

OREGON SYMPHONY ASSOCIATION

Consolidated Audited Financial Statements

For the Years Ended June 30, 2021 and 2020



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, 2021 and 2020, 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 audit. We conducted our audit 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, 2021 and 2020, 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 Jacobson, P.C.

Portland, Oregon
November 30, 2021

OREGON SYMPHONY ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,232,149	\$ 5,096,265
Accounts receivable	204,078	522,783
Pledges receivable, net	1,198,634	2,475,329
Prepaid expenses	468,630	553,596
Total current assets	8,103,491	8,647,973
Pledges receivable - noncurrent	-	263,690
Investments	19,148,080	12,014,211
Music, instruments and equipment, net	746,676	849,633
 TOTAL ASSETS	 \$ 27,998,247	 \$ 21,775,507
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 498,590	\$ 308,445
Deferred revenue	4,111,675	3,911,704
Refundable advances - Paycheck Protection Program	1,996,798	2,015,900
Current portion of charitable gift annuity liability	1,940	2,590
Total current liabilities	6,609,003	6,238,639
Charitable gift annuity liability, less current portion	10,492	14,560
Total liabilities	6,619,495	6,253,199
Net Assets (Deficit):		
Without donor restrictions		
Available for general operations	676,930	(2,531,564)
Board-designated reserve	306,005	3,443,514
Endowment	3,811,436	90,625
Net music, instruments and equipment	746,676	849,633
Total without donor restrictions	5,541,047	1,852,208
With expiring donor restrictions	6,184,232	4,019,170
With perpetual donor restrictions	9,653,473	9,650,930
Total net assets	21,378,752	15,522,308
 TOTAL LIABILITIES AND NET ASSETS	 \$ 27,998,247	 \$ 21,775,507

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 Reserve	Endowment	Expiring	Perpetual	
Support and revenue:						
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)	-	-
Released 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>
Expenses:						
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)
Investment and non-operating activity:						
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
Net assets:						
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
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 and non-operating activity:					
Investment income, net	-	52,701	(2,244)	-	50,457
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
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 STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
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 STATEMENTS OF CASH FLOWS
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,856,444	\$ (6,907,977)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	135,002	153,756
Contribution restricted for long-term investment	(2,543)	(14,315)
Realized and unrealized gain on investments and change in value of charitable gift annuities	(4,134,003)	(27,315)
Loss on disposal of equipment	-	1,334
Allowance for uncollectible pledges	(12,220)	(73,270)
Discount on long-term pledges	(6,310)	(26,020)
(Increase) decrease in:		
Accounts and pledges receivable	1,877,620	3,008,317
Prepaid expenses	84,966	152,351
Increase (decrease) in:		
Accounts payable and accrued expenses	190,145	(116,494)
Deferred revenue	199,971	(256,030)
Refundable advances - Paycheck Protection Program	(19,102)	2,015,900
Charitable gift annuity liability	(4,718)	4,080
Net cash flows from operating activities	<u>4,165,252</u>	<u>(2,085,683)</u>
Cash flows from investing activities:		
Purchase of investments	(3,695,892)	(16,142)
Proceeds from sale of investments	696,026	681,108
Purchases of music, instruments and equipment	<u>(32,045)</u>	<u>(68,144)</u>
Net cash flows from investing activities	<u>(3,031,911)</u>	<u>596,822</u>
Cash flows from financing activities:		
Contributions received for perpetual endowment	<u>2,543</u>	<u>4,315</u>
Net cash flows from financing activities	<u>2,543</u>	<u>4,315</u>
Net change in cash and cash equivalents	1,135,884	(1,484,546)
Cash and cash equivalents - beginning of year	<u>5,096,265</u>	<u>6,580,811</u>
Cash and cash equivalents - end of year	<u>\$ 6,232,149</u>	<u>\$ 5,096,265</u>

See notes to consolidated financial statements.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

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, 2021 and 2020

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 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, 2021 and 2020

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, which will be recognized as revenue when conditions have been satisfied.

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. 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, 2021 and 2020, the Organizations received approximately \$10,000 and \$223,900, 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, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Advertising

Advertising costs are generally charged to expense when incurred and totaled approximately \$164,700 and \$872,900 for the years ended June 30, 2021 and 2020, respectively. Total advertising includes donated advertising of approximately \$0 and \$90,800 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, prepaid advertising totaled approximately \$9,900 and \$84,300, 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 Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this Topic.

Use of Estimates

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

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Principle

The Symphony has implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* beginning in 2021. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The various provisions of this standard resulted in no significant changes in the way the Symphony recognizes revenue, and therefore no changes to the previously issued consolidated financial statements were required on a retrospective basis (see Note 10).

Subsequent Events

The Symphony has evaluated all subsequent events through November 30, 2021, 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 of the Organizations consist of the following at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 6,232,149	\$ 5,096,265
Accounts receivable	204,078	522,783
Pledges receivable, net	1,198,634	2,739,019
Investments	19,148,080	12,014,211
	<u>26,782,941</u>	<u>20,372,278</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	15,837,705	13,670,100
Board designations	4,117,441	3,534,139
Financial assets available for general expenditure	<u>\$ 6,827,795</u>	<u>\$ 3,168,039</u>

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

See Note 15 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. 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, 2021 and 2020 represent unconditional promises to give as follows:

	2021	2020
Receivable within one year	\$ 1,219,654	\$ 2,507,749
Receivable in two to five years	-	270,000
	<u>1,219,654</u>	<u>2,777,749</u>
Less discount for long-term pledges	-	6,310
Less allowance for uncollectible pledges	21,020	32,420
Pledges receivable, net	<u>\$ 1,198,634</u>	<u>\$ 2,739,019</u>
Current	\$ 1,198,634	\$ 2,475,329
Noncurrent	-	263,690
Net pledges receivable	<u>\$ 1,198,634</u>	<u>\$ 2,739,019</u>

At June 30, 2021, 55% of total pledges are due from two donors (52% from three donors at 2020). Discount on long-term pledges is calculated using a rate of 2.4%.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

5. INVESTMENTS

Investments at June 30, 2021 and 2020 are carried at fair value and consist of the following:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 3,695,377	\$ 632
Common stock and other equities	67,736	60,141
Corporate bonds	35,725	33,147
Insurance policies	994,533	939,403
Beneficial interest in assets held by Oregon Community Foundation	<u>14,354,709</u>	<u>10,980,888</u>
Total investments	<u>\$ 19,148,080</u>	<u>\$ 12,014,211</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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Music, instruments and orchestra equipment	\$ 1,056,810	\$ 1,051,194
Office furniture and equipment	597,554	571,125
Website	<u>298,563</u>	<u>298,563</u>
	1,952,927	1,920,882
Less accumulated depreciation	<u>1,206,251</u>	<u>1,071,249</u>
Music, instruments and equipment, net	<u>\$ 746,676</u>	<u>\$ 849,633</u>

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

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 \$104,114 and \$93,920 at June 30, 2021 and 2020, 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 \$12,432 and \$17,150 at June 30, 2021 and 2020, respectively.

	2021	2020
Current annuity agreement liability	\$ 1,940	\$ 2,590
Noncurrent annuity agreement liability	10,492	14,560
Total charitable gift annuities	\$ 12,432	\$ 17,150

8. LINE OF CREDIT

At June 30, 2020, 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) on outstanding advances. The line was secured by assets of the Association, matured on March 2021, and was not renewed. There were no advances outstanding at June 30, 2020.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Net asset with expiring donor restrictions:		
Annual fund pledges	\$ 1,591,522	\$ 2,768,073
Charitable gift annuities	11,552	10,764
Accumulated endowment earnings (Note 15)	4,581,158	1,240,333
Total net assets with expiring donor restrictions	6,184,232	4,019,170
Net asset with perpetual donor restrictions:		
Donor-restricted endowment (Note 15)	9,653,473	9,650,930
Total net assets with donor restrictions	\$ 15,837,705	\$ 13,670,100

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

9. NET ASSETS WITH DONOR RESTRICTIONS, Continued

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.

Revenue earned at a point in time:	2021	2020
Ticket and subscription revenue	\$ -	\$ 6,812,176
Other program income	<u>47,323</u>	<u>52,859</u>
Total revenue from contracts with customers	<u>\$ 47,323</u>	<u>\$ 6,865,035</u>

The beginning and ending contract balances are as follows:

	2021	June 30, 2020	2019
Accounts receivable:			
Ticket and subscription receivable	<u>\$ 204,078</u>	<u>\$ 522,783</u>	<u>\$ 458,356</u>
Contract liabilities:			
Deferred ticket and subscription revenue	\$ 3,495,177	\$ 3,621,893	\$ 4,163,454
Gift certificates	<u>616,498</u>	<u>289,811</u>	<u>4,280</u>
Total contract liabilities	<u>\$ 4,111,675</u>	<u>\$ 3,911,704</u>	<u>\$ 4,167,734</u>

Revenue recognized for the years ended June 30, 2021 and 2020 that was included in the contract liability balance at the beginning of each year was \$815,354 and \$3,471,296 respectively. Generally, deferred revenue is recognized in the following year. For fiscal years 2021 and 2020, the Symphony had limited in-person performances and facility usage due to restrictions caused by the world-wide pandemic resulting in deferred revenue carried to fiscal year 2022. Contract assets were fully collected in the immediate fiscal year following the recognition of the contract asset.

OREGON SYMPHONY ASSOCIATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
 June 30, 2021 and 2020

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.

The Association’s participation in these plans for the annual period ended June 30, 2021 and 2020, 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 2021 and 2020 is for the plan’s year-end at March 31, 2021, and March 31, 2020, 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 2021 and 2020 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
		2021	2020		2021	2020		
AFMEPF	51-6120204-001	Critical and Declining as of 3/31/21	Critical and Declining as of 3/31/20	RP	\$103,456	\$246,215	No	6/15/22
SEI 401(k)		Not applicable	Not applicable	Not applicable	\$6,444	\$11,009	Not applicable	

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

II. RETIREMENT PLANS, Continued

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, 2021 and 2020 indicated total assets of \$1,749 million and \$1,830 million, respectively; total actuarial value of liabilities of \$3,262 million and \$3,088 million, respectively. The plan's Annual Funding Notice for the plan years ended March 31, 2021 and 2020, indicate that the funded percentage was 53.6% and 59.2%, respectively.

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

SEI 401(k) is a defined contribution plan and provides benefits to employees based on funds accumulated in the each employee's account. Employees are only entitled to the amounts in their individual accounts. As such, no unfunded liability has been reported to the Association by the plan administrators. Contributions to the plan for 2021 and 2020 totaled \$6,444 and \$11,009, respectively.

The Association's contributions to the union-sponsored, defined benefit, multiemployer pension plan (AFMEPF) were \$103,456 and \$246,215 in 2021 and 2020, 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 2021.

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.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

II. RETIREMENT PLANS, Continued

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 2021 and 2020 totaled \$115,006 and \$110,474, respectively.

Contributions to all plans for 2021 and 2020 totaled \$224,906 and \$367,698, respectively.

12. LEASE COMMITMENTS

The Symphony leases its office under a lease agreement expiring October 31, 2023 with current monthly rent of \$20,974, 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, 2021 and 2020 approximated \$258,400 and \$263,800, respectively.

Total minimum future lease payments are as follows:

For the year ending June 30, 2022	\$ 256,700
2023	264,400
2024	<u>89,000</u>
	<u>\$ 610,100</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 \$1,241,000 and \$1,295,000 as of June 30, 2021 and 2020, respectively.

14. RELATED PARTY TRANSACTIONS

Three members of the permanent orchestra were also members of the Board of Directors during 2021 (three in 2020). During each of the years ended June 30, 2021 and 2020, the Symphony paid \$5,000, to a performer, who is also a member of the Board of Directors, and his orchestra for performances.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

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, 2021 and 2020

15. ENDOWMENT, Continued

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 is as follows:

	Without Donor	With Donor Restrictions		Total
	Restrictions	Expiring	Perpetual	
June 30, 2021				
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>
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>

Changes in endowment net assets for the year ended June 30, 2021 and 2020 are as follows:

	Without Donor	With Donor Restrictions		Total
	Restrictions	Expiring	Perpetual	
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	<u>(3,956)</u>	<u>(674,700)</u>	<u>-</u>	<u>(678,656)</u>
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	<u>(4,047)</u>	<u>(682,341)</u>	<u>-</u>	<u>(686,388)</u>
Transfers	<u>3,137,509</u>	<u>-</u>	<u>-</u>	<u>3,137,509</u>
Endowment net assets				
- June 30, 2021	<u>\$ 3,811,436</u>	<u>\$ 4,581,158</u>	<u>\$ 9,653,473</u>	<u>\$ 18,046,067</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 \$655,241 and \$1,501,473 as of June 30, 2021 and 2020, respectively, and are reported as net assets with expiring donor restrictions.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

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, 2021 and 2020

16. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets and liabilities measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	Level 1	Level 2	Level 3
<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)
<u>June 30, 2020</u>			
Assets:			
Reported with cash and equivalents:			
Money market funds	\$ 3,800,882	\$ -	\$ -
Investments:			
Money market funds	632	-	-
Equities	60,141	-	-
Corporate bonds	-	33,147	-
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)

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.

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

16. FAIR VALUE MEASUREMENTS, Continued

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

Beneficial interest in assets held at Oregon Community Foundation:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 10,980,888	\$ 11,657,226
Investment income, net	4,057,666	(997)
Contributions	2,543	3,315
Disbursements	<u>(686,388)</u>	<u>(678,656)</u>
Balance at end of year	<u>\$ 14,354,709</u>	<u>\$ 10,980,888</u>

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

Obligation under charitable gift annuities:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ (17,150)	\$ (13,070)
Contributions	-	(5,029)
Payments to beneficiaries	9,638	2,451
Change in value of remaining obligation (in net assets with expiring donor restrictions)	<u>(4,920)</u>	<u>(1,502)</u>
Balance at end of year	<u>\$ (12,432)</u>	<u>\$ (17,150)</u>

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, 2022.

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

OREGON SYMPHONY ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
June 30, 2021 and 2020

18. 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 consolidated financial statements, the full impact to the Symphony's financial position is not known.

As shown in the accompanying consolidated financial statements, during the years ended June 30, 2021 and 2020, total change in net assets from operations, before revenue from government pandemic relief programs was a (decrease) of approximately \$2 million and \$6.9 million, respectively. In addition, the global pandemic has resulted in the cancellation of programs. These factors could create uncertainty about the Symphony's ability to continue as a going concern.

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.

During the year ended June 30, 2021, the Symphony has received approximately \$3,800,000 of pandemic relief funding. The Symphony also received a second Paycheck Protection Program (PPP) refundable advance of approximately \$2,000,000 and anticipates full forgiveness on the advance in 2022. Additionally, subsequent to year end, the Symphony received a Shuttered Venue Operators Grant of approximately \$4,500,000. The Symphony has established plans to allow performances to resume as soon as possible. Subsequent to year end the Symphony has re-opened for live performances in accordance with local health and safety guidelines. The accompanying consolidated 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, 2021, and our report thereon dated November 30, 2021, 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 2021 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 30, 2021

OREGON SYMPHONY ASSOCIATION
SUPPLEMENTARY INFORMATION - SCHEDULE I
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
June 30, 2021

	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	\$ 6,231,149	\$ 1,000	\$ -	\$ 6,232,149
Accounts receivable	203,028	128,236	(127,186)	204,078
Pledges receivable, net	1,144,324	54,310	-	1,198,634
Prepaid expenses	458,726	9,904	-	468,630
Total current assets	<u>8,037,227</u>	<u>193,450</u>	<u>(127,186)</u>	<u>8,103,491</u>
Investments	18,984,274	163,806	-	19,148,080
Music, instruments and equipment, net	<u>719,050</u>	<u>27,626</u>	<u>-</u>	<u>746,676</u>
 TOTAL ASSETS	 <u>\$ 27,740,551</u>	 <u>\$ 384,882</u>	 <u>\$ (127,186)</u>	 <u>\$ 27,998,247</u>
 LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 625,776	\$ -	\$ (127,186)	\$ 498,590
Deferred revenue	4,000,398	111,277	-	4,111,675
Refundable advances - Paycheck Protection Program	1,996,798	-	-	1,996,798
Current portion of charitable gift annuity liability	1,940	-	-	1,940
Total current liabilities	<u>6,624,912</u>	<u>111,277</u>	<u>(127,186)</u>	<u>6,609,003</u>
Charitable gift annuity liability, less current portion	<u>10,492</u>	<u>-</u>	<u>-</u>	<u>10,492</u>
Total liabilities	<u>6,635,404</u>	<u>111,277</u>	<u>(127,186)</u>	<u>6,619,495</u>
Net Assets (Deficit):				
Without donor restrictions:				
Available for general operations	687,660	(10,730)	-	676,930
Board-designated	306,005	-	-	306,005
Endowment	3,687,257	124,179	-	3,811,436
Net music, instruments and equipment	719,050	27,626	-	746,676
Total without donor restrictions	<u>5,399,972</u>	<u>141,075</u>	<u>-</u>	<u>5,541,047</u>
With expiring donor restrictions	6,081,702	102,530	-	6,184,232
With perpetual donor restrictions	9,623,473	30,000	-	9,653,473
Total net assets	<u>21,105,147</u>	<u>273,605</u>	<u>-</u>	<u>21,378,752</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>27,740,551</u>	 <u>\$ 384,882</u>	 <u>\$ (127,186)</u>	 <u>\$ 27,998,247</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, 2021

	Oregon Symphony Association and Foundation	Oregon Symphony Association in Salem	Eliminating Entries	Consolidated Totals
Support and revenue:				
Concert income:				
Ticket sales	\$ -	\$ -	\$ -	\$ -
Total concert income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributed and other income:				
Annual fund, net of pledge discount	7,123,312	134,841	-	7,258,153
Special events, net of expenses of \$38,840	1,341,002	23,066	-	1,364,068
Grants	222,101	15,228	-	237,329
Bequests	548,375	4,101	-	552,476
Donated materials and services	23,691	-	-	23,691
Other income	102,579	44	(55,300)	47,323
Total contributed income	<u>9,361,060</u>	<u>177,280</u>	<u>(55,300)</u>	<u>9,483,040</u>
Total support and revenue	<u>9,361,060</u>	<u>177,280</u>	<u>(55,300)</u>	<u>9,483,040</u>
Expenses:				
Program services	9,037,286	18,337	-	9,055,623
Management and general	1,284,437	54,071	(27,650)	1,310,858
Fundraising	1,087,449	57,031	(27,650)	1,116,830
Total expenses	<u>11,409,172</u>	<u>129,439</u>	<u>(55,300)</u>	<u>11,483,311</u>
Change in net assets from operations	(2,048,112)	47,841	-	(2,000,271)
Investment and non-operating activity:				
Investment income, net	4,013,127	45,699	-	4,058,826
Government funding for pandemic relief	3,765,900	31,989	-	3,797,889
Change in net assets	5,730,915	125,529	-	5,856,444
Net assets:				
Beginning of year	<u>15,374,232</u>	<u>148,076</u>	<u>-</u>	<u>15,522,308</u>
End of year	<u>\$ 21,105,147</u>	<u>\$ 273,605</u>	<u>\$ -</u>	<u>\$ 21,378,752</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, 2021

	Without Donor Restrictions			With Donor Restrictions		Total
	Operations	Board Reserve	Endowment	Expiring	Perpetual	
Support and revenue:						
Concert income:						
Ticket sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributed and other income:						
Annual fund, net of pledge discount	5,848,048	-	-	1,272,721	2,543	7,123,312
Special events, net of direct expenses of \$38,840	1,341,002	-	-	-	-	1,341,002
Grants	222,101	-	-	-	-	222,101
Bequests	-	-	548,375	-	-	548,375
Donated materials and services	23,691	-	-	-	-	23,691
Other income	102,579	-	-	-	-	102,579
Net assets released from restriction and designations for operations:						
Annual fund	2,513,573	-	-	(2,513,573)	-	-
Released from designation	-	(3,137,509)	3,137,509	-	-	-
Endowment distribution-operations	680,868	-	-	(680,868)	-	-
Total contributed income	<u>10,731,862</u>	<u>(3,137,509)</u>	<u>3,685,884</u>	<u>(1,921,720)</u>	<u>2,543</u>	<u>9,361,060</u>
Total support and revenue	<u>10,731,862</u>	<u>(3,137,509)</u>	<u>3,685,884</u>	<u>(1,921,720)</u>	<u>2,543</u>	<u>9,361,060</u>
Expenses:						
Program services	9,037,286	-	-	-	-	9,037,286
Management and general	1,284,437	-	-	-	-	1,284,437
Fundraising	1,087,449	-	-	-	-	1,087,449
Total expenses	<u>11,409,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,409,172</u>
Change in net assets from operations	(677,310)	(3,137,509)	3,685,884	(1,921,720)	2,543	(2,048,112)
Investment, endowment and non-operating activity:						
Investment income, net	-	-	1,373	4,011,754	-	4,013,127
Government funding for pandemic relief	<u>3,765,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,765,900</u>
Change in net assets	3,088,590	(3,137,509)	3,687,257	2,090,034	2,543	5,730,915
Net assets:						
Beginning of year	<u>(1,681,880)</u>	<u>3,443,514</u>	<u>-</u>	<u>3,991,668</u>	<u>9,620,930</u>	<u>15,374,232</u>
End of year	<u>\$ 1,406,710</u>	<u>\$ 306,005</u>	<u>\$ 3,687,257</u>	<u>\$ 6,081,702</u>	<u>\$ 9,623,473</u>	<u>\$ 21,105,147</u>

See notes to consolidated financial statements