

OREGON SYMPHONY ASSOCIATION

Consolidated Audited Financial Statements

For the Years Ended June 30, 2020 and 2019



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oregon Symphony Association

We have audited the accompanying consolidated financial statements of Oregon Symphony Association (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020 and 2019, and changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McDonald Jacoby, P.C.

Portland, Oregon
November 18, 2020

OREGON SYMPHONY ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,096,265	\$ 6,580,811
Accounts receivable	522,783	431,603
Pledges receivable, net	2,475,329	4,628,155
Prepaid expenses	553,596	705,947
Total current assets	8,647,973	12,346,516
Pledges receivable - noncurrent	263,690	1,111,071
Investments	12,014,211	12,641,862
Music, instruments and equipment, net	849,633	936,579
 TOTAL ASSETS	 \$ 21,775,507	 \$ 27,036,028
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 308,445	\$ 424,939
Deferred revenue	3,911,704	4,167,734
Refundable advance - Paycheck Protection Program	2,015,900	-
Current portion of charitable gift annuity liability	2,590	1,800
Total current liabilities	6,238,639	4,594,473
Charitable gift annuity liability, less current portion	14,560	11,270
Total liabilities	6,253,199	4,605,743
Net Assets (Deficit):		
Without donor restrictions		
Available for general operations	(2,531,564)	(182,408)
Board-designated	3,534,139	4,985,394
Net music, instruments and equipment	849,633	936,579
Total without donor restrictions	1,852,208	5,739,565
With expiring donor restrictions	4,019,170	7,044,105
With perpetual donor restrictions	9,650,930	9,646,615
Total net assets	15,522,308	22,430,285
 TOTAL LIABILITIES AND NET ASSETS	 \$ 21,775,507	 \$ 27,036,028

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, 2020

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Operations</u>	<u>Board Designated</u>	<u>Expiring</u>	<u>Perpetual</u>	
Support and revenue:					
Concert income:					
Ticket sales	\$ 6,812,176	\$ -	\$ -	\$ -	\$ 6,812,176
Contributed and other income:					
Annual fund, net of pledge discount	4,523,621	-	350,863	4,315	4,878,799
Special events, net of direct expenses of \$31,252	1,149,512	-	-	-	1,149,512
Grants	490,013	-	-	-	490,013
Bequests	34,982	-	-	-	34,982
Donated materials and services	303,702	-	-	-	303,702
Other income	60,168	-	-	-	60,168
Net assets released from restriction and designations for operations:					
Annual fund	2,656,504	-	(2,656,504)	-	-
Released from designation	1,542,350	(1,500,000)	(42,350)	-	-
Endowment distribution-operations	678,656	(3,956)	(674,700)	-	-
Total contributed income	<u>11,439,508</u>	<u>(1,503,956)</u>	<u>(3,022,691)</u>	<u>4,315</u>	<u>6,917,176</u>
Total support and revenue	<u>18,251,684</u>	<u>(1,503,956)</u>	<u>(3,022,691)</u>	<u>4,315</u>	<u>13,729,352</u>
Expenses:					
Program services	15,673,818	-	-	-	15,673,818
Management and general	3,940,072	-	-	-	3,940,072
Fundraising	1,073,896	-	-	-	1,073,896
Total expenses	<u>20,687,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,687,786</u>
Change in net assets from operations	(2,436,102)	(1,503,956)	(3,022,691)	4,315	(6,958,434)
Investment, endowment and non-operating activity:					
Investment income, net	<u>-</u>	<u>52,701</u>	<u>(2,244)</u>	<u>-</u>	<u>50,457</u>
Change in net assets	(2,436,102)	(1,451,255)	(3,024,935)	4,315	(6,907,977)
Net assets:					
Beginning of year	<u>754,171</u>	<u>4,985,394</u>	<u>7,044,105</u>	<u>9,646,615</u>	<u>22,430,285</u>
End of year	<u>\$ (1,681,931)</u>	<u>\$ 3,534,139</u>	<u>\$ 4,019,170</u>	<u>\$ 9,650,930</u>	<u>\$ 15,522,308</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, 2019

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Operations</u>	<u>Board Designated</u>	<u>Expiring</u>	<u>Perpetual</u>	
Support and revenue:					
Concert income:					
Ticket sales	\$ 9,815,922	\$ -	\$ -	\$ -	\$ 9,815,922
Contributed and other income:					
Annual fund, net of pledge discount	3,352,896	6,006,000	455,946	24,254	9,839,096
Special events, net of direct expenses of \$153,471	1,127,113	-	1,500	-	1,128,613
Grants	645,579	-	-	-	645,579
Bequests	161,695	-	-	-	161,695
Donated materials and services	207,079	-	-	-	207,079
Other income	126,637	-	-	-	126,637
Net assets released from restriction and designations for operations:					
Annual fund	2,270,284	-	(2,270,284)	-	-
Released from designation	1,671,949	(1,671,949)	-	-	-
Endowment distribution-operations	711,151	(40,473)	(670,678)	-	-
Total contributed income	<u>10,274,383</u>	<u>4,293,578</u>	<u>(2,483,516)</u>	<u>24,254</u>	<u>12,108,699</u>
Total support and revenue	<u>20,090,305</u>	<u>4,293,578</u>	<u>(2,483,516)</u>	<u>24,254</u>	<u>21,924,621</u>
Expenses:					
Program services	15,649,848	-	-	-	15,649,848
Management and general	3,392,437	-	-	-	3,392,437
Fundraising	1,062,947	-	-	-	1,062,947
Total expenses	<u>20,105,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,105,232</u>
Change in net assets from operations	(14,927)	4,293,578	(2,483,516)	24,254	1,819,389
Investment, endowment and non-operating activity:					
Assets received in acquisition (Note 18)	41,715	127,542	3,927	30,000	203,184
Investment income, net	<u>-</u>	<u>99,274</u>	<u>723,581</u>	<u>-</u>	<u>822,855</u>
Change in net assets	49,004	4,520,394	(1,778,224)	54,254	2,845,428
Net assets:					
Beginning of year	<u>705,167</u>	<u>465,000</u>	<u>8,822,329</u>	<u>9,592,361</u>	<u>19,584,857</u>
End of year	<u>\$ 754,171</u>	<u>\$ 4,985,394</u>	<u>\$ 7,044,105</u>	<u>\$ 9,646,615</u>	<u>\$ 22,430,285</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related costs	\$ 9,219,847	\$ 2,466,583	\$ 731,741	\$ 12,418,171
Contract and professional services	2,620,573	240,699	7,272	2,868,544
Advertising and promotion	876,238	350,307	136,760	1,363,305
Grants expense	1,000,000	-	-	1,000,000
Other performance expense	814,357	1,981	125	816,463
Occupancy	632,468	163,954	60,165	856,587
Equipment and maintenance	360,429	118,726	40,860	520,015
Travel	33,397	47,621	45,579	126,597
Printing and postage	22,248	255,470	40,896	318,614
Office expense	46,611	76,152	15,598	138,361
Other operating costs	12,993	102,932	22,700	138,625
Depreciation	34,657	115,647	3,452	153,756
	<u>15,673,818</u>	<u>3,940,072</u>	<u>1,105,148</u>	<u>20,719,038</u>
Less special event expenses netted with revenue	<u>-</u>	<u>-</u>	<u>31,252</u>	<u>31,252</u>
Total expenses	<u>\$ 15,673,818</u>	<u>\$ 3,940,072</u>	<u>\$ 1,073,896</u>	<u>\$ 20,687,786</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related costs	\$ 9,518,144	\$ 2,268,002	\$ 628,165	\$ 12,414,311
Contract and professional services	3,436,643	349,412	28,060	3,814,115
Advertising and promotion	899,986	1,400	303,630	1,205,016
Other performance expense	285,190	-	-	285,190
Occupancy	695,673	162,527	53,602	911,802
Equipment and maintenance	483,183	92,022	29,026	604,231
Travel	21,182	30,289	34,650	86,121
Printing and postage	3,457	201,819	38,470	243,746
Office expense	126,516	54,784	69,602	250,902
Other operating costs	115,518	179,024	17,344	311,886
Depreciation	<u>64,356</u>	<u>53,158</u>	<u>13,869</u>	<u>131,383</u>
	15,649,848	3,392,437	1,216,418	20,258,703
Less special event expenses netted with revenue	<u>-</u>	<u>-</u>	<u>153,471</u>	<u>153,471</u>
Total expenses	<u>\$ 15,649,848</u>	<u>\$ 3,392,437</u>	<u>\$ 1,062,947</u>	<u>\$ 20,105,232</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (6,907,977)	\$ 2,845,428
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	153,756	131,383
Non-cash assets received in acquisition (Note 18)	-	(71,260)
Contribution restricted for long-term investment	(14,315)	(24,254)
Realized and unrealized gain on investments and change in value of charitable gift annuities	(27,315)	(742,918)
Loss on disposal of equipment	1,334	2,406
Allowance for uncollectible pledges	(73,270)	35,680
Discount on long-term pledges	(26,020)	19,270
(Increase) decrease in:		
Accounts and pledges receivable	3,008,317	348,802
Prepaid expenses	152,351	(50,997)
Increase (decrease) in:		
Accounts payable and accrued expenses	(116,494)	26,849
Deferred revenue	(256,030)	(264,433)
Refundable advance - Paycheck Protection Program	2,015,900	-
Charitable gift annuity liability	4,080	(637)
Net cash flows from operating activities	(2,085,683)	2,255,319
Cash flows from investing activities:		
Purchase of investments	(16,142)	(47,728)
Proceeds from sale of investments	681,108	706,414
Purchases of music, instruments and equipment	(68,144)	(86,843)
Net cash flows from investing activities	596,822	571,843
Cash flows from financing activities:		
Contributions received for perpetual endowment	4,315	24,254
Net cash flows from financing activities	4,315	24,254
Net change in cash and cash equivalents	(1,484,546)	2,851,416
Cash and cash equivalents - beginning of year	6,580,811	3,729,395
Cash and cash equivalents - end of year	\$ 5,096,265	\$ 6,580,811

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

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.

The 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, the Oregon Symphony Association in Salem (OSAS), a nonprofit corporation, granted control of its operations to the Oregon Symphony Association (See Note 18). 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, The 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, 2020 and 2019

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.

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.

Music, Instruments and Equipment

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

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.

Deferred Rent

For lease agreements that contain rent holidays and/or rent escalation clauses, the Symphony records a deferred rent liability and amortizes it on a straight-line basis over the term of the lease as an addition to rent expense.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Refundable Advance – 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. Upon satisfaction of the conditions, the advance is expected to be recognized as revenue.

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.

Contributions and Grants: Contributions and grants, 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.

As a result of the global pandemic occurring in 2020, ticketholders for cancelled performances were given the opportunity to either donate their tickets back to the Symphony, receive a refund, or a credit to a future performance. Ticket contributions are recognized upon notification from the ticketholder.

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

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. During the years ended June 30, 2020 and 2019, the Organizations received approximately \$223,900 and \$57,700, respectively, of donated professional services that have been included in management and general expense.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Advertising

Advertising costs are generally charged to expense when incurred and totaled approximately \$872,900 and \$892,700 for the years ended June 30, 2020 and 2019, respectively. Total advertising includes donated advertising of approximately \$90,800 and \$38,300 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, prepaid advertising totaled approximately \$84,300 and \$107,200, respectively.

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.

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 financial statements, as the Organizations have no activities subject to unrelated business income tax. The Organizations are not private foundations.

The Organizations follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the 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, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Principle

The Organizations implemented Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists organizations in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU 2018-08 were implemented applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no significant impact to the Organizations' revenue recognition in either year presented for this change in accounting principle.

Subsequent Events

The Symphony has evaluated all subsequent events through November 18, 2020, 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.

The Organizations have various sources of liquidity at its disposal, including cash and cash equivalents, accounts and pledges receivable, investments, and a line of credit (Note 8).

Financial assets of the Organizations consist of the following at June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 5,096,265	\$ 6,580,811
Accounts receivable	522,783	431,603
Pledges receivable, net	2,739,019	5,739,226
Investments	<u>12,014,211</u>	<u>12,641,862</u>
	20,372,278	25,393,502
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	13,670,100	16,690,720
Board designations	<u>3,534,139</u>	<u>4,985,394</u>
Financial assets available for general expenditure	3,168,039	3,717,388
Approved distribution from Board-designated reserves	-	1,665,000
Financial assets available for general expenditure	<u>\$ 3,168,039</u>	<u>\$ 5,382,388</u>

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

See Note 16 for the Symphony's endowment policies which describe the spending rate for both donor-restricted endowments and funds designated by the board as a quasi-endowment. See Note 10 for the summary of board-designated reserves. 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, 2020 and 2019 represent unconditional promises to give as follows:

	2020	2019
Receivable within one year	\$ 2,507,749	\$ 4,733,845
Receivable in two to five years	270,000	1,143,401
	<u>2,777,749</u>	<u>5,877,246</u>
Less discount for long-term pledges	6,310	32,330
Less allowance for uncollectible pledges	32,420	105,690
Pledges receivable, net	<u>\$ 2,739,019</u>	<u>\$ 5,739,226</u>
Current	\$ 2,475,329	\$ 4,628,155
Noncurrent	<u>263,690</u>	<u>1,111,071</u>
Total pledges receivable	<u>\$ 2,739,019</u>	<u>\$ 5,739,226</u>

At June 30, 2020 and 2019, 52% and 56%, respectively, of total pledges are due from three donors. Discount on long-term pledges is calculated using a rate of 2.4%.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

5. INVESTMENTS

Investments at June 30, 2020 and 2019 are carried at fair value and consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 632	\$ 3,572
Common stock and other equities	60,141	54,164
Corporate bonds	33,147	28,647
Insurance policies	939,403	898,253
Beneficial interest in assets held by Oregon Community Foundation	<u>10,980,888</u>	<u>11,657,226</u>
Total investments	<u>\$ 12,014,211</u>	<u>\$ 12,641,862</u>

The Symphony's board-designated and donor-restricted endowments are invested with The 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. MUSIC, INSTRUMENTS AND EQUIPMENT

Music, instruments and equipment consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Music, instruments and orchestra equipment	\$ 1,051,194	\$ 1,039,249
Office furniture and equipment	571,125	558,674
Website	<u>298,563</u>	<u>298,563</u>
	1,920,882	1,896,486
Less accumulated depreciation	<u>1,071,249</u>	<u>959,907</u>
Music, instruments and equipment, net	<u>\$ 849,633</u>	<u>\$ 936,579</u>

OREGON SYMPHONY ASSOCIATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
 June 30, 2020 and 2019

7. 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 \$93,920 and \$86,383 at June 30, 2020 and 2019, respectively.

As trustee, the Symphony is obligated to make annuity payments under 4 charitable gift annuity agreements to 4 annuitants. Under the terms of the remaining agreements, the donors receive payments over the donors' remaining lives. Using a discount rate of 4.5%, the estimated present value of the Symphony's liability under these agreements is \$17,150 and \$13,070 at June 30, 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
Current annuity agreement liability	\$ 2,590	\$ 1,800
Noncurrent annuity agreement liability	<u>14,560</u>	<u>11,270</u>
Total charitable gift annuities	<u>\$ 17,150</u>	<u>\$ 13,070</u>

8. LINE OF CREDIT

The Association has a \$450,000 line of credit with a bank with interest payable monthly at the bank's prime rate plus (3.25 % at June 30, 2020 and 5.5% at June 30, 2019) on outstanding advances. The line is secured by assets of the Association, is renewed annually and matures March 2021. There were no advances outstanding at June 30, 2020 or 2019.

9. BOARD-DESIGNATED NET ASSETS

Board-designated net assets consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Board-designated endowment (Note 15)	\$ 90,625	\$ 95,072
Operating reserves	<u>3,443,514</u>	<u>4,890,322</u>
Total board-designated net assets	<u>\$ 3,534,139</u>	<u>\$ 4,985,394</u>

OREGON SYMPHONY ASSOCIATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
 June 30, 2020 and 2019

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	2020	2019
Net asset with expiring donor restrictions:		
Annual fund pledges	\$ 2,768,073	\$ 5,121,091
Charitable gift annuities	10,764	7,475
Accumulated endowment earnings (Note 15)	1,240,333	1,915,539
Total net assets with expiring donor restrictions	4,019,170	7,044,105
Net asset with perpetual donor restrictions:		
Donor-restricted endowment (Note 15)	9,650,930	9,646,615
Total net assets with donor restrictions	\$ 13,670,100	\$ 16,690,720

Unexpended endowment income is reported as net assets with expiring donor restrictions until appropriated for expenditure. See Note 16 for additional information.

11. 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.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

II. RETIREMENT PLANS, Continued

The Association’s participation in these plans for the annual period ended June 30, 2020 and 2019, 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. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2020 and 2019 is for the plan’s year-end at March 31, 2020, and March 31, 2019, 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. 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 2020 and 2019 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
		2020	2019		2020	2019		
AFMEPF	51-6120204-001	Critical and Declining as of 3/31/20	Red as of 3/31/19	RP	\$246,215	\$250,161	No	6/15/22
SEI 401(k)		Not applicable	Not applicable	Not applicable	\$11,009	\$11,594	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 years ended March 31, 2020 and 2019 indicated total assets of \$1,830 million and \$1,845 million, respectively; total actuarial value of liabilities of \$3,088 million and \$2,986 million, respectively. The plan’s Annual Funding Notice for the plan years ended March 31, 2020 and 2019, indicate that the funded percentage was 59.2% and 61.8%, 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 are seeking permission to reduce future benefits to mitigate solvency issues for the plan. The amendments to the plan will also mean that the Association’s contributions for participating employees will increase approximately 10%.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

II. RETIREMENT PLANS, Continued

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.

The Association's contributions to the union-sponsored, defined benefit, multiemployer pension plan (AFMEPF) were \$246,215 and \$250,161 in 2020 and 2019, 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.

At the date the consolidated financial statements were issued, Forms 5500 were not available for the plan year ending in 2020.

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 2020 and 2019 totaled \$110,474 and \$110,138, respectively.

Contributions to all plans for 2020 and 2019 totaled \$367,698 and \$371,895, respectively.

12. LEASE COMMITMENTS

The Symphony leases its office under a lease agreement expiring October 31, 2023 with current monthly rent of \$20,363, subject to annual increases of approximately 3%.

The Symphony leases certain equipment under noncancelable operating leases expiring December 2021.

Lease expense under these agreements for the years ended June 30, 2020 and 2019 approximated \$263,800 and \$260,600, respectively.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

13. LEASE COMMITMENTS, Continued

Total minimum future lease payments are as follows:

For the year ending June 30, 2021	\$ 258,400
2022	256,700
2023	264,400
2024	89,000
	\$ 868,500

14. 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 were approximately \$1,295,000 and \$1,653,000 as of June 30, 2020 and 2019, respectively.

15. RELATED PARTY TRANSACTIONS

Three members of the permanent orchestra were also members of the Board of Directors during 2020 (three in 2019). During the years ended June 30, 2020 and 2019, the Symphony paid \$5,000 and \$65,000, respectively, to a performer, who is also a member of the Board of Directors, and his orchestra for performances.

16. ENDOWMENT

The Symphony's endowment consists of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. 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 endowments, 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

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

16. ENDOWMENT, Continued

Interpretation of Relevant Law, Continued

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

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Expiring	Perpetual	Total
June 30, 2020				
With donor-restrictions	\$ -	\$ 1,240,333	\$ 9,650,930	\$ 10,891,263
Without donor restrictions	90,625	-	-	90,625
Total endowment	<u>90,625</u>	<u>1,240,333</u>	<u>9,650,930</u>	<u>10,981,888</u>
June 30, 2019				
With donor-restrictions	\$ -	\$ 1,915,539	\$ 9,646,615	\$ 11,562,154
Without donor restrictions	95,072	-	-	95,072
Total endowment	<u>95,072</u>	<u>1,915,539</u>	<u>9,646,615</u>	<u>11,657,226</u>

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

16. ENDOWMENT, Continued

Changes in endowment net assets for the year ended June 30, 2020 and 2019 are as follows:

	Without Donor	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Restrictions</u>	<u>Expiring</u>	<u>Perpetual</u>	
Endowment net assets				
- June 30, 2018	\$ -	\$ 1,880,172	\$ 9,592,361	\$ 11,472,533
Contributions	-	-	2,981	2,981
Endowment net assets received				
in acquisition (Note 18)	127,542	3,927	30,000	161,469
Net investment return	8,003	723,391	-	731,394
Appropriation of endowment				
assets for expenditure	(40,473)	(670,678)	-	(711,151)
Transfers	-	(21,273)	21,273	-
Endowment net assets				
- June 30, 2019	95,072	1,915,539	9,646,615	11,657,226
Contributions	-	-	4,315	4,315
Net investment return	(491)	(506)	-	(997)
Appropriation of endowment				
assets for expenditure	(3,956)	(674,700)	-	(678,656)
Endowment net assets				
- June 30, 2020	<u>\$ 90,625</u>	<u>\$ 1,240,333</u>	<u>\$ 9,650,930</u>	<u>\$ 10,981,888</u>

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 totaled \$1,501,473 and \$1,201,070 as of June 30, 2020 and 2019, respectively, and are reported as net assets with expiring donor restrictions.

These deficiencies resulted from unfavorable market fluctuations that occurred and continued appropriation for certain programs that was 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 endowment assets are invested in funds with the Oregon Community Foundation (Note 5).

OREGON SYMPHONY ASSOCIATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
 June 30, 2020 and 2019

16. ENDOWMENT, Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Symphony has adopted Oregon Community Foundation's (OCF) 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.

17. 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.

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, 2020 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Investments - equities	\$ 60,141	\$ -	\$ -
Investments - corporate bonds	-	33,147	-
Investments - cash value of life insurance	-	939,403	-
Beneficial interest in assets held at Oregon Community Foundation	-	-	10,980,888
Liabilities:			
Obligations under charitable gift annuities	-	-	(17,150)

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

17. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets and liabilities measured on a recurring basis at June 30, 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Investments - equities	\$ 54,164	\$ -	\$ -
Investments - corporate bonds	-	28,647	-
Investments - cash value of life insurance	-	898,253	-
Beneficial interest in assets held at			
Oregon Community Foundation	-	-	11,657,226
Liabilities:			
Obligations under charitable gift annuities	-	-	(13,070)

Fair values for investments in 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. 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 4.5%, using an income approach.

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

Investments at OCF:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 11,657,226	\$ 11,450,348
Investment income, net	(997)	731,394
Contributions	3,315	25,166
Assets received in acquisition	-	161,469
Disbursements	<u>(678,656)</u>	<u>(711,151)</u>
Balance at end of year	<u>\$ 10,980,888</u>	<u>\$ 11,657,226</u>

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

17. FAIR VALUE MEASUREMENTS, Continued

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:

	2020	2019
Balance at beginning of year	\$ (13,070)	\$ (13,707)
Contributions	(5,029)	-
Payments to beneficiaries	2,451	1,800
Change in value of remaining obligation (in net assets with expiring donor restrictions)	(1,502)	(1,163)
Balance at end of year	<u>\$ (17,150)</u>	<u>\$ (13,070)</u>

18. OTHER COMMITMENTS

The Symphony entered into contracts with the current Artistic Director through June 30, 2021 and the current President and CEO through June 30, 2023. Additionally, the Symphony entered into contracts and agreements with various artists and a concert hall for performances during the fiscal year ending June 30, 2022.

The Symphony maintains a collective bargaining agreement for musicians. This agreement expires June 15, 2022.

19. ACQUISITION OF OREGON SYMPHONY ASSOCIATION IN SALEM

Effective September 25, 2018, the Oregon Symphony Association in Salem granted control of its assets and liabilities to the Oregon Symphony Association. The assets and liabilities received are reported as net assets received from acquisition in the accompanying consolidated statement of activities. The following assets and liabilities were assumed by the Oregon Symphony Association as of September 25, 2018:

Cash	\$ 131,924
Accounts and pledges receivable	11,244
Investments	161,469
Other assets	3,701
Accounts payable	(727)
Deferred revenue	(104,427)
Net assets received in acquisition	<u>\$ 203,184</u>

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2020 and 2019

20. UNCERTAINTIES

The Symphony has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Symphony is closely monitoring operations, liquidity, and capital resources and are actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Symphony's financial position is not known.

As shown in the accompanying financial statements, during the year ended June 30, 2020, total change in net assets from operations was approximately \$2.4 million (decrease) net assets from operations and an overall \$6.9 million (decrease) in total net assets. In addition, the global pandemic has resulted in the cancellation of programs and ongoing delays to the start of the 2020-2021 performance season. These factors could create uncertainty about the Symphony's ability to continue as a going concern. The Symphony has successfully obtained funds of \$2,015,900 from the Paycheck Protection Program (PPP) reported as a refundable advance at June 30, 2020 and anticipates applying for forgiveness of all or part of the advance in the next fiscal year.

To mitigate the uncertainty related to the timing of when performances will resume, the Symphony has developed and implemented a plan to manage its cash flows and liabilities by continuing to seek new sources of revenue as well as actively managing expenses. The Symphony also has a line of credit available. Additionally, the Symphony has received an award for pandemic relief of \$1.75 million subsequent to year-end. The Symphony has established plans to allow performances to resume as soon as restrictions are relieved. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles which contemplate continuation of the Symphony as a going concern.

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, 2020, and our report thereon dated November 18, 2020, which contained an unmodified opinion on those consolidated financial statements, appears on page 2. 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 2020 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
November 18, 2020

OREGON SYMPHONY ASSOCIATION
SUPPLEMENTARY INFORMATION - SCHEDULE I
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
June 30, 2020

	Oregon Symphony Association and Foundation	Oregon Symphony Association in Salem	Eliminating Entries	Consolidated Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 5,054,128	\$ 42,137	\$ -	\$ 5,096,265
Accounts receivable	516,829	5,954	-	522,783
Pledges receivable, net	2,441,009	34,320	-	2,475,329
Prepaid expenses	<u>539,456</u>	<u>14,140</u>	<u>-</u>	<u>553,596</u>
Total current assets	8,551,422	96,551	-	8,647,973
Pledges receivable - noncurrent	263,690	-	-	263,690
Investments	11,890,584	123,627	-	12,014,211
Music, instruments and equipment, net	<u>814,679</u>	<u>34,954</u>	<u>-</u>	<u>849,633</u>
TOTAL ASSETS	<u><u>\$ 21,520,375</u></u>	<u><u>\$ 255,132</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,775,507</u></u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 308,445	\$ -	\$ -	\$ 308,445
Deferred revenue	3,804,648	107,056	-	3,911,704
Refundable advance - Paycheck Protection Program	2,015,900	-	-	2,015,900
Current portion of charitable gift annuity liability	<u>2,590</u>	<u>-</u>	<u>-</u>	<u>2,590</u>
Total current liabilities	6,131,583	107,056	-	6,238,639
Charitable gift annuity liability, less current portion	<u>14,560</u>	<u>-</u>	<u>-</u>	<u>14,560</u>
Total liabilities	<u>6,146,143</u>	<u>107,056</u>	<u>-</u>	<u>6,253,199</u>
Net Assets (Deficit):				
Without donor restrictions:				
Available for general operations	(2,496,559)	(35,005)	-	(2,531,564)
Board-designated	3,443,514	90,625	-	3,534,139
Net music, instruments and equipment	<u>814,679</u>	<u>34,954</u>	<u>-</u>	<u>849,633</u>
Total without donor restrictions	1,761,634	90,574	-	1,852,208
With expiring donor restrictions	3,991,668	27,502	-	4,019,170
With perpetual donor restrictions	<u>9,620,930</u>	<u>30,000</u>	<u>-</u>	<u>9,650,930</u>
Total net assets	<u>15,374,232</u>	<u>148,076</u>	<u>-</u>	<u>15,522,308</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 21,520,375</u></u>	<u><u>\$ 255,132</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,775,507</u></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, 2020

	Oregon Symphony Association and Foundation	Oregon Symphony Association in Salem	Eliminating Entries	Consolidated Totals
Support and revenue:				
Concert income:				
Ticket sales	\$ 6,838,477	\$ 153,699	\$ (180,000)	\$ 6,812,176
Total concert income	<u>6,838,477</u>	<u>153,699</u>	<u>(180,000)</u>	<u>6,812,176</u>
Contributed and other income:				
Annual fund, net of pledge discount	4,738,599	140,200	-	4,878,799
Special events, net of expenses of \$31,252	1,116,572	32,940	-	1,149,512
Grants	490,013	-	-	490,013
Bequests	34,982	-	-	34,982
Donated materials and services	298,803	4,899	-	303,702
Other income	52,859	7,309	-	60,168
Total contributed income	<u>6,731,828</u>	<u>185,348</u>	<u>-</u>	<u>6,917,176</u>
Total support and revenue	<u>13,570,305</u>	<u>339,047</u>	<u>(180,000)</u>	<u>13,729,352</u>
Expenses:				
Program services	15,582,725	271,093	(180,000)	15,673,818
Management and general	3,884,490	55,582	-	3,940,072
Fundraising	1,011,428	62,468	-	1,073,896
Total expenses	<u>20,478,643</u>	<u>389,143</u>	<u>(180,000)</u>	<u>20,687,786</u>
Change in net assets from operations	(6,908,338)	(50,096)	-	(6,958,434)
Investment, endowment and non-operating activity:				
Investment income, net	<u>51,126</u>	<u>(669)</u>	<u>-</u>	<u>50,457</u>
Change in net assets	(6,857,212)	(50,765)	-	(6,907,977)
Net assets:				
Beginning of year	<u>22,231,444</u>	<u>198,841</u>	<u>-</u>	<u>22,430,285</u>
End of year	<u>\$ 15,374,232</u>	<u>\$ 148,076</u>	<u>\$ -</u>	<u>\$ 15,522,308</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, 2020

	Without Donor Restrictions		With Donor Restrictions		Total
	Operations	Board Designated	Expiring	Perpetual	
Support and revenue:					
Concert income:					
Ticket sales	\$ 6,838,477	\$ -	\$ -	\$ -	\$ 6,838,477
Contributed and other income:					
Annual fund, net of pledge discount	4,407,921	-	326,363	4,315	4,738,599
Special events, net of direct expenses of \$30,230	1,116,572	-	-	-	1,116,572
Grants	490,013	-	-	-	490,013
Bequests	34,982	-	-	-	34,982
Donated materials and services	298,803	-	-	-	298,803
Other income	52,859	-	-	-	52,859
Net assets released from restriction and designations for operations:					
Annual fund	2,656,504	-	(2,656,504)	-	-
Released from designation	1,500,000	(1,500,000)	-	-	-
Endowment distribution-operations	673,249	-	(673,249)	-	-
Total contributed income	<u>11,230,903</u>	<u>(1,500,000)</u>	<u>(3,003,390)</u>	<u>4,315</u>	<u>6,731,828</u>
Total support and revenue	<u>18,069,380</u>	<u>(1,500,000)</u>	<u>(3,003,390)</u>	<u>4,315</u>	<u>13,570,305</u>
Expenses:					
Program services	15,582,725	-	-	-	15,582,725
Management and general	3,884,490	-	-	-	3,884,490
Fundraising	1,011,428	-	-	-	1,011,428
Total expenses	<u>20,478,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,478,643</u>
Change in net assets from operations	(2,409,263)	(1,500,000)	(3,003,390)	4,315	(6,908,338)
Investment, endowment and non-operating activity:					
Investment income, net	-	53,192	(2,066)	-	51,126
Change in net assets	(2,409,263)	(1,446,808)	(3,005,456)	4,315	(6,857,212)
Net assets:					
Beginning of year	<u>727,383</u>	<u>4,890,322</u>	<u>6,997,124</u>	<u>9,616,615</u>	<u>22,231,444</u>
End of year	<u>\$ (1,681,880)</u>	<u>\$ 3,443,514</u>	<u>\$ 3,991,668</u>	<u>\$ 9,620,930</u>	<u>\$ 15,374,232</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION IN SALEM
SUPPLEMENTARY INFORMATION - SCHEDULE IV
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Operations</u>	<u>Board Designated</u>	<u>Expiring</u>	<u>Perpetual</u>	
Support and revenue:					
Concert income:					
Ticket sales	\$ 153,699	\$ -	\$ -	\$ -	\$ 153,699
Contributed and other income:					
Annual fund, net of pledge discount	115,700	-	24,500	-	140,200
Special events, net of direct expenses of \$1,022	32,940	-	-	-	32,940
Donated materials and services	4,899	-	-	-	4,899
Other income	7,309	-	-	-	7,309
Net assets released from restriction and designations for operations:					
Released from designation	42,350	-	(42,350)	-	-
Endowment distribution-operations	5,407	(3,956)	(1,451)	-	-
Total contributed income	<u>208,605</u>	<u>(3,956)</u>	<u>(19,301)</u>	<u>-</u>	<u>185,348</u>
Total support and revenue	<u>362,304</u>	<u>(3,956)</u>	<u>(19,301)</u>	<u>-</u>	<u>339,047</u>
Expenses:					
Program services	271,093	-	-	-	271,093
Management and general	55,582	-	-	-	55,582
Fundraising	62,468	-	-	-	62,468
Total expenses	<u>389,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,143</u>
Change in net assets from operations	(26,839)	(3,956)	(19,301)	-	(50,096)
Investment, endowment and non-operating activity:					
Investment income, net	<u>-</u>	<u>(491)</u>	<u>(178)</u>	<u>-</u>	<u>(669)</u>
Change in net assets	(26,839)	(4,447)	(19,479)	-	(50,765)
Net assets:					
Beginning of year	<u>26,788</u>	<u>95,072</u>	<u>46,981</u>	<u>30,000</u>	<u>198,841</u>
End of year	<u>\$ (51)</u>	<u>\$ 90,625</u>	<u>\$ 27,502</u>	<u>\$ 30,000</u>	<u>\$ 148,076</u>

See notes to consolidated financial statements.