

OREGON SYMPHONY ASSOCIATION

Consolidated Audited Financial Statements

For the Years Ended June 30, 2022 and 2021



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 corporation), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

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, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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 and *Government 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of Oregon Symphony Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oregon Symphony Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oregon Symphony Association's internal control over financial reporting and compliance.

*McDonald Jacobson, P.C.*

Portland, Oregon  
December 6, 2022

OREGON SYMPHONY ASSOCIATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,593,245	\$ 6,232,149
Accounts receivable	1,564,662	204,078
Pledges receivable, net	2,176,894	1,198,634
Prepaid expenses	411,654	468,630
Total current assets	7,746,455	8,103,491
Pledges receivable - noncurrent	97,150	-
Investments	20,136,589	19,148,080
Music, instruments and equipment, net	891,935	746,676
 TOTAL ASSETS	 \$ 28,872,129	 \$ 27,998,247
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 875,449	\$ 498,590
Deferred revenue	3,680,615	4,111,675
Refundable advance - Paycheck Protection Program	-	1,996,798
Current portion of charitable gift annuity liability	1,940	1,940
Total current liabilities	4,558,004	6,609,003
Charitable gift annuity liability, less current portion	9,864	10,492
Total liabilities	4,567,868	6,619,495
Net Assets:		
Without donor restrictions		
Available for general operations	531,671	676,930
Board-designated reserve	5,165,246	306,005
Endowment	2,771,892	3,811,436
Net music, instruments and equipment	891,935	746,676
Total without donor restrictions	9,360,744	5,541,047
With expiring donor restrictions	5,287,609	6,184,232
With perpetual donor restrictions	9,655,908	9,653,473
Total net assets	24,304,261	21,378,752
 TOTAL LIABILITIES AND NET ASSETS	 \$ 28,872,129	 \$ 27,998,247

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	<u>8,076,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,076,615</u>
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  
AND OREGON SYMPHONY ASSOCIATION IN SALEM  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the year ended June 30, 2021

	Without Donor Restrictions			With Donor Restrictions		Total
	Operations	Board Designated	Endowment	Expiring	Perpetual	
<b>Support and revenue:</b>						
Concert income:						
Ticket sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributed and other income:						
Annual fund, net of pledge discount	5,917,087	-	-	1,338,523	2,543	7,258,153
Special events, net of direct expenses of \$38,840	1,364,068	-	-	-	-	1,364,068
Grants	237,329	-	-	-	-	237,329
Bequests	-	-	552,476	-	-	552,476
Donated materials and services	23,691	-	-	-	-	23,691
Other income	47,323	-	-	-	-	47,323
Net assets released from restriction and designations for operations:						
Annual fund	2,515,073	-	-	(2,515,073)	-	-
Additions(releases) from designation	-	(3,137,509)	3,137,509	-	-	-
Endowment distribution-operations	686,388	-	(4,047)	(682,341)	-	-
Total contributed income	<u>10,790,959</u>	<u>(3,137,509)</u>	<u>3,685,938</u>	<u>(1,858,891)</u>	<u>2,543</u>	<u>9,483,040</u>
Total support and revenue	<u>10,790,959</u>	<u>(3,137,509)</u>	<u>3,685,938</u>	<u>(1,858,891)</u>	<u>2,543</u>	<u>9,483,040</u>
<b>Expenses:</b>						
Program services	9,055,623	-	-	-	-	9,055,623
Management and general	1,310,858	-	-	-	-	1,310,858
Fundraising	1,116,830	-	-	-	-	1,116,830
Total expenses	<u>11,483,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,483,311</u>
Change in net assets from operations	(692,352)	(3,137,509)	3,685,938	(1,858,891)	2,543	(2,000,271)
<b>Investment and non-operating activity:</b>						
Investment income, net	-	-	34,873	4,023,953	-	4,058,826
Government funding for pandemic relief	3,797,889	-	-	-	-	3,797,889
Change in net assets	3,105,537	(3,137,509)	3,720,811	2,165,062	2,543	5,856,444
<b>Net assets:</b>						
Beginning of year	<u>(1,681,931)</u>	<u>3,443,514</u>	<u>90,625</u>	<u>4,019,170</u>	<u>9,650,930</u>	<u>15,522,308</u>
End 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>

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 STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and related costs	\$ 5,967,371	\$ 746,871	\$ 826,244	\$ 7,540,486
Contract and professional services	472,644	36,854	112,518	622,016
Advertising and promotion	165,144	-	-	165,144
Grants expense	2,010,000	-	-	2,010,000
Other performance expense	90,180	-	-	90,180
Occupancy	54,629	162,079	59,895	276,603
Equipment and maintenance	201,600	26,770	83,296	311,666
Travel	1,624	1,730	9,408	12,762
Printing and postage	1,403	67,240	35,813	104,456
Office expense	25,568	66,846	11,448	103,862
Other operating costs	35,329	101,261	13,384	149,974
Depreciation	30,131	101,207	3,664	135,002
	<u>9,055,623</u>	<u>1,310,858</u>	<u>1,155,670</u>	<u>11,522,151</u>
Less special event expenses netted with revenue	<u>-</u>	<u>-</u>	<u>38,840</u>	<u>38,840</u>
Total expenses	<u>\$ 9,055,623</u>	<u>\$ 1,310,858</u>	<u>\$ 1,116,830</u>	<u>\$ 11,483,311</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2022 and 2021

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,925,509	\$ 5,856,444
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	138,742	135,002
Contribution restricted for long-term investment	(2,435)	(2,543)
Realized and unrealized loss (gain) on investments and change in value of charitable gift annuities	2,093,065	(4,134,003)
Loss on disposal of equipment	16,527	-
Allowance for uncollectible pledges	(1,260)	(12,220)
Discount on long-term pledges	2,850	(6,310)
(Increase) decrease in:		
Accounts and pledges receivable	(2,437,584)	1,877,620
Prepaid expenses	56,976	84,966
Increase (decrease) in:		
Accounts payable and accrued expenses	376,859	190,145
Deferred revenue	(431,060)	199,971
Refundable advances - Paycheck Protection Program	(1,996,798)	(19,102)
Charitable gift annuity liability	(628)	(4,718)
Net cash flows from operating activities	740,763	4,165,252
<b>Cash flows from investing activities:</b>		
Purchase of investments	(3,806,077)	(3,695,892)
Proceeds from sale of investments	724,503	696,026
Purchases of music, instruments and equipment	(300,528)	(32,045)
Net cash flows from investing activities	(3,382,102)	(3,031,911)
<b>Cash flows from financing activities:</b>		
Contributions received for perpetual endowment	2,435	2,543
Net cash flows from financing activities	2,435	2,543
Net change in cash and cash equivalents	(2,638,904)	1,135,884
Cash and cash equivalents - beginning of year	6,232,149	5,096,265
Cash and cash equivalents - end of year	\$ 3,593,245	\$ 6,232,149

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021

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. 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, 2022 and 2021

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, 2022, accounts receivable also included \$1,486,078 in employee retention credits that are expected to be received within one year.

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 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.

Deferred Rent

For lease agreements that contain rent holidays and/or rent escalation clauses, the Symphony recognizes the lease on a straight-line basis over the term of the lease with an adjustment to deferred rent liability and rent expense.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Refundable Advances – 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. The Symphony received an advance of \$2,015,900 during the year ended June 30, 2020 and satisfied the conditions during the year ended June 30, 2021 and recognized the full amount as revenue. A second 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.

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.

As a result of the global pandemic which began 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 Symphony 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.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

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.

Donated assets are recorded at fair value based on the current cost to acquire the asset. Donated services are recorded at fair value using current market rates for comparable services. Donated goods and services were recognized as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Management and general:		
Professional services - legal	\$ 22,200	\$ 10,000
Supplies	1,090	5,411
Fundraising supplies	49,416	8,280
	72,706	23,691
Included in special events		
Donated goods for direct benefit of donors	35,240	3,935
Total donated goods and services	\$ 107,946	\$ 27,626

**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.

**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 for the year ended June 30, 2022 and is included in government funding for pandemic relief in the consolidated statements of activities.

Advertising

Advertising costs are generally charged to expense when incurred and totaled approximately \$684,500 and \$164,700 for the years ended June 30, 2022 and 2021, respectively.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Advertising, Continued

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, 2022 and 2021, prepaid advertising totals approximately \$32,100 and \$9,900, 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 consolidated 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 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.

Change in Accounting Standards

The Symphony has implemented Accounting Standards Update 2020-07, *Presentation and Disclosures by Non-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07) for the year ended June 30, 2022 on a retrospective basis. The standard provides new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements. There was no impact on the Symphony's financial position and change in net assets upon adoption.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Standard

Effective for financial statements for the year ending June 30, 2023, the Symphony expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Symphony is lessee. Upon adoption, among other effects, the Symphony will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes may require certain retrospective adjustments. The qualitative effects on the Symphony's future financial statements of these changes and related retrospective adjustments have not yet been determined.

Subsequent Events

The Symphony has evaluated all subsequent events through December 6, 2022, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,593,245	\$ 6,232,149
Accounts receivable	1,564,662	204,078
Pledges receivable, net	2,274,044	1,198,634
Investments	<u>20,136,589</u>	<u>19,148,080</u>
	27,568,540	26,782,941
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	14,943,517	15,837,705
Board designations	<u>7,937,138</u>	<u>4,117,441</u>
Financial assets available for general expenditure	<u>\$ 4,687,885</u>	<u>\$ 6,827,795</u>

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.



OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

4. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2022 and 2021 represent unconditional promises to give as follows:

	<u>2022</u>	<u>2021</u>
Receivable within one year	\$ 2,196,084	\$ 1,219,654
Receivable in two to five years	100,000	-
	2,296,084	1,219,654
Less discount for long-term pledges	2,850	-
Less allowance for uncollectible pledges	19,190	21,020
Pledges receivable, net	<u>\$ 2,274,044</u>	<u>\$ 1,198,634</u>
Current	\$ 2,176,894	\$ 1,198,634
Noncurrent	97,150	-
Net pledges receivable	<u>\$ 2,274,044</u>	<u>\$ 1,198,634</u>

At June 30, 2022, 50% of total pledges are due from three donors and 55% from two donors at June 30, 2021. Discount on long-term pledges is calculated using a rate of 3.0%.

5. INVESTMENTS

Investments at June 30, 2022 and 2021 are carried at fair value and consist of the following:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 616	\$ 3,695,377
Common stock and other equities	55,089	67,736
Corporate bonds	29,226	35,725
Mutual funds - equities	4,404,028	-
Mutual funds - fixed income	1,774,647	-
Insurance policies	938,963	994,533
Beneficial interest in assets held by Oregon Community Foundation	<u>12,934,020</u>	<u>14,354,709</u>
Total investments	<u>\$ 20,136,589</u>	<u>\$ 19,148,080</u>

The Symphony's donor-restricted and a portion of board-designated 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.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

5. INVESTMENTS, Continued

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, 2022 and 2021:

	2022	2021
Music, instruments and orchestra equipment	\$ 1,299,667	\$ 1,056,810
Office furniture and equipment	588,115	597,554
Website	298,563	298,563
	2,186,345	1,952,927
Less accumulated depreciation	1,294,410	1,206,251
Music, instruments and equipment, net	\$ 891,935	\$ 746,676

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 \$84,931 and \$104,114 at June 30, 2022 and 2021, 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 4.5%, the estimated present value of the Symphony's liability under these agreements is \$11,804 and \$12,432 at June 30, 2022 and 2021, respectively.

	2022	2021
Current annuity agreement liability	\$ 1,940	\$ 1,940
Noncurrent annuity agreement liability	9,864	10,492
Total charitable gift annuities	\$ 11,804	\$ 12,432

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

8. LINE OF CREDIT

During the year ended June 30, 2021, the Association had a \$450,000 line of credit with a bank with interest payable monthly on outstanding advances. The line was secured by assets of the Association, matured on March 2021, and was not renewed.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Net asset with expiring donor restrictions:		
Annual fund pledges	\$ 2,109,171	\$ 1,591,522
Charitable gift annuities	6,436	11,552
Accumulated endowment earnings (Note 15)	3,172,002	4,581,158
Total net assets with expiring donor restrictions	5,287,609	6,184,232
Net asset with perpetual donor restrictions:		
Donor-restricted endowment (Note 15)	9,655,908	9,653,473
Total net assets with donor restrictions	\$ 14,943,517	\$ 15,837,705

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

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.

	2022	2021
Revenue earned at a point in time:		
Ticket and subscription revenue	\$ 9,208,509	\$ -
Other program income	53,864	47,323
Total revenue from contracts with customers	\$ 9,262,373	\$ 47,323

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

10. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued

The beginning and ending contract balances are as follows:

	June 30,		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable:			
Ticket and subscription receivable	\$ 105,232	\$ 204,078	\$ 522,783
Contract liabilities:			
Deferred ticket and subscription revenue	\$ 3,247,472	\$ 3,495,177	\$ 3,621,893
Gift certificates	<u>433,143</u>	<u>616,498</u>	<u>289,811</u>
Total contract liabilities	<u>\$ 3,680,615</u>	<u>\$ 4,111,675</u>	<u>\$ 3,911,704</u>

Revenue recognized for the years ended June 30, 2022 and 2021 that was included in the contract liability balance at the beginning of each year was \$3,528,944 and \$815,354 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.

II. 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, 2022 and 2021

II. RETIREMENT PLANS, Continued

The Association’s participation in these plans for the annual period ended June 30, 2022 and 2021, 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 2022 and 2021 is for the plan’s year-end at March 31, 2022, and March 31, 2021, 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 2022 and 2021 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
		2022	2021		2022	2021		
AFMEPF	51-6120204-001	Critical and Declining as of 3/31/22	Critical and Declining as of 3/31/21	RP	\$173,451	\$103,456	No	9/6/2023
SEI 401(k)		Not applicable	Not applicable	Not applicable	\$95,755	\$6,444	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, 2022 and 2021 indicated total assets of \$1,734 million and \$1,749 million, respectively; total actuarial value of liabilities of \$3,478 million and \$3,262 million, respectively. The plan’s Annual Funding Notice for the plan years ended March 31, 2022 and 2021, indicate that the funded percentage was 49.9% and 53.6%, respectively.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

II. RETIREMENT PLANS, Continued

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 2022 and 2021 totaled \$95,755 and \$6,444, respectively.

The Association's contributions to the union-sponsored, defined benefit, multiemployer pension plan (AFMEPF) were \$173,451 and \$103,456 in 2022 and 2021, 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 2022.

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 2022 and 2021 totaled \$148,009 and \$115,006, respectively.

Contributions to all plans for 2022 and 2021 totaled \$417,215 and \$224,906, respectively.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

12. LEASE COMMITMENTS

The Symphony leases its office under a lease agreement expiring October 31, 2023 with current monthly rent of \$21,603, subject to annual increases of approximately 3%.

The Symphony leases certain equipment under noncancelable operating leases expiring September 2027 with monthly payments of \$1,609.

Lease expense under these agreements for the years ended June 30, 2022 and 2021 approximated \$280,300 and \$258,400, respectively.

The Symphony also rents concert halls for performances. For the year ended June 30, 2022, concert hall rental fees approximated \$640,000.

Total minimum future lease payments are as follows:

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

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 \$2,028,000 and \$1,241,000 as of June 30, 2022 and 2021, respectively.

14. RELATED PARTY TRANSACTIONS

Three members of the permanent orchestra were also members of the Board of Directors during 2022 and 2021. During each of the years ended June 30, 2022 and 2021, the Symphony paid immaterial amounts to a performer, who is also a member of the Board of Directors, and his orchestra for performances. Additionally, in 2022, the Symphony received in-kind legal services from a law firm where a board member is employed (see Note 2).

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

15. 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. 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, 2022 and 2021

15. ENDOWMENT, Continued

Endowment net asset composition by type of fund as of June 30, 2022 and 2021 is as follows:

	Without Donor	With Donor Restrictions		Total
	Restrictions	Expiring	Perpetual	
<b>June 30, 2022</b>				
With donor restrictions	\$ -	\$ 3,172,002	\$ 9,655,908	\$ 12,827,910
Without donor restrictions	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>
<b>June 30, 2021</b>				
With donor restrictions	\$ -	\$ 4,581,158	\$ 9,653,473	\$ 14,234,631
Without donor restrictions	3,811,436	-	-	3,811,436
Total endowment	<u>3,811,436</u>	<u>4,581,158</u>	<u>9,653,473</u>	<u>18,046,067</u>

Changes in endowment net assets for the year ended June 30, 2022 and 2021 are as follows:

	Without Donor	With Donor Restrictions		Total
	Restrictions	Expiring	Perpetual	
Endowment net assets				
- June 30, 2020	\$ 90,625	\$ 1,240,333	\$ 9,650,930	\$ 10,981,888
Contributions	552,476	-	2,543	555,019
Net investment return	34,873	4,023,166	-	4,058,039
Appropriation of endowment				
assets for expenditure	(4,047)	(682,341)	-	(686,388)
Transfers	<u>3,137,509</u>	<u>-</u>	<u>-</u>	<u>3,137,509</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	<u>(4,101)</u>	<u>3,010</u>	<u>-</u>	<u>(1,091)</u>
Endowment net assets				
- June 30, 2022	<u>\$ 2,771,892</u>	<u>\$ 3,172,002</u>	<u>\$ 9,655,908</u>	<u>\$ 15,599,802</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 include one fund with an original gift of \$2,147,091 and deficiencies totaling \$803,346 and \$655,241 as of June 30, 2022 and 2021, respectively, and are reported as net assets with expiring donor restrictions. The fair value of the fund is \$1,343,745 at June 30, 2022.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

15. ENDOWMENT, Continued

Funds with Deficiencies, Continued

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).

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.

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.

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.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

16. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets and liabilities measured on a recurring basis at June 30, 2022 and 2021 are as follows:

	Level 1	Level 2	Level 3
<u>June 30, 2022</u>			
Assets:			
Investments:			
Money market funds	\$ 616	\$ -	\$ -
Equities	55,089		
Corporate bonds	-	29,226	
Mutual funds - equities	4,404,028	-	-
Mutual funds - fixed income	1,774,647	-	-
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)
<u>June 30, 2021</u>			
Assets:			
Reported with cash and equivalents:			
Money market funds	\$ 4,732,831	\$ -	\$ -
Investments:			
Money market funds	3,695,377	-	-
Equities	67,736	-	-
Corporate bonds	-	35,725	-
Cash value of life insurance	-	994,533	-
Beneficial interest in assets held at Oregon Community Foundation	-	-	14,354,709
Liabilities:			
Obligations under charitable gift annuities	-	-	(12,432)

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. 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.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

16. FAIR VALUE MEASUREMENTS, Continued

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):

Beneficial interest in assets held at Oregon Community Foundation:

	2022	2021
Balance at beginning of year	\$ 14,354,709	\$ 10,980,888
Investment income (loss), net	(715,864)	4,057,666
Contributions	2,435	2,543
Disbursements	(707,260)	(686,388)
Balance at end of year	\$ 12,934,020	\$ 14,354,709

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:

	2022	2021
Balance at beginning of year	\$ (12,432)	\$ (17,150)
Payments to beneficiaries	1,940	9,638
Change in value of remaining obligation (in net assets with expiring donor restrictions)	(1,312)	(4,920)
Balance at end of year	\$ (11,804)	\$ (12,432)

17. OTHER COMMITMENTS

The Symphony entered into contracts with the current Artistic Director through June 30, 2026 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, 2023.

The Symphony maintains a collective bargaining agreement for musicians. This agreement expires September 6, 2023.

OREGON SYMPHONY ASSOCIATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

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 resulted in the cancellation of the 2020-2021 performance season and cancellations and delays to the start of the 2021-2022 performance season. The accompanying financial statements show that the Symphony reported a positive change in net assets of approximately \$2.9 million and \$5.8 million for the years ended June 30, 2022 and 2021, respectively, which included funding received for pandemic relief totaling approximately \$8.1 million and \$4.1 million during the years ended June 30, 2022 and 2021, respectively. Had the funds for pandemic relief not been received, expenses would have been reduced to the level of revenue available for operations. During the year ended June 30, 2022, the Organization resumed in-person performances and has secured subscription and ticket sales of over \$3.2 million for the 2022-23 season, all of which is held in cash at June 30, 2022 for use in the 2022-23 season.

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, 2022, and our report thereon dated December 6, 2022, 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 2022 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 6, 2022

OREGON SYMPHONY ASSOCIATION  
SUPPLEMENTARY INFORMATION - SCHEDULE I  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
June 30, 2022

	Oregon Symphony Association and Foundation	Oregon Symphony Association in Salem	Eliminating Entries	Consolidated Totals
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 3,592,245	\$ 1,000	\$ -	\$ 3,593,245
Accounts receivable	1,538,014	66,893	(40,245)	1,564,662
Pledges receivable, net	1,939,696	237,198	-	2,176,894
Prepaid expenses	399,201	12,453	-	411,654
Total current assets	7,469,156	317,544	(40,245)	7,746,455
Pledges receivable - noncurrent	97,150	-	-	97,150
Investments	19,987,733	148,856	-	20,136,589
Music, instruments and equipment, net	869,794	22,141	-	891,935
<b>TOTAL ASSETS</b>	<b>\$ 28,423,833</b>	<b>\$ 488,541</b>	<b>\$ (40,245)</b>	<b>\$ 28,872,129</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 915,694	\$ -	\$ (40,245)	\$ 875,449
Deferred revenue	3,587,254	93,361	-	3,680,615
Current portion of charitable gift annuity liability	1,940	-	-	1,940
Total current liabilities	4,504,888	93,361	(40,245)	4,558,004
Charitable gift annuity liability, less current portion	9,864	-	-	9,864
Total liabilities	4,514,752	93,361	(40,245)	4,567,868
Net Assets:				
Without donor restrictions:				
Available for general operations	536,916	(5,245)	-	531,671
Board-designated	5,118,305	46,941	-	5,165,246
Endowment	2,662,772	109,120	-	2,771,892
Net music, instruments and equipment	869,794	22,141	-	891,935
Total without donor restrictions	9,187,787	172,957	-	9,360,744
With expiring donor restrictions	5,095,386	192,223	-	5,287,609
With perpetual donor restrictions	9,625,908	30,000	-	9,655,908
Total net assets	23,909,081	395,180	-	24,304,261
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 28,423,833</b>	<b>\$ 488,541</b>	<b>\$ (40,245)</b>	<b>\$ 28,872,129</b>

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, 2022

	Oregon Symphony Association and Foundation	Oregon Symphony Association in Salem	Eliminating Entries	Consolidated Totals
<b>Support and revenue:</b>				
Concert income:				
Ticket sales	\$ 9,057,332	\$ 151,177	\$ -	\$ 9,208,509
Total concert income	<u>9,057,332</u>	<u>151,177</u>	<u>-</u>	<u>9,208,509</u>
Contributed and other income:				
Annual fund, net of pledge discount	6,928,976	209,569	-	7,138,545
Special events, net of expenses of \$217,932	1,361,579	16,725	-	1,378,304
Grants	244,700	69,705	-	314,405
Bequests	90,686	4,153	-	94,839
Donated materials and services	72,706	-	-	72,706
Other income	53,865	3,925	-	57,790
Total contributed income	<u>8,752,512</u>	<u>304,077</u>	<u>-</u>	<u>9,056,589</u>
Total support and revenue	<u>17,809,844</u>	<u>455,254</u>	<u>-</u>	<u>18,265,098</u>
<b>Expenses:</b>				
Program services	18,284,856	396,952	-	18,681,808
Management and general	1,152,638	40,439	-	1,193,077
Fundraising	1,457,121	43,527	-	1,500,648
Total expenses	<u>20,894,615</u>	<u>480,918</u>	<u>-</u>	<u>21,375,533</u>
Change in net assets from operations	(3,084,771)	(25,664)	-	(3,110,435)
<b>Investment and non-operating activity:</b>				
Investment loss, net	(2,031,557)	(9,114)	-	(2,040,671)
Government funding for pandemic relief	7,920,262	156,353	-	8,076,615
Change in net assets	2,803,934	121,575	-	2,925,509
<b>Net assets:</b>				
Beginning of year	<u>21,105,147</u>	<u>273,605</u>	<u>-</u>	<u>21,378,752</u>
End of year	<u>\$ 23,909,081</u>	<u>\$ 395,180</u>	<u>\$ -</u>	<u>\$ 24,304,261</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, 2022

	2022					Total
	Without Donor Restrictions			With Donor Restrictions		
	Operations	Board Reserve	Endowment	Expiring	Perpetual	
<b>Support and revenue:</b>						
Concert income:						
Ticket sales	\$ 9,057,332	\$ -	\$ -	\$ -	\$ -	\$ 9,057,332
Contributed and other income:						
Annual fund, net of pledge discount	5,121,606	-	-	1,804,935	2,435	6,928,976
Special events	1,361,579	-	-	-	-	1,361,579
Grants	244,700	-	-	-	-	244,700
Bequests	90,686	-	-	-	-	90,686
Donated materials and services	72,706	-	-	-	-	72,706
Other income	53,865	-	-	-	-	53,865
Net assets released from restriction and designations for operations:						
Annual fund	1,377,961	-	-	(1,377,961)	-	-
Additions(releases) from designation	(4,374,299)	4,857,198	(482,899)	-	-	-
Endowment distribution-operations	701,424	-	-	(701,424)	-	-
Total contributed income	4,650,228	4,857,198	(482,899)	(274,450)	2,435	8,752,512
Total support and revenue	<u>13,707,560</u>	<u>4,857,198</u>	<u>(482,899)</u>	<u>(274,450)</u>	<u>2,435</u>	<u>17,809,844</u>
<b>Expenses:</b>						
Program services	18,284,856	-	-	-	-	18,284,856
Management and general	1,152,638	-	-	-	-	1,152,638
Fundraising	1,457,121	-	-	-	-	1,457,121
Total expenses	<u>20,894,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,894,615</u>
Change in net assets from operations	(7,187,055)	4,857,198	(482,899)	(274,450)	2,435	(3,084,771)
<b>Investment, endowment and</b>						
Investment loss, net	(733,207)	(44,898)	(541,586)	(711,866)	-	(2,031,557)
Government funding for pandemic relief	7,920,262	-	-	-	-	7,920,262
Change in net assets	-	4,812,300	(1,024,485)	(986,316)	2,435	2,803,934
<b>Net assets:</b>						
Beginning of year	1,406,710	306,005	3,687,257	6,081,702	9,623,473	21,105,147
End 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>

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, 2022

	Without Donor Restrictions			With Donor Restrictions		Total
	Operations	Board Reserve	Endowment	Expiring	Perpetual	
<b>Support and revenue:</b>						
Concert income:						
Ticket sales	\$ 151,177	\$ -	\$ -	\$ -	\$ -	\$ 151,177
Contributed and other income:						
Annual fund, net of pledge discount	30,091	-	-	179,478	-	209,569
Special events	16,725	-	-	-	-	16,725
Grants	69,705	-	-	-	-	69,705
Bequests	4,153	-	-	-	-	4,153
Other income	3,925	-	-	-	-	3,925
Net assets released from restriction and designations for operations:						
Annual fund	88,803	-	-	(88,803)	-	-
Additions(releases) from designation	(45,850)	46,941	(4,101)	3,010	-	-
Endowment distribution-operations	5,836	-	(4,277)	(1,559)	-	-
Total contributed income	<u>173,388</u>	<u>46,941</u>	<u>(8,378)</u>	<u>92,126</u>	<u>-</u>	<u>304,077</u>
Total support and revenue	<u>324,565</u>	<u>46,941</u>	<u>(8,378)</u>	<u>92,126</u>	<u>-</u>	<u>455,254</u>
<b>Expenses:</b>						
Program services	396,952	-	-	-	-	396,952
Management and general	40,439	-	-	-	-	40,439
Fundraising	43,527	-	-	-	-	43,527
Total expenses	<u>480,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,918</u>
Change in net assets from operations	(156,353)	46,941	(8,378)	92,126	-	(25,664)
<b>Investment, endowment and</b>						
Investment loss, net	-	-	(6,681)	(2,433)	-	(9,114)
Government funding for pandemic relief	<u>156,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,353</u>
Change in net assets	-	46,941	(15,059)	89,693	-	121,575
<b>Net assets:</b>						
Beginning of year	<u>16,896</u>	<u>-</u>	<u>124,179</u>	<u>102,530</u>	<u>30,000</u>	<u>273,605</u>
End of year	<u>\$ 16,896</u>	<u>\$ 46,941</u>	<u>\$ 109,120</u>	<u>\$ 192,223</u>	<u>\$ 30,000</u>	<u>\$ 395,180</u>

See independent auditor's report on supplementary information.