

OREGON SYMPHONY ASSOCIATION

Consolidated Audited Financial Statements

For the Years Ended June 30, 2023 and 2022



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oregon Symphony Association

### Opinion

We have audited the accompanying consolidated financial statements of Oregon Symphony Association (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oregon Symphony Association as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our 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 Oregon Symphony Association 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oregon Symphony Association's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Oregon Symphony Association'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oregon Symphony Association'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.

*McDonald Jacobson, P.C.*

Portland, Oregon  
December 5, 2023

OREGON SYMPHONY ASSOCIATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,066,278	\$ 3,593,245
Accounts receivable	1,834,254	1,564,662
Pledges receivable, net	1,346,523	2,176,894
Prepaid expenses	397,323	411,654
Total current assets	4,644,378	7,746,455
Pledges receivable - noncurrent	423,993	97,150
Investments	19,170,463	20,136,589
Operating lease right-of-use assets	176,437	-
Music, instruments and equipment, net	1,037,647	891,935
 TOTAL ASSETS	 \$ 25,452,918	 \$ 28,872,129
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 930,400	\$ 875,449
Deferred revenue	3,751,420	3,680,615
Operating lease liabilities, current portion	112,174	-
Current portion of charitable gift annuity liability	1,940	1,940
Total current liabilities	4,795,934	4,558,004
Operating lease liabilities, less current portion	69,298	-
Charitable gift annuity liability, less current portion	8,856	9,864
Total liabilities	4,874,088	4,567,868
Net Assets:		
Without donor restrictions		
Available for general operations	385,959	531,671
Net music, instruments and equipment	1,037,647	891,935
Board-designated reserve	2,202,905	5,165,246
Endowment	3,028,362	2,771,892
Total without donor restrictions	6,654,873	9,360,744
With expiring donor restrictions	3,908,553	5,287,609
With perpetual donor restrictions	10,015,404	9,655,908
Total net assets	20,578,830	24,304,261
 TOTAL LIABILITIES AND NET ASSETS	 \$ 25,452,918	 \$ 28,872,129

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION  
AND OREGON SYMPHONY ASSOCIATION IN SALEM  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the year ended June 30, 2023

	Without Donor Restrictions			With Donor Restrictions		Total
	Operations	Board Designated	Endowment	Expiring	Perpetual	
<b>Support and revenue:</b>						
Concert income:						
Ticket sales	\$ 8,704,712	\$ -	\$ -	\$ -	\$ -	\$ 8,704,712
Contributed and other income:						
Annual fund, net of pledge discount	4,019,290	-	-	437,170	359,496	4,815,956
Special events, net of direct expenses of \$181,356	1,913,114	-	-	-	-	1,913,114
Grants	700,692	-	-	-	-	700,692
Bequests	698,776	-	-	-	-	698,776
Donated materials and services	63,159	-	-	-	-	63,159
Other income	52,266	-	-	-	-	52,266
Net assets released from restriction and designations for operations:						
Annual fund	1,663,039	-	-	(1,663,039)	-	-
Additions (releases) from designation	3,482,596	(3,299,089)	-	(183,507)	-	-
Endowment distribution-operations	744,702	-	(4,516)	(740,186)	-	-
Total contributed income	<u>13,337,634</u>	<u>(3,299,089)</u>	<u>(4,516)</u>	<u>(2,149,562)</u>	<u>359,496</u>	<u>8,243,963</u>
Total support and revenue	<u>22,042,346</u>	<u>(3,299,089)</u>	<u>(4,516)</u>	<u>(2,149,562)</u>	<u>359,496</u>	<u>16,948,675</u>
<b>Expenses:</b>						
Program services	18,719,653	-	-	-	-	18,719,653
Management and general	1,619,234	-	-	-	-	1,619,234
Fundraising	1,705,104	-	-	-	-	1,705,104
Total expenses	<u>22,043,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,043,991</u>
Change in net assets from operations	(1,645)	(3,299,089)	(4,516)	(2,149,562)	359,496	(5,095,316)
<b>Investment and non-operating activity:</b>						
Investment income, net	<u>1,645</u>	<u>336,748</u>	<u>260,986</u>	<u>770,506</u>	<u>-</u>	<u>1,369,885</u>
Change in net assets	-	(2,962,341)	256,470	(1,379,056)	359,496	(3,725,431)
<b>Net assets:</b>						
Beginning of year	<u>1,423,606</u>	<u>5,165,246</u>	<u>2,771,892</u>	<u>5,287,609</u>	<u>9,655,908</u>	<u>24,304,261</u>
End of year	<u>\$ 1,423,606</u>	<u>\$ 2,202,905</u>	<u>\$ 3,028,362</u>	<u>\$ 3,908,553</u>	<u>\$ 10,015,404</u>	<u>\$ 20,578,830</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION  
AND OREGON SYMPHONY ASSOCIATION IN SALEM  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the year ended June 30, 2022

	Without Donor Restrictions			With Donor Restrictions		Total
	Operations	Board Designated	Endowment	Expiring	Perpetual	
<b>Support and revenue:</b>						
Concert income:						
Ticket sales	\$ 9,208,509	\$ -	\$ -	\$ -	\$ -	\$ 9,208,509
Contributed and other income:						
Annual fund, net of pledge discount	5,151,697	-	-	1,984,413	2,435	7,138,545
Special events, net of direct expenses of \$217,932	1,378,304	-	-	-	-	1,378,304
Grants	314,405	-	-	-	-	314,405
Bequests	94,839	-	-	-	-	94,839
Donated materials and services	72,706	-	-	-	-	72,706
Other income	57,790	-	-	-	-	57,790
Net assets released from restriction and designations for operations:						
Annual fund	1,466,764	-	-	(1,466,764)	-	-
Additions (releases) from designation	(4,420,149)	4,904,139	(487,000)	3,010	-	-
Endowment distribution-operations	707,260	-	(4,277)	(702,983)	-	-
Total contributed income	<u>4,823,616</u>	<u>4,904,139</u>	<u>(491,277)</u>	<u>(182,324)</u>	<u>2,435</u>	<u>9,056,589</u>
Total support and revenue	<u>14,032,125</u>	<u>4,904,139</u>	<u>(491,277)</u>	<u>(182,324)</u>	<u>2,435</u>	<u>18,265,098</u>
<b>Expenses:</b>						
Program services	18,681,808	-	-	-	-	18,681,808
Management and general	1,193,077	-	-	-	-	1,193,077
Fundraising	1,500,648	-	-	-	-	1,500,648
Total expenses	<u>21,375,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,375,533</u>
Change in net assets from operations	(7,343,408)	4,904,139	(491,277)	(182,324)	2,435	(3,110,435)
<b>Investment and non-operating activity:</b>						
Investment loss, net	(733,207)	(44,898)	(548,267)	(714,299)	-	(2,040,671)
Government funding for pandemic relief	8,076,615	-	-	-	-	8,076,615
Change in net assets	-	4,859,241	(1,039,544)	(896,623)	2,435	2,925,509
<b>Net assets:</b>						
Beginning of year	<u>1,423,606</u>	<u>306,005</u>	<u>3,811,436</u>	<u>6,184,232</u>	<u>9,653,473</u>	<u>21,378,752</u>
End of year	<u>\$ 1,423,606</u>	<u>\$ 5,165,246</u>	<u>\$ 2,771,892</u>	<u>\$ 5,287,609</u>	<u>\$ 9,655,908</u>	<u>\$ 24,304,261</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and related costs	\$ 11,681,795	\$ 1,004,623	\$ 897,063	\$ 13,583,481
Contract and professional services	2,692,520	237,092	450,451	3,380,063
Advertising and promotion	930,334	620	62,706	993,660
Other performance expense	1,373,198	-	842	1,374,040
Occupancy	856,563	39,311	80,754	976,628
Equipment and maintenance	589,541	37,211	19,064	645,816
Travel	51,831	34,684	75,200	161,715
Printing and postage	189,811	3,844	103,287	296,942
Office expense	124,915	17,838	56,625	199,378
Other operating costs	150,416	184,965	81,422	416,803
Depreciation	78,729	59,046	59,046	196,821
	<u>18,719,653</u>	<u>1,619,234</u>	<u>1,886,460</u>	<u>22,225,347</u>
Less special event expenses netted with revenue	<u>-</u>	<u>-</u>	<u>181,356</u>	<u>181,356</u>
Total expenses	<u>\$ 18,719,653</u>	<u>\$ 1,619,234</u>	<u>\$ 1,705,104</u>	<u>\$ 22,043,991</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and related costs	\$ 11,010,209	\$ 859,821	\$ 812,011	\$ 12,682,041
Contract and professional services	3,600,713	88,645	148,367	3,837,725
Advertising and promotion	728,588	2,533	31,625	762,746
Other performance expense	1,279,621	159	13,517	1,293,297
Occupancy	833,455	38,122	67,188	938,765
Equipment and maintenance	687,191	33,786	108,381	829,358
Travel	32,588	13,229	63,365	109,182
Printing and postage	186,197	5,378	96,872	288,447
Office expense	110,554	13,361	62,690	186,605
Other operating costs	157,196	96,420	272,941	526,557
Depreciation	55,496	41,623	41,623	138,742
	<u>18,681,808</u>	<u>1,193,077</u>	<u>1,718,580</u>	<u>21,593,465</u>
Less special event expenses netted with revenue	<u>-</u>	<u>-</u>	<u>217,932</u>	<u>217,932</u>
Total expenses	<u>\$ 18,681,808</u>	<u>\$ 1,193,077</u>	<u>\$ 1,500,648</u>	<u>\$ 21,375,533</u>

See notes to consolidated financial statements.



OREGON SYMPHONY ASSOCIATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2023 and 2022

	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (3,725,431)	\$ 2,925,509
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	196,821	138,742
Amortization of right-of-use assets	265,315	-
Contribution restricted for long-term investment	(359,496)	(2,435)
Realized and unrealized (gain) loss on investments and change in value of charitable gift annuities	(1,084,388)	2,093,065
Loss on disposal of equipment	-	16,527
Allowance for uncollectible pledges	5,020	(1,260)
Discount on long-term pledges	6,490	2,850
(Increase) decrease in:		
Accounts and pledges receivable	222,426	(2,437,584)
Prepaid expenses	14,331	56,976
Increase (decrease) in:		
Accounts payable and accrued expenses	72,500	376,859
Deferred revenue	70,805	(431,060)
Operating lease liabilities	(277,829)	-
Refundable advances - Paycheck Protection Program	-	(1,996,798)
Charitable gift annuity liability	(1,008)	(628)
Net cash flows from operating activities	(4,594,444)	740,763
<b>Cash flows from investing activities:</b>		
Purchase of investments	(5,373,026)	(3,806,077)
Proceeds from sale of investments	7,423,540	724,503
Purchases of music, instruments and equipment	(342,533)	(300,528)
Net cash flows from investing activities	1,707,981	(3,382,102)
<b>Cash flows from financing activities:</b>		
Contributions received for perpetual endowment	359,496	2,435
Net cash flows from financing activities	359,496	2,435
Net change in cash and cash equivalents	(2,526,967)	(2,638,904)
Cash and cash equivalents - beginning of year	3,593,245	6,232,149
Cash and cash equivalents - end of year	\$ 1,066,278	\$ 3,593,245

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2023 and 2022

1. THE ORGANIZATIONS

Oregon Symphony Association (the Association) (a nonprofit corporation) was originally established in 1896. Its mission is to present concert performances, broadcasts and recordings, incorporating significant works covering a broad range of symphonic repertoire; to assist and encourage music education; and to provide quality music experiences for people of all ages in Oregon and Southwest Washington.

Oregon Symphony Foundation (the Foundation) was established July 1, 1996, as a separate corporation. The Foundation's mission is to raise new endowment funds on behalf of the Symphony and to assume fiduciary responsibility for investment of the endowment funds.

In September 2018, Oregon Symphony Association in Salem (OSAS), a nonprofit corporation, granted control of its operations to Oregon Symphony Association. The mission of OSAS is to enrich lives through the cultivation of symphony performances and music education in the mid-Willamette Valley area.

Primary sources of revenue include ticket sales and contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Oregon Symphony Association, Oregon Symphony Foundation, and Oregon Symphony Association in Salem (collectively, the Symphony or the Organizations). All inter-organization transactions and balances have been eliminated.

Net Assets

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets with Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Symphony considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents held in investment accounts are considered investments.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial. At June 30, 2023 and 2022, accounts receivable include \$1,486,078 in employee retention credits that remain outstanding as of date of the auditor's report due to delayed review and approval by the Internal Revenue Service.

Pledges Receivable

Pledges receivable are reported at the amount management expects to collect on balances outstanding at year-end. An allowance for uncollectible pledges receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Pledges due in more than one year are discounted to present value.

Prepaid Expenses

Prepaid expenses primarily represent costs incurred in advance related to the following season's performances. These costs are recognized as expenses in the season when the performances are presented.

Investments

Investments, including investments held at Oregon Community Foundation, are carried at fair value. Investment income earned on net assets with perpetual donor restriction is reported as an increase in net assets with expiring donor restriction. Investment income is reported as without donor restrictions in the reporting period if the restriction expires and the amount is appropriated for expenditure. All other donor-restricted investment income is reported as an increase in net assets with expiring donor restrictions or net assets with perpetual donor restrictions, depending on the nature of the restriction.

Leases

The Symphony determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Leases, Continued

Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets represent the Symphony's right to use an underlying asset for the lease term, and lease liabilities represent the Symphony's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Symphony's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Symphony will exercise the option.

The Symphony does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Music, Instruments and Equipment and Depreciation

Acquisitions of music, instruments and equipment in excess of \$1,000 are capitalized. Music, instruments and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of music, instruments and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 5 to 50 years.

Revenue Recognition

Revenues from various sources are recognized as follows:

**Ticket Sales:** Revenues from subscription and single ticket sales are recognized as revenue in the period earned as the related production is presented. Amounts collected in advance of a performance or subscription season are included in deferred revenue and are generally realized in the following performance season. Gift certificates are included in deferred revenue until redeemed at which time the amount is recognized as deferred ticket revenue until the performance occurs.

**Contributions, Grants and Bequests:** Contributions, grants and bequests, which include unconditional promises to give (pledges), are recognized as revenues in the period the Symphony is notified of the commitment. Bequests are recorded as revenue at the time the Symphony has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, continued

**Special Events:** The Symphony records special events revenue equal to the fair value of direct benefits to donors received when the event takes place and contribution income for the excess and sponsorships when received.

**Donated Materials and Services:** Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Symphony recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are recorded at fair value using current market rates on comparable.

**Paycheck Protection Program:** The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. An advance of \$1,996,798 was received during the year ended June 30, 2021. The conditions were satisfied during the year ended June 30, 2022 and the full amount was recognized as revenue from government funding for pandemic relief.

**Employee Retention Credit:** The Employee Retention Credit (ERC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Symphony recognizes revenue when the claim is filed, based on incurring qualified expenses, in the form of eligible wages. Approximately \$1,486,000 was recognized as revenue from government funding for pandemic relief in the consolidated statements of activities during the year ended June 30, 2022 and is included in accounts receivable at June 30, 2023 and 2022.

**Shuttered Venue Operators Grant:** During the year ended June 30, 2022, the Symphony was awarded a Shuttered Venue Operators Grant (SVOG) by the Small Business Administration (SBA). The SVOG is conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Symphony has incurred expenditures in compliance with specific contract provisions. Qualifying expenses incurred through June 30, 2022 total \$4,464,034 for the Association and \$129,705 for OSAS, the full amount of the awards, and has been recognized as revenue from government funding for pandemic relief for the year ended June 30, 2022.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related costs, professional services, occupancy, office expenses, depreciation, and other, which are allocated on the basis of estimates of time and effort.

Advertising

Advertising costs are generally charged to expense when incurred and totaled approximately \$939,300 and \$684,500 for the years ended June 30, 2023 and 2022, respectively.

Costs for direct-response advertising are capitalized and amortized over the expected period of future benefits. Direct-response advertising consists primarily of direct mail brochures associated with subscription and single ticket sales, and telemarketing efforts. The prepaid costs of the advertising are amortized over the season to which the ticket sales relate. At June 30, 2023 and 2022, prepaid advertising totals approximately \$64,500 and \$32,100, respectively.

Income Tax Status

The Association, Foundation, and OSAS are nonprofit corporations exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying consolidated financial statements, as the Organizations have no activities subject to unrelated business income tax. The Organizations are not private foundations.

The Organizations follow the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organizations' tax positions and concluded that there are no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Standard

Effective July 1, 2022, the Symphony adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Symphony elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Symphony recognized right-of-use assets of \$405,444 and lease liabilities totaling \$422,933 in the consolidated statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the consolidated statement of activities for the year ended June 30, 2023.

Subsequent Events

The Symphony has evaluated all other subsequent events through December 5, 2023, the date the consolidated financial statements were available to be issued.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Symphony regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Symphony considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 1,066,278	\$ 3,593,245
Accounts receivable	1,834,254	1,564,662
Pledges receivable, net	1,770,516	2,274,044
Investments	19,170,464	20,136,589
	<u>23,841,512</u>	<u>27,568,540</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	13,923,957	14,943,517
Board designations	5,231,267	7,937,138
Financial assets available for general expenditure	<u>\$ 4,686,288</u>	<u>\$ 4,687,885</u>

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

See Note 15 for the Symphony's endowment policies which describe the spending rate for both donor-restricted endowment funds and funds designated by the board as a quasi-endowment. While the Symphony does not intend to use funds from the board-designated funds (other than amounts appropriated for general expenditure as a part of the annual budget approval and appropriation by the Board), board-designated funds could be made available, if necessary, with a majority vote of the Board.

4. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2023 and 2022 represent unconditional promises to give as follows:

	2023	2022
Receivable within one year	\$ 1,371,183	\$ 2,196,084
Receivable in two to five years	433,333	100,000
	1,804,516	2,296,084
Less discount for long-term pledges	9,340	2,850
Less allowance for uncollectible pledges	24,660	19,190
Pledges receivable, net	<u>\$ 1,770,516</u>	<u>\$ 2,274,044</u>
Current	\$ 1,346,523	\$ 2,176,894
Noncurrent	423,993	97,150
Net pledges receivable	<u>\$ 1,770,516</u>	<u>\$ 2,274,044</u>

At June 30, 2023, 58% of total pledges are due from three donors and 50% from three donors at June 30, 2022. Discount on long-term pledges is calculated using a rate of 1.6%.



OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

5. INVESTMENTS

Investments at June 30, 2023 and 2022 are carried at fair value and consist of the following:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 5,014,395	\$ 616
Common stock and other equities	59,638	55,089
Mutual funds - equities	-	4,404,028
Mutual funds - fixed income	27,090	1,803,873
Insurance policies	743,631	938,963
Beneficial interest in assets held by Oregon Community Foundation	<u>13,325,710</u>	<u>12,934,020</u>
Total investments	<u>\$ 19,170,464</u>	<u>\$ 20,136,589</u>

The Symphony's donor-restricted and a portion of board -designated endowments are invested with Oregon Community Foundation (OCF) in individual endowment funds. Under the terms of the agreements, variance power has been granted to OCF, however, the Symphony is the beneficiary of the funds and the transfer is reciprocal in nature. Accordingly, OCF recognizes the funds as liabilities on its statement of financial position. The Symphony receives distributions based on the provisions of the agreement with OCF.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

6. OPERATING LEASES

The Symphony evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Symphony's right to use underlying assets for the lease term, and the lease liabilities represent the Symphony's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms.

The Symphony's operating leases consist of office space and equipment leases with remaining lease terms of 4 months to 5 years. The office lease agreement includes escalating rent payments, which increase annually by 3%.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

6. OPERATING LEASES, Continued

The consolidated statement of financial position reflects ROU assets and operating lease liabilities as follows at June 30, 2023:

	2023
Right-of-use assets	\$ 176,437
Lease liabilities-current portion	\$ 112,174
Noncurrent lease liabilities	69,298
Total operating lease liabilities	\$ 181,472

The weighted-average remaining lease term for the Symphony's operating leases is approximately 2.2 years as of June 30, 2023. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023 is 3.5%.

The maturities of lease liabilities as of June 30, 2023 are as follows:

Year ending June 30, 1900	\$ 116,030
0	27,026
0	27,026
0	12,545
0	7,075
	189,702
Less discount/interest	8,230
Present value of lease liabilities	\$ 181,472

For the year ended June 30, 2023, total operating lease cost was \$273,787 which is included in occupancy expense in the consolidated statement of functional expenses.

Cash paid for operating leases for the year ended June 30, 2023 was \$286,301. Noncash investing and financing transactions for acquiring operating lease right-of-use assets in exchange for lease liabilities totaled \$441,752, of which \$405,444 relates to the transition entry described in Note 2.

The Symphony also rents concert halls for performances. For the year ended June 30, 2023, concert hall rental fees approximated \$664,000, which is also included in occupancy expense in the consolidated statement of functional expenses.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

6. OPERATING LEASES, Continued

Effective September 2023, the Symphony entered into a lease agreement for office and retail space in Portland, Oregon expiring January 2031. The office space has monthly payments of \$23,274, which increases annually by 3%. Under this arrangement, at the start of the new office lease, the Symphony will record a ROU asset and lease liability of \$1,949,705. The retail space is provided to the Symphony at no cost. The Symphony considers the commitment to be conditioned upon use of the space. The Symphony will recognize the estimated value of the donated space as an in-kind donation as it uses the space over the terms of the agreement.

Rent expense under FASB ASC Topic 840, *Leases*, (pre-adoption of the new standards) for operating leases totaled approximately \$280,300 for the year ended June 30, 2022. The aggregate minimum lease payments under those operating leases as of June 30, 2022, were as follows:

Year ending June 30, 2023	\$	283,700
2024		108,300
2025		19,300
2026		19,300
2027		4,800
Thereafter	<u>\$</u>	<u>435,400</u>

7. MUSIC, INSTRUMENTS AND EQUIPMENT

Music, instruments and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Music, instruments and orchestra equipment	\$ 1,561,996	\$ 1,299,667
Office furniture and equipment	457,651	588,115
Website	298,563	298,563
Leasehold improvements	39,125	-
	2,357,335	2,186,345
Less accumulated depreciation	1,319,688	1,294,410
Music, instruments and equipment, net	\$ 1,037,647	\$ 891,935

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

8. ASSETS HELD IN CHARITABLE GIFT ANNUITIES

The Symphony has entered into charitable gift annuity agreements with various donors. Under the agreements, the Symphony is required to pay a guaranteed amount (annuity) for the lifetime of the donor or beneficiary (annuitant).

The Symphony's charitable gift annuity funds are held in a separate trust, which is managed in accordance with the trust's investment policy. Assets are invested in marketable securities and totaled \$87,594 and \$84,931 at June 30, 2023 and 2022, respectively. As trustee, the Symphony is obligated to make annuity payments under 3 charitable gift annuity agreements to 3 annuitants. Under the terms of the remaining agreements, the donors receive payments over the donors' remaining lives.

Using a discount rate of 4.2%, the estimated present value of the Symphony's liability under these agreements is \$10,796 and \$11,804 at June 30, 2023 and 2022, respectively.

	2023	2022
Current annuity agreement liability	\$ 1,940	\$ 1,940
Noncurrent annuity agreement liability	8,856	9,864
Total charitable gift annuities	<u>\$ 10,796</u>	<u>\$ 11,804</u>

9. NET ASSETS WITH BOARD DESIGNATIONS AND DONOR RESTRICTIONS

Board-designated net assets consist of the following at June 30, 2023 and 2022:

	2023	2022
Operating reserves	\$ 2,202,905	\$ 5,165,246
Board-designated endowment (Note 15)	3,028,362	2,771,892
Total board-designated net assets	<u>\$ 5,231,267</u>	<u>\$ 7,937,138</u>

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Net asset with expiring donor restrictions:		
Annual fund pledges	\$ 702,805	\$ 2,109,171
Charitable gift annuities	6,409	6,436
Accumulated endowment earnings (Note 15)	3,199,339	3,172,002
Total net assets with expiring donor restrictions	<u>3,908,553</u>	<u>5,287,609</u>
Net asset with perpetual donor restrictions:		
Donor-restricted endowment (Note 15)	10,015,404	9,655,908
Total net assets with donor restrictions	<u>\$ 13,923,957</u>	<u>\$ 14,943,517</u>

Unexpended endowment income is reported as net assets with expiring donor restrictions until appropriated for expenditure. See Note 15 for additional information.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits (contract liabilities) on the statement of financial position. See Note 2 for additional descriptions of the types of revenue recognition.

Revenue from customers is recognized at the time services are performed.

Revenue earned at a point in time:	<u>2023</u>	<u>2022</u>
Ticket and subscription revenue	\$ 8,704,712	\$ 9,208,509
Other program income	<u>40,766</u>	<u>53,864</u>
Total revenue from contracts with customers	<u>\$ 8,745,478</u>	<u>\$ 9,262,373</u>

The beginning and ending contract balances are as follows:

		<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable:			
Ticket and subscription receivable	\$ -	\$ 105,232	\$ 204,078
Contract liabilities:			
Deferred ticket and subscription revenue	\$ 3,293,586	\$ 3,247,472	\$ 3,495,642
Gift certificates	<u>457,834</u>	<u>433,143</u>	<u>616,033</u>
Total contract liabilities	<u>\$ 3,751,420</u>	<u>\$ 3,680,615</u>	<u>\$ 4,111,675</u>

Revenue recognized for the years ended June 30, 2023 and 2022 that was included in the contract liability balance at the beginning of each year was \$3,146,174 and \$3,528,944 respectively. Generally, deferred revenue is recognized in the following year. For fiscal year 2021, the Symphony had limited in-person performances and facility usage due to restrictions caused by the world-wide pandemic resulting in deferred revenue carried to fiscal year 2022. Contract assets were fully collected in the immediate fiscal year following the recognition of the contract asset.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

II. CONTRIBUTED NONFINANCIAL ASSETS

The Symphony received the following contributions of nonfinancial assets for the years ended June 30, 2023 and 2022:

	2023	2022
Management and general:		
Professional services - legal	\$ 40,403	\$ 22,200
Supplies	11,062	1,090
Fundraising supplies	11,694	49,416
	63,159	72,706
Included in special events:		
Donated goods for direct benefit of donors	53,249	35,240
Total donated materials and services	\$ 116,408	\$ 107,946

Donated assets and supplies are recorded at fair value based on the current cost to acquire the assets and supplies. Donated services are recorded at fair value using current market rates for comparable services.

12. RETIREMENT PLANS

The Association contributes to a multiemployer defined benefit pension plan and a defined contribution plan under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Association chooses to stop participating in some of its multiemployer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Association’s participation in these plans for the annual period ended June 30, 2023 and 2022, is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. During 2022, the plan changed its year-end from March 31 to December 31. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2023 and 2022 is for the plan’s period-end at December 31, 2022, and March 31, 2022, respectively. The zone status is based on information that the Association received from the plan and is certified by the plan’s actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

**OREGON SYMPHONY ASSOCIATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued**  
**June 30, 2023 and 2022**

**12. RETIREMENT PLANS, Continued**

The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective-bargaining agreement to which the plans are subject. There have been no significant changes that affect the comparability of 2023 and 2022 contributions.

The two plans that the Association participates in are:

- American Federation of Musicians and Employers' Pension Fund (AFMEPF)
- Stage Entertainment Industries 401(k) Plan (SEI 401(k))

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Association Contributions		Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2023	2022		2023	2022		
AFMEPF	51-6120204-001	Critical and Declining as of 12/31/22	Critical and Declining as of 3/31/22	RP	\$324,054	\$257,410	No	6/30/2026
SEI 401(k)		Not applicable	Not applicable	Not applicable	\$10,133	\$11,796	Not applicable	

AFMEPF provides fixed, monthly retirement payments on the basis of the benefits earned by the participating employees. AFMEPF's Annual Funding Notice for the periods ended December 31, 2022 and March 31, 2022 indicated total assets of \$1,733 million and \$1,734 million, respectively; total actuarial value of liabilities of \$3,512 million and \$3,478 million, respectively. The plan's Annual Funding Notice for the plan years ended March 31, 2023 and 2022, indicate that the funded percentage was 49.4% and 49.9%, respectively.

During 2020, the Association was notified that the AFMEPF entered ‘critical and declining’ status for the plan year ending March 31, 2020. The ‘critical and declining’ status meant that the AFMEPF was projected to run out of money to pay benefits within 20 years. The Association was notified that trustees of the AFMEPF were seeking permission to reduce future benefits to mitigate solvency issues for the plan. The amendments to the plan would also mean that the Association’s contributions for participating employees would increase approximately 10%. Effective 2021, the United States Congress passed the American Rescue Plan Act (ARPA) of 2021. With the assistance provided under ARPA, the plan is now projected to be able to pay benefits due for the next 30 years.

SEI 401(k) is a defined contribution plan and provides benefits to employees based on funds accumulated in the each employee's account. Employees are only entitled to the amounts in their individual accounts. As such, no unfunded liability has been reported to the Association by the plan administrators. Contributions to the plan for 2023 and 2022 totaled \$10,133 and \$95,755, respectively.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

12. RETIREMENT PLANS, Continued

The Association's contributions to the union-sponsored, defined benefit, multiemployer pension plan (AFMEPF) were \$324,054 and \$173,451 in 2023 and 2022, respectively. The plan is not administered by the Association and contributions are determined in accordance with provisions of negotiated labor contracts. If the Association were to withdraw from the plan, a withdrawal liability would be computed by the plan administrators. The plan has not provided an estimate of the withdrawal liability to the Association. However, the Association has no present intention of withdrawing from the plan, nor has the Association been informed that there is any intention to terminate the plan.

Additionally, musicians who were employed by the Association prior to the 1972/73 season, who retire in accordance with the union provisions, are entitled to an additional retirement payment. The provision is fully funded at the estimated maximum liability.

The Association has a Simplified Employee Pension - Individual Retirement Account plan for non-union employees meeting specified eligibility requirements. The Association may make contributions to the plan at the discretion of the Board. Contributions to the plan for 2023 and 2022 totaled \$161,039 and \$148,009, respectively.

Contributions to all plans for 2023 and 2022 totaled \$495,225 and \$417,215, respectively.

13. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Symphony maintains its cash balances in two financial institutions. Balances at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of insured limits total approximately \$510,000 and \$2,028,000 as of June 30, 2023 and 2022, respectively.

14. RELATED PARTY TRANSACTIONS

Three members of the permanent orchestra were also members of the Board of Directors during 2023 and 2022. During each of the years ended June 30, 2023 and 2022, the Symphony paid a performer, who is also a member of the Board of Directors, and his orchestra for performances amounts immaterial to the financial statements. Additionally, in 2023 and 2022, the Symphony received \$20,000 and \$15,000, respectively, in-kind legal services from a law firm where a board member is employed.



OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

15. ENDOWMENT

The Symphony's endowment consists of both donor-restricted funds and funds designated by the Board of Directors to function as an endowment. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Symphony has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (the Act or UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Symphony classifies as net assets with perpetual restrictions, (a) the original value of gifts donated to the endowment with perpetual donor restrictions (b) the original value of subsequent gifts to the endowment with perpetual donor restrictions and (c) accumulations to the endowment with perpetual donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual restrictions is classified as net assets with expiring restrictions until those amounts are appropriated for expenditure by the Symphony in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with UPMIFA, the Symphony considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Symphony and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Symphony
- (7) The investment policies of the Symphony

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

15. ENDOWMENT, Continued

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	Without Donor	With Donor Restrictions		Total
	<u>Restrictions</u>	<u>Expiring</u>	<u>Perpetual</u>	
<b>June 30, 2023</b>				
Donor-restricted	\$ -	\$ 3,199,339	\$ 10,015,404	\$ 13,214,743
Board-designated	3,028,362	-	-	3,028,362
Total endowment	<u>3,028,362</u>	<u>3,199,339</u>	<u>10,015,404</u>	<u>16,243,105</u>
<b>June 30, 2022</b>				
Donor-restricted	\$ -	\$ 3,172,002	\$ 9,655,908	\$ 12,827,910
Board-designated	2,771,892	-	-	2,771,892
Total endowment	<u>2,771,892</u>	<u>3,172,002</u>	<u>9,655,908</u>	<u>15,599,802</u>

Changes in endowment net assets for the year ended June 30, 2023 and 2022 are as follows:

	Without Donor	With Donor Restrictions		Total
	<u>Restrictions</u>	<u>Expiring</u>	<u>Perpetual</u>	
Endowment net assets				
- June 30, 2021	\$ 3,811,436	\$ 4,581,158	\$ 9,653,473	\$ 18,046,067
Contributions	-	-	2,435	2,435
Net investment return	(548,267)	(709,183)	-	(1,257,450)
Appropriation of endowment				
assets for expenditure	(487,176)	(702,983)	-	(1,190,159)
Transfers	(4,101)	3,010	-	(1,091)
Endowment net assets				
- June 30, 2022	2,771,892	3,172,002	9,655,908	15,599,802
Contributions	-	-	359,496	359,496
Net investment return	260,986	770,533	-	1,031,519
Appropriation of endowment				
assets for expenditure	(4,516)	(740,186)	-	(744,702)
Transfers	-	(3,010)	-	(3,010)
Endowment net assets				
- June 30, 2023	<u>\$ 3,028,362</u>	<u>\$ 3,199,339</u>	<u>\$ 10,015,404</u>	<u>\$ 16,243,105</u>

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

15. ENDOWMENT, Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Symphony to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature include one fund with an original gift of \$2,147,091 and deficiencies totaling \$800,337 and \$803,346 as of June 30, 2023 and 2022, respectively, and are reported as net assets with expiring donor restrictions. The fair value of the fund is \$1,346,754 and \$1,343,745 at June 30, 2023 and 2022, respectively.

These deficiencies resulted from unfavorable market fluctuations that occurred and continued appropriation for certain programs that are deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Symphony has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Symphony must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the donor-restricted and OSAS's board-designated endowment assets are invested in funds with Oregon Community Foundation (OCF) (Note 5).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Symphony has adopted OCF's policy of appropriating for distribution each year calculated in accordance with OCF's grant percentage payout policies for perpetual funds. In establishing this policy, the Symphony considered the long-term expected return on its endowment. Accordingly, over the long term, the Symphony expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Symphony's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

16. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the consolidated statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

16. FAIR VALUE MEASUREMENTS, Continued

Level 3: Unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2023 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Investments:			
Money market funds	\$ 5,014,395	\$ -	\$ -
Equities	59,638	-	-
Mutual funds - fixed income	27,090	-	-
Cash value of life insurance		743,631	-
Beneficial interest in assets held at Oregon Community Foundation	-	-	13,325,710
Liabilities:			
Obligations under charitable gift annuities	-	-	(10,796)

Fair values of assets and liabilities measured on a recurring basis at **June 30, 2022** are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Investments:			
Money market funds	\$ 616	\$ -	\$ -
Equities	55,089	-	-
Mutual funds - equities	4,404,028	-	-
Mutual funds - fixed income	1,803,873	-	-
Cash value of life insurance	-	938,963	-
Beneficial interest in assets held at Oregon Community Foundation	-	-	12,934,020
Liabilities:			
Obligations under charitable gift annuities	-	-	(11,804)

Fair values for investments in money market funds, mutual funds and marketable securities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for investments in corporate bonds are provided by custodians and are based on pricing models that incorporate available trade, bid and other market information.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

16. FAIR VALUE MEASUREMENTS, Continued

Fair values for the cash value of life insurance policies are based on the stated cash value of the policy as provided by the insurer, using a market approach. Fair values for investments held by others (OCF) which are invested in co-mingled trusts and pooled funds, are based on the net asset value per unit as provided by the fund custodians, using a market approach.

Fair values for the obligations under charitable gift annuities are determined by calculating the present value of the future distributions to be made using published life expectancy tables and a discount rate of 4.2%, using an income approach.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Beneficial interest in assets held at Oregon Community Foundation:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 12,934,020	\$ 14,354,709
Investment income (loss), net	778,541	(715,864)
Contributions	359,496	2,435
Disbursements	<u>(746,347)</u>	<u>(707,260)</u>
Balance at end of year	<u>\$ 13,325,710</u>	<u>\$ 12,934,020</u>

Earnings, net of fees and the change in value are included in net assets with expiring donor restrictions in the consolidated statements of activities.

Obligation under charitable gift annuities:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ (11,804)	\$ (12,432)
Payments to beneficiaries	1,940	1,940
Change in value of remaining obligation (in net assets with expiring donor restrictions)	<u>(932)</u>	<u>(1,312)</u>
Balance at end of year	<u>\$ (10,796)</u>	<u>\$ (11,804)</u>

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2023 and 2022

17. OTHER COMMITMENTS

The Symphony has a contract with the current Artistic Director through June 30, 2026. Subsequent to year end, the Symphony entered into a contract with a new President and CEO through July 31, 2026. Additionally, the Symphony has contracts and agreements with various artists and a concert hall for performances during the fiscal year ending June 30, 2024.

The Symphony maintains a collective bargaining agreement for musicians. The agreement expired September 6, 2023, and the Symphony is currently in negotiations for a new agreement.

18. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Symphony if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

The worldwide coronavirus pandemic delayed the start of the 2021-2022 performance season. In 2022-2023, the accompanying financial statements show that the Symphony reported a negative change in net assets of approximately \$3.7 million and negative operating cash flows of approximately \$4.6 million as a result of audiences not returning as rapidly since the pandemic and reductions in government support.

The Symphony has developed and implemented a strategic cash flow management plan, incorporating board reserves and endowment appropriations, and initiated a bridge fundraising campaign to generate additional revenue. Management is actively overseeing operational dynamics, proactively identifying and implementing cost-cutting measures as deemed necessary while seeking new revenue opportunities.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
Oregon Symphony Association

We have audited the consolidated financial statements of Oregon Symphony Association as of and for the year ended June 30, 2023, and our report thereon dated December 5, 2023, which contained an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in Schedules I through IV is presented for purposes of additional analysis of the 2023 consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*McDonald Jacobs, P.C.*

Portland, Oregon  
December 5, 2023



OREGON SYMPHONY ASSOCIATION  
SUPPLEMENTARY INFORMATION - SCHEDULE I  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
June 30, 2023

	Oregon Symphony Association and Foundation	Oregon Symphony Association in Salem	Eliminating Entries	Consolidated Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,065,278	\$ 1,000	\$ -	\$ 1,066,278
Accounts receivable	1,834,254	312,732	(312,732)	1,834,254
Pledges receivable, net	1,341,718	4,805	-	1,346,523
Prepaid expenses	385,698	11,625	-	397,323
Total current assets	<u>4,626,948</u>	<u>330,162</u>	<u>(312,732)</u>	<u>4,644,378</u>
Pledges receivable - noncurrent	423,993	-	-	423,993
Investments	19,019,089	151,374	-	19,170,463
Operating lease right-of-use assets	176,437	-	-	176,437
Music, instruments and equipment, net	<u>1,021,910</u>	<u>15,737</u>	<u>-</u>	<u>1,037,647</u>
 TOTAL ASSETS	 <u>\$ 25,268,377</u>	 <u>\$ 497,273</u>	 <u>\$ (312,732)</u>	 <u>\$ 25,452,918</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 1,243,132	\$ -	\$ (312,732)	\$ 930,400
Deferred revenue	3,657,684	93,736	-	3,751,420
Operating lease liabilities, current portion	112,174	-	-	112,174
Current portion of charitable gift annuity liability	<u>1,940</u>	<u>-</u>	<u>-</u>	<u>1,940</u>
Total current liabilities	5,014,930	93,736	(312,732)	4,795,934
Operating lease liabilities, less current portion	69,298	-	-	69,298
Charitable gift annuity liability, less current portion	<u>8,856</u>	<u>-</u>	<u>-</u>	<u>8,856</u>
Total liabilities	<u>5,093,084</u>	<u>93,736</u>	<u>(312,732)</u>	<u>4,874,088</u>
Net Assets:				
Without donor restrictions:				
Available for general operations	385,271	688	-	385,959
Net music, instruments and equipment	1,021,910	15,737	-	1,037,647
Board-designated	1,977,162	225,743	-	2,202,905
Endowment	<u>2,917,396</u>	<u>110,966</u>	<u>-</u>	<u>3,028,362</u>
Total without donor restrictions	6,301,739	353,134	-	6,654,873
With expiring donor restrictions	3,888,150	20,403	-	3,908,553
With perpetual donor restrictions	<u>9,985,404</u>	<u>30,000</u>	<u>-</u>	<u>10,015,404</u>
Total net assets	<u>20,175,293</u>	<u>403,537</u>	<u>-</u>	<u>20,578,830</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 25,268,377</u>	 <u>\$ 497,273</u>	 <u>\$ (312,732)</u>	 <u>\$ 25,452,918</u>

See independent auditor's report on supplementary information.

OREGON SYMPHONY ASSOCIATION  
SUPPLEMENTARY INFORMATION - SCHEDULE II  
CONSOLIDATING STATEMENT OF ACTIVITIES  
For the year ended June 30, 2023

	Oregon Symphony Association and Foundation	Oregon Symphony Association in Salem	Eliminating Entries	Consolidated Totals
<b>Support and revenue:</b>				
Concert income:				
Ticket sales	\$ 8,760,304	\$ 146,488	\$ (202,080)	\$ 8,704,712
Total concert income	<u>8,760,304</u>	<u>146,488</u>	<u>(202,080)</u>	<u>8,704,712</u>
Contributed and other income:				
Annual fund, net of pledge discount	4,729,909	86,047	-	4,815,956
Special events, net of direct expenses	1,894,714	18,400	-	1,913,114
Grants	695,546	5,146	-	700,692
Bequests	548,685	150,091	-	698,776
Donated materials and services	60,062	3,097	-	63,159
Other income	40,766	11,500	-	52,266
Total contributed income	<u>7,969,682</u>	<u>274,281</u>	<u>-</u>	<u>8,243,963</u>
Total support and revenue	<u>16,729,986</u>	<u>420,769</u>	<u>(202,080)</u>	<u>16,948,675</u>
<b>Expenses:</b>				
Program services	18,570,698	351,035	(202,080)	18,719,653
Management and general	1,583,797	35,437	-	1,619,234
Fundraising	1,667,425	37,679	-	1,705,104
Total expenses	<u>21,821,920</u>	<u>424,151</u>	<u>(202,080)</u>	<u>22,043,991</u>
Change in net assets from operations	(5,091,934)	(3,382)	-	(5,095,316)
<b>Investment and non-operating activity:</b>				
Investment income, net	<u>1,358,146</u>	<u>11,739</u>	<u>-</u>	<u>1,369,885</u>
Change in net assets	(3,733,788)	8,357	-	(3,725,431)
<b>Net assets:</b>				
Beginning of year	<u>23,909,081</u>	<u>395,180</u>	<u>-</u>	<u>24,304,261</u>
End of year	<u>\$ 20,175,293</u>	<u>\$ 403,537</u>	<u>\$ -</u>	<u>\$ 20,578,830</u>

See independent auditor's report on supplementary information.

OREGON SYMPHONY ASSOCIATION AND OREGON SYMPHONY FOUNDATION  
SUPPLEMENTARY INFORMATION - SCHEDULE III  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2023

	Without Donor Restrictions			With Donor Restrictions		Total
	Operations	Board Reserve	Endowment	Expiring	Perpetual	
<b>Support and revenue:</b>						
Concert income:						
Ticket sales	\$ 8,760,304	\$ -	\$ -	\$ -	\$ -	\$ 8,760,304
Contributed and other income:						
Annual fund, net of pledge discount	3,944,258	-	-	426,155	359,496	4,729,909
Special events, net of direct expenses	1,894,714	-	-	-	-	1,894,714
Grants	695,546	-	-	-	-	695,546
Bequests	548,685	-	-	-	-	548,685
Donated materials and services	60,062	-	-	-	-	60,062
Other income	40,766	-	-	-	-	40,766
Net assets released from restriction and designations for operations:						
Annual fund	1,663,039	-	-	(1,663,039)	-	-
Additions (releases) from designation	3,474,831	(3,474,831)	-	-	-	-
Endowment distribution-operations	740,186	-	-	(740,186)	-	-
Total contributed income	<u>13,062,087</u>	<u>(3,474,831)</u>	<u>-</u>	<u>(1,977,070)</u>	<u>359,496</u>	<u>7,969,682</u>
Total support and revenue	<u>21,822,391</u>	<u>(3,474,831)</u>	<u>-</u>	<u>(1,977,070)</u>	<u>359,496</u>	<u>16,729,986</u>
<b>Expenses:</b>						
Program services	18,570,698	-	-	-	-	18,570,698
Management and general	1,583,797	-	-	-	-	1,583,797
Fundraising	1,667,425	-	-	-	-	1,667,425
Total expenses	<u>21,821,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,821,920</u>
Change in net assets from operations	471	(3,474,831)	-	(1,977,070)	359,496	(5,091,934)
<b>Investment and non-operating activity:</b>						
Investment income (loss), net	-	333,688	254,624	769,834	-	1,358,146
Change in net assets	471	(3,141,143)	254,624	(1,207,236)	359,496	(3,733,788)
<b>Net assets:</b>						
Beginning of year	<u>1,406,710</u>	<u>5,118,305</u>	<u>2,662,772</u>	<u>5,095,386</u>	<u>9,625,908</u>	<u>23,909,081</u>
End of year	<u>\$ 1,407,181</u>	<u>\$ 1,977,162</u>	<u>\$ 2,917,396</u>	<u>\$ 3,888,150</u>	<u>\$ 9,985,404</u>	<u>\$ 20,175,293</u>

See independent auditor's report on supplementary information.

OREGON SYMPHONY ASSOCIATION IN SALEM  
SUPPLEMENTARY INFORMATION - SCHEDULE IV  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2023

	Without Donor Restrictions			With Donor Restrictions		Total
	Operations	Board Reserve	Endowment	Expiring	Perpetual	
<b>Support and revenue:</b>						
Concert income:						
Ticket sales	\$ 146,488	\$ -	\$ -	\$ -	\$ -	\$ 146,488
Contributed and other income:						
Annual fund, net of pledge discount	75,032	-	-	11,015	-	86,047
Special events	18,400	-	-	-	-	18,400
Grants	5,146	-	-	-	-	5,146
Bequests	150,091	-	-	-	-	150,091
Donated materials and services	3,097	-	-	-	-	3,097
Other income	11,500	-	-	-	-	11,500
Net assets released from restriction and designations for operations:						
Additions (releases) from designation	7,765	175,742	-	(183,507)	-	-
Endowment distribution-operations	4,516	-	(4,516)	-	-	-
Total contributed income	275,547	175,742	(4,516)	(172,492)	-	274,281
Total support and revenue	422,035	175,742	(4,516)	(172,492)	-	420,769
<b>Expenses:</b>						
Program services	351,035	-	-	-	-	351,035
Management and general	35,437	-	-	-	-	35,437
Fundraising	37,679	-	-	-	-	37,679
Total expenses	424,151	-	-	-	-	424,151
Change in net assets from operations	(2,116)	175,742	(4,516)	(172,492)	-	(3,382)
<b>Investment and non-operating activity:</b>						
Investment income (loss), net	1,645	3,060	6,362	672	-	11,739
Change in net assets	(471)	178,802	1,846	(171,820)	-	8,357
<b>Net assets:</b>						
Beginning of year	16,896	46,941	109,120	192,223	30,000	395,180
End of year	\$ 16,425	\$ 225,743	\$ 110,966	\$ 20,403	\$ 30,000	\$ 403,537

See independent auditor's report on supplementary information.