the fair value measurement hierarchy and was \$218,330 and \$214,074 at June 30, 2023 and 2022, respectively. The annual withdrawal amount is limited to 4.5% of the average fair market value of the account and totaled \$10,251 and \$9,856 for the years ended June 30, 2023 and 2022, respectively. Net investment income (loss) was \$14,507 and (\$48,787) for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, the fair market value of this fund was \$183,708 and \$180,100, 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 \$8,267 and \$8,291 for the years ended June 30, 2023 and 2022, respectively.

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets as of June 30 are as follows:

	2023	2022
Cash and equivalents	\$ 537,607	\$ 548,267
Foundation endowment fund	218,330	214,074
Investments	954,394	696,455
Total Financial Assets	<u>\$ 1,710,331</u>	<u>\$ 1,458,796</u>

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 Years Ended June 30, 2023 and 2022

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - CONTINUED

At June 30, 2023 and 2022, financial assets of approximately \$1,490,000 and \$1,240,000, 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:

	2023	
	Cost	Fair Value
<u>Investments:</u>		
Marketable securities	\$ 814,807	\$ 937,272
Cash	17,122	17,122
Total Other Investments	<u>\$ 831,929</u>	<u>\$ 954,394</u>
	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>

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, 2023 and 2022, including the Foundation Endowment Fund disclosed in Note B, are summarized as follows:

	2023	2022
Investment earnings	\$ 63,899	\$ 25,947
Investment expenses	(10,580)	(5,667)
Unrealized investment gain (loss)	32,273	(91,198)
Foundation Endowment Fund	14,507	(48,787)
Total investment return (loss)	<u>\$ 100,099</u>	<u>\$ (119,705)</u>

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:

	2023	2022
Beginning balance	\$ 180,687	\$ -
Contributions	543,374	196,346
Withdrawals	(415,069)	-
Investment earnings	12,546	1,901
Investment expenses	(4,925)	(25)
Unrealized investment gain (loss)	15,388	(17,535)
Total Other Investments	<u>\$ 332,001</u>	<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, 2023 and 2022, the Orchestra has uninsured balances of \$240,178 and \$260,628, 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 9.25% and are uncollateralized. At June 30, 2023 and 2022, the balance was \$50,000 and \$0, respectively. On July 3, 2023, subsequent to year end, the balance of the line of credit was paid in full.



NOTE H - PROPERTY AND EQUIPMENT

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

	2023	2022
Leasehold improvements	\$ 841,252	\$ 841,252
Computer equipment	17,800	17,800
Office furniture and equipment	37,744	36,726
Performance equipment	82,682	82,682
Total property and equipment	979,478	978,460
Accumulated depreciation	(636,868)	(507,263)
Net property and equipment	<u>\$ 342,610</u>	<u>\$ 471,197</u>

Depreciation expense for the year ended June 30, 2023 and 2022 was \$129,604 and \$129,449, respectively.

NOTE I - REAL PROPERTY LEASE AGREEMENTS

On March 1, 2022, the Orchestra entered into a lease for offices and performance center located in Hilton Head, South Carolina. The lease has a term of three years that expires in 2025, with an option to extend for an additional three years. Under the lease, the Orchestra is required to make monthly payments of basic rent and an additional amount for taxes, insurance and common area maintenance. Annual office lease expense was \$181,734 and \$195,771 for the years ended June 30, 2023 and 2022, respectively.

Leases (ASC) 842

Future minimum annual lease payments due over the term of the lease as of June 30, 2023:

2024	\$ 131,521
2025	90,347
Total undiscounted minimum lease payments	221,868
Less Discounts to present value	(19,951)
Total operating lease liability	<u>\$ 201,917</u>

As of June 30, 2023, the weighted-average remaining lease term for the operating leases is 1.8 years. The Orchestra utilized its incremental borrowing rate as the risk-free rate. The risk-free rate associated with the operating leases as of June 30, 2023 was 4%.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 Years Ended June 30, 2023 and 2022

NOTE I - REAL PROPERTY LEASE AGREEMENTS - CONTINUED

Leases (ASC) 840

Future minimum annual lease payments due over the term of the lease as of June 30, 2022:

2023	\$	131,314
2024		131,521
2025		90,347
Total lease payments	\$	<u>353,182</u>

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 \$73,472 and \$89,629 for the years ended June 30, 2023 and 2022, respectively.

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 - EMPLOYEE RETENTION CREDIT

The Organization applied for COVID-19 relief from the Employee Retention Credit (ERC) program during the years ended June 30, 2023 and 2022. The ERC, which allows an eligible employer for qualifying wages a credit against certain payroll taxes, was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Under the program, the Organization determined it was eligible for a \$14,576 and \$42,679 credit for calendar years 2020 and 2021, respectively. The credits have been recognized as revenue in the year in which received.

NOTE L - COMMITMENTS

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

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

NOTE M - 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, 2023.

HILTON HEAD SYMPHONY ORCHESTRA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 Years Ended June 30, 2023 and 2022

NOTE N - NET ASSETS

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

	2023	2022
International Piano Competition	\$ 26,270	\$ 24,865
Youth programs	596,133	490,901
Permanent endowment fund	218,330	214,074
Total net assets	<u>\$ 840,733</u>	<u>\$ 729,840</u>

NOTE O - RELATED PARTY TRANSACTIONS

The Orchestra used a consultant for Orchestra related administration, which a Board member's wife is the owner. Additionally, another board member was paid for performance fees. The consulting services and performance fee expenses for June 30, 2023 and 2022 were \$7,700 and \$11,850, respectively.

NOTE P - SUBSEQUENT EVENTS

The Orchestra has evaluated subsequent events through July 24, 2023, 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  
EXECUTIVE COMMITTEE  
MEETING MINUTES: Thursday, March 21, 2024**

The meeting was held in the SoundWaves Board Room, with Carol Hack, Arthur Handman, Mike Harter, Eric Magnin, and Alan Jordan attending in person. Bob Cherichella was unavailable due to travel obligations.

Harter called the meeting to order at 10:04 am.

**It was moved by Hack, and seconded by Magnin, that the minutes of the February 15, 2024, meeting be approved as presented; motion passed (Handman abstained).**

The February 29, 2024, Financial Report was reviewed. A prolonged discussion ensued about future strategic programming adjustments that could positively impact future years' budgets.

Handman reported on the Finance Committee's discussion of increasing the threshold for requirement of a second signature on checks and e-checks. **It was moved by Magnin, and seconded by Handman, that the Executive Committee recommend to the Board at its March 28, 2024, meeting that the threshold be increased from \$2,500 to \$5,000 for second signatures on HHSO checks and e-checks; motion passed.**

The Board of Directors meeting agenda was reviewed, with additions for reporting on an anticipated line of credit draw, the check signature recommendation, and a Board Development Committee report.

Upon a request from Jordan, **it was moved by Hack, and seconded by Handman, that the Executive Committee act on behalf of the Board of Directors and approve submission of a grant request of \$43,632 to the Town of Bluffton Accommodations Tax Advisory Committee for calendar year 2024; motion passed.**

Because of some members' conflicts, the next meeting was re-scheduled to take place on **Tuesday, April 23, 2024**, at 10:00 am in the SoundWaves Board Room.

There being no further business, **the meeting was adjourned by consensus at 11:02 am.**

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Alan Jordan', with a large, stylized loop at the end.

Alan Jordan, President and CEO