BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidated Financial Statements

Together with Independent Auditors' Report
For the Years Ended August 31, 2023 and 2022

BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Baltimore Symphony Orchestra, Inc. and Affiliates:

We have audited the accompanying consolidated financial statements of the Baltimore Symphony Orchestra, Inc. and Affiliates (a nonprofit organization) (the Symphony), which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, 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 the Baltimore Symphony Orchestra, Inc. and Affiliates as of August 31, 2023 and 2022, and the 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Baltimore Symphony Orchestra, Inc. and Affiliates 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 Baltimore Symphony Orchestra, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Baltimore Symphony Orchestra, Inc. and Affiliates' 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 the Baltimore Symphony Orchestra, Inc. and Affiliates' 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.

SC&H Attest Services, P.C.

February 28, 2024

BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidated Statements of Financial Position (In Thousands)

As of August 31,	*2023*	*(As Restated) 2022*
Assets		
Cash and cash equivalents	$ 5,882	$ 2,917
Promises to give, net	4,534	2,827
Grants receivable	47	2,021
Prepaid expenses and other assets	1,281	1,518
Investments	71,693	70,037
Property and equipment, net	16,464	17,648
Right-of-use assets - operating, net	258	-
Interest rate swap agreement	31	-
Total Assets	$ 100,190	$ 96,968
Liabilities and Net Assets		
Liabilities		
Line of credit	$ 1,500	$ -
Accounts payable and accrued expenses	2,068	1,315
Annuities payable	48	68
Deferred revenue	5,009	4,447
Accrued pension cost	4,663	5,960
Long-term debt	4,224	4,923
Lease liabilities - operating	258	-
Interest rate swap agreement	-	10
Total Liabilities	17,770	16,723
Commitments and Contingencies (Notes 15 and 16)		
Net Assets (Deficit)		
Without donor restrictions	(10,041)	(8,298)
With donor restrictions	92,461	88,543
Total Net Assets	82,420	80,245
Total Liabilities and Net Assets	$ 100,190	$ 96,968

The accompanying notes are an integral part of these consolidated financial statements.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Consolidated Statement of Activities (In Thousands)
For the Year Ended August 31, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	*(As Restated)* Total 2022
Operating Revenue				
Concert income	$ 5,285	$ -	$ 5,285	$ 4,991
Hall income	571	-	571	327
Other operating income	1,510	-	1,510	1,242
Total Operating Revenue	7,366	-	7,366	6,560
Public and Private Support				
Grants	3,255	-	3,255	9,577
Contributions	9,848	6,925	16,773	8,784
In-kind contributions	111		111	9
Special events	731	-	731	87
Investment income (loss)	5,021	1,200	6,221	(10,352)
Total Public and Private Support	18,966	8,125	27,091	8,105
Net Assets Released from Restrictions	4,207	(4,207)	-	-
Total Revenue	30,539	3,918	34,457	14,665
Operating Expenses				
Program services	27,622	-	27,622	25,354
General and administrative	5,714	-	5,714	4,839
Fundraising	3,248	-	3,248	1,576
Total Operating Expenses	36,584	-	36,584	31,769
Change in Net Assets from Operations before Non-Operating Income (Expenses)	(6,045)	3,918	(2,127)	(17,104)
Non-Operating Income (Expenses)				
Interest expense	(260)	-	(260)	(130)
Pension related changes including non-cash pension cost	1,877	-	1,877	455
Employee retention credit income (Note 9)	2,644	-	2,644	-
Paycheck Protection Program loan income (Note 9)	-	-	-	2,000
Gain on interest rate swap	41	-	41	179
Total Non-Operating Income, net	4,302	-	4,302	2,504
Change in Net Assets (Deficit)	(1,743)	3,918	2,175	(14,600)
Net Assets (Deficit), beginning of year, as restated (Note 17)	(8,298)	88,543	80,245	94,845
Net Assets, end of year	$ (10,041)	$ 92,461	$ 82,420	$ 80,245

The accompanying notes are an integral part of these consolidated financial statements.

BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidated Statement of Activities (In Thousands)
For the Year Ended August 31, 2022

	(As Restated) Without Donor Restrictions	With Donor Restrictions	*(As Restated)* Total 2022
Operating Revenue			
Concert income	$ 4,991	$ -	$ 4,991
Hall income	327	-	327
Other operating income	1,242	-	1,242
Total Operating Revenue	6,560	-	6,560
Public and Private Support			
Grants	7,556	2,021	9,577
Contributions	5,267	3,517	8,784
In-kind contributions	9	-	9
Special events	87	-	87
Investment loss	(7,060)	(3,292)	(10,352)
Total Public and Private Support	5,859	2,246	8,105
Net Assets Released from Restrictions	2,588	(2,588)	-
Total Revenue	15,007	(342)	14,665
Operating Expenses			
Program services	25,354	-	25,354
General and administrative	4,839	-	4,839
Fundraising	1,576	-	1,576
Total Operating Expenses	31,769	-	31,769
Change in Net Assets from Operations before Non-Operating Income (Expenses)	(16,762)	(342)	(17,104)
Non-Operating Income (Expenses)			
Interest expense	(130)	-	(130)
Pension related changes including non-cash pension cost	455	-	455
Paycheck Protection Program loan income (Note 9)	2,000	-	2,000
Gain on interest rate swap	179	-	179
Total Non-Operating Income, net	2,504	-	2,504
Change in Net Assets (Deficit)	(14,258)	(342)	(14,600)
Net Assets, beginning of year	5,960	88,885	94,845
Net Assets (Deficit), end of year, as restated (Note 17)	$ (8,298)	$ 88,543	$ 80,245

The accompanying notes are an integral part of these consolidated financial statements.

BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidated Statement of Functional Expenses (In Thousands)
For the Year Ended August 31, 2023
(With Comparative Totals for 2022)

		Supporting Services				
	Program Services	General and Administrative	Fundraising	Total	2023 Total	2022 Total
Advertising and promotion	$ -	$ 1,458	$ 514	$ 1,972	$ 1,972	$ 1,390
Bad debt expense	-	95	-	95	95	221
Depreciation and amortization	1,365	108	-	108	1,473	1,464
Fees for services	3,127	665	503	1,168	4,295	4,292
Fundraising event expenses	-	586	-	586	586	144
Information technology	2	340	-	340	342	308
In-kind expenses	-	-	111	111	111	9
Insurance	6	342	-	342	348	268
Occupancy	1,844	152	133	285	2,129	1,701
Office expenses	226	114	7	121	347	354
Other expenses	1,081	95	434	529	1,610	1,460
Rental expenses	349	-	-	-	349	684
Salaries and benefits	18,991	1,714	1,532	3,246	22,237	18,955
Travel, entertainment, and meetings	631	45	14	59	690	519
Total Functional Expenses	$ 27,622	$ 5,714	$ 3,248	$ 8,962	$ 36,584	$ 31,769

The accompanying notes are an integral part of these consolidated financial statements.

BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidated Statement of Functional Expenses (In Thousands)
For the Year Ended August 31, 2022

		Supporting Services			
	Program Services	General and Administrative	Fundraising	Total	Total Functional Expenses
Advertising and promotion	$ -	$ 1,191	$ 199	$ 1,390	$ 1,390
Bad debt expense	-	221	-	221	221
Depreciation and amortization	1,354	110	-	110	1,464
Fees for services	3,103	1,044	145	1,189	4,292
Fundraising event expenses	-	-	144	144	144
Information technology	-	308	-	308	308
In-kind expenses	-	-	9	9	9
Insurance	5	263	-	263	268
Occupancy	1,701	-	-	-	1,701
Office expenses	273	76	5	81	354
Other expenses	974	387	99	486	1,460
Rental expenses	684	-	-	-	684
Salaries and benefits	16,818	1,171	966	2,137	18,955
Travel, entertainment, and meetings	442	68	9	77	519
Total Functional Expenses	$ 25,354	$ 4,839	$ 1,576	$ 6,415	$ 31,769

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows (In Thousands)

For the Years Ended August 31,	*2023*	*(As Restated) 2022*
Cash Flows from Operating Activities		
Change in net assets	$ 2,175	$ (14,600)
Adjustments to reconcile changes in net assets to net cash and cash equivalents, and restricted cash used in operating activities:		
Depreciation and amortization	1,473	1,464
Net realized and unrealized (gains) losses on investments	(4,180)	11,920
Change in fair value of interest rate swap agreement	(41)	(179)
Change in discount on promises to give	115	5
Provision for uncollectible promises to give	149	-
Amortization of right-of-use assets - operating	247	-
Contributions restricted for endowment	(1,352)	(683)
Paycheck Protection Program loan income (Note 9)	-	(2,000)
Changes in assets and liabilities:		
Promises to give	(1,971)	1,049
Grants receivable	1,974	(2,021)
Prepaid expenses and other assets	237	(2)
Accounts payable and accrued expenses	753	(447)
Annuities payable	(20)	(15)
Deferred revenue	562	(3,250)
Accrued pension costs	(1,297)	(536)
Lease liabilities - operating	(247)	-
Cash and Cash Equivalents, and Restricted Cash Used in Operating Activities	(1,423)	(9,295)
Cash Flows from Investing Activities		
Proceeds from sale of investments	46,156	37,795
Purchases of investments	(43,632)	(35,857)
Purchases of property and equipment	(289)	(242)
Cash and Cash Equivalents, and Restricted Cash Provided by Investing Activities	2,235	1,696
Cash Flows from Financing Activities		
Contributions restricted for endowment	1,352	683
Borrowings on line of credit	1,500	-
Principal payments on long-term debt	(699)	(730)
Cash and Cash Equivalents, and Restricted Cash Provided by (Used in) Financing Activities	2,153	(47)
Net Increase (Decrease) in Cash and Cash Equivalents, and Restricted Cash	2,965	(7,646)
Cash and Cash Equivalents, and Restricted Cash, beginning of year	2,917	10,563
Cash and Cash equivalents, and Restricted cash, end of year	$ 5,882	$ 2,917
Supplemental Cash Flow Information		
Cash paid for interest	$ 260	$ 130
Supplemental Disclosure of Non-Cash Operating, Investing and Financing Activities		
Recognition of right-of-use assets - operating	$ 505	$ -
Recognition of lease liabilities - operating	$ 505	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Baltimore Symphony Orchestra, Inc. (the Orchestra) is a non-profit organization whose purpose is to maintain a symphony for the State of Maryland, present musical concerts and develop a widespread appreciation of fine music.

On March 28, 2006, the Baltimore Symphony Endowment Trust (the Endowment Trust) was formed to protect and hold the permanently restricted endowment funds, which had historically been contributed to the Baltimore Symphony Orchestra, Inc. as a permanent endowment, together with the Joseph Meyerhoff Symphony Hall and Cathedral Parking, Inc. The Endowment Trust was formed and instructed to dedicate the funds for such purposes, and subject to such restrictions as are consistent with the original donor intent. The Board of Trustees of the Endowment Trust consists of nine trustees, three of whom serve by virtue of their positions with the Orchestra (the Chairman of the Board, the President and the Chairman of the Budget and Finance Committee). The remaining six trustees, which constitute the majority, are appointed to staggered terms by the Orchestra Board and may not be officers, directors or employees of the Orchestra. Furthermore, to ensure that the appointed trustees act with the appropriate level of independence, once appointed they may not be removed except by a supermajority vote of the Orchestra Board. While the Endowment Trust is a separate legal entity with a Board of Trustees that is separate from the Orchestra’s Board of Directors, the financial statements of the two organizations are consolidated in accordance with Accounting Standards Codification 810, *Consolidation* (ASC 810) and ASC 958-810, *Not-for-Profit Entities: Consolidation* (ASC 958-810).

On May 31, 2006, in conjunction with the establishment of the Endowment Trust, the Orchestra transferred a portion of its investment portfolio, the Joseph Meyerhoff Symphony Hall, other property and equipment and promises to give to the Endowment Trust.

Cathedral Parking, Inc. (Cathedral Parking) owns and operates a parking garage adjacent to the Joseph Meyerhoff Symphony Hall.

Collectively, the three organizations are referred to as the Symphony.

Basis of Accounting

The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Basis of Presentation

The consolidated financial statement presentation follows the recommendations of the ASC 958-205, *Not-for-Profit Entities: Presentation of Financial Statements* (ASC 958-205). Under ASC 958-205, the Symphony is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are the net assets that are not subject to donor-imposed restrictions. Contributions with donor-imposed restrictions that are met in the same reporting period that the contribution is received are reported as net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets with donor restrictions result from contributions whose use is limited by donor-imposed stipulations. Net assets may be donor restricted for various purposes, such as use in future periods or use for specified purposes. Donor restrictions may expire by the passage of time or can be fulfilled and removed by actions of the Symphony pursuant to these stipulations. Net assets with donor restrictions may also result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Symphony's actions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions recognized on net assets, such as the fulfillment of donor-stipulated purpose and/or the passage of stipulated time period, are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which assets are acquired or placed in service.

Principles of Consolidation

The consolidated financial statements include the accounts of the Orchestra, the Endowment Trust and Cathedral Parking. All intercompany activity has been eliminated in the consolidation.

Cash and Cash Equivalents

Cash equivalents consist primarily of bank overnight investment funds. Cash and cash equivalents include $247,000 and $210,000 that is restricted for the payment of unemployment claims as of August 31, 2023 and 2022, respectively.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Ticket Revenue

The Orchestra generates revenues from ticket sales and Joseph Meyerhoff Symphony Hall rentals. In accordance with ASC 606, *Revenue from Contracts with Customers*, (ASC 606) when the Orchestra enters into a contract with a customer and the customer obtains control of the promised goods or services (performance obligation), the Orchestra recognizes revenue in an amount that reflects the consideration the Orchestra expects to receive in exchange for those goods or services (transaction price). Ticket sales and hall rental revenues are recognized at a point in time when the performance obligation is met (i.e. the occurrence of the concert or event). Amounts received in advance are reported as deferred revenue.

Parking Revenue

Cathedral Parking generates revenues from parking sales. In accordance with ASC 606, when the Symphony enters into a contract with a customer and the customer obtains control of the promised services (performance obligation), the Symphony recognizes revenue in an amount that reflects the consideration the Symphony expects to receive in exchange for those services (transaction price). Parking sales are recognized at a point in time when the performance obligation is rendered. Amounts received in advance are reported as deferred revenue.

Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. No allowance has been recorded as of August 31, 2023 and 2022 as management believes all receivables are collectible. Receivables, which totaled $349,000 and $596,000 as of August 31, 2023 and 2022, respectively, are included in prepaid expenses and other assets on the consolidated statements of financial position.

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Symphony that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* (ASC 958-605), promises to give in a future accounting period are discounted to their net present value at the time the revenue is recorded. The Symphony's promises to give are discounted at a rate of 5% as of August 31, 2023 and 2022.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Contributions and Promises to Give – cont'd.

The Symphony uses the allowance method to determine uncollectible promises to give. The allowance is based on historical collection experience and management's analysis of specific promises to give.

In-Kind Contributions

The Symphony receives in-kind contributions, which consist of, but are not limited to professional services. Gifts of non-cash assets and services (in-kind contributions) are valued at the fair value less any obligations incurred. In accordance with ASC 958-605, the Symphony recognizes revenue and expense for in-kind contributions if services (1) would typically be purchased by the Symphony had the contribution not been provided, (2) require specialized skills, and (3) are provided by individuals with those skills.

The following contributed nonfinancial assets were included in in-kind contributions during the years ended August 31,:

	2023	2022	Usage	Donor Restriction	Fair Value Technique
Donated goods	$ 31	$ -	Fundraising	None	Estimated fair value for similar items
Donated services	80	9	Fundraising	None	Standard industry pricing for similar services
Total	$ 111	$ 9			

Grant Revenue

The Symphony accounts for grants under ASC 958-605. Grant revenue is considered a conditional gift and is recognized as program or other expenses are incurred; therefore, satisfying the condition of the grant. Deferred revenue consists of state and county grant funds that have been received, but not yet expended. These amounts are recognized as revenue when the related expenditures are incurred.

Investments

Investments are stated at fair value. For investment purposes, securities of endowment net assets are commingled. The Investment Committee, with general guidelines from the Board of Directors, has full discretionary authority for the purchase and sale of securities. Realized and unrealized gains or losses incurred on securities are charged or credited to current operations and are recorded in the consolidated statements of activities.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Investment Risks and Uncertainties

The Symphony invests in a professionally managed portfolio that contains shares of common stocks and bonds of publicly traded companies, U.S. Government obligations, mutual funds, money market funds, and alternative investments. Such investments are exposed to risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Gift Annuities

The Symphony operates a charitable gift annuity agreement program, whereby donors contribute a specific sum of money to the program in exchange for specified payments to be made to a designated beneficiary. Upon death of the beneficiary, the amount of the original gift reverts to the Symphony and can be released for general operations. An actuarially determined present value of expected future annuity payments is recorded as a liability. This amount is discounted at an expected rate of return over the remaining expected life of the beneficiary. The excess of the gift amount over the liability is recorded as revenue by the Symphony. Each subsequent year, the Symphony records revenue for the passing of the year, as the liability is incrementally decreased. The liability for these trusts is included in annuities payable on the consolidated statements of financial position.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at date of gift, if donated. Additions or improvements that substantially increase the value of the assets are capitalized. The Symphony capitalizes property and equipment additions and improvements in excess of $1,000. The costs of maintenance and repairs are charged to operations as incurred. Depreciation is provided on the straight-line method based on the assets' estimated useful lives (50 years for buildings and building improvements and 3 to 10 years for equipment and furnishings).

Interest Rate Swap Agreement

The Symphony has entered into an interest rate swap agreement to protect against interest rate risks associated with certain variable rate debt (Note 7). The fair value of the swap agreement is recorded in the consolidated statements of financial position while the gain or loss resulting from the change in the fair value of the agreement is recorded in the consolidated statements of activities as a component of non-operating income or expense. It is management's intention to hold the swap agreement until maturity.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Valuation of Long-Lived Assets

The Symphony accounts for the valuation of long-lived assets under ASC 360, *Property, Plant and Equipment* (ASC 360). ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed are reportable at the lower of the carrying amount or fair value, less costs to sell. As of August 31, 2023 and 2022, management does not believe any long-lived assets are impaired and has not identified any assets as being held for disposal.

Income Taxes

The Orchestra and the Endowment Trust are generally exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Orchestra and the Endowment Trust qualify for charitable contribution deductions under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under Section 509(a)(1). The Endowment Trust is a Type I supporting organization under Section 509(a)(3)(B)(i). Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. The Orchestra and the Endowment Trust had no significant unrelated business income for the years ended August 31, 2023 and 2022.

Cathedral Parking is a taxable entity subject to Federal and state income taxes and accounts for income taxes in accordance with ASC 740, *Income Taxes* (ASC 740). ASC 740 requires the recognition of deferred tax assets and liabilities for the expected future consequences of events that have been recognized in the consolidated financial statements or tax returns. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more-likely-than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

No taxes were payable during the years ended August 31, 2023 and 2022 as a result of a net operating loss. The tax net operating loss carryforward at August 31, 2023 approximates $2,001,000. This amount is available to offset future taxable income, and is in excess of the book loss carryforward due to additional depreciation expense for tax purposes. These carryforwards will expire beginning in 2024 and ending in 2043.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Income Taxes – cont'd.

During the years ended August 31, 2023 and 2022, Cathedral Parking, Inc. recorded a valuation allowance of approximately $420,000 and $458,000, respectively, on the deferred tax assets to reduce the total net deferred tax asset to zero. Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income.

ASC 740 prescribes a recognition threshold and a measurement attribute for the consolidated financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return as well as guidance on de-recognition, classification, interest and penalties and consolidated financial statement reporting disclosures. For these benefits to be recognized, a tax position must be more-likely-than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Symphony continues to remain subject to examination by U.S. Federal authorities; however, there are currently no audits in progress.

The Symphony recognizes interest and penalties accrued on any unrecognized tax exposure as a component of income tax expense. The Symphony does not have any amounts accrued relating to interest and penalties as of August 31, 2023 and 2022.

Credit Risk

Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. At various times during the years ended August 31, 2023 and 2022, the Symphony held amounts on deposit at various financial institutions in excess of the maximum amount insured by the FDIC. The Symphony has not experienced any losses and believes it is not exposed to any significant credit risk with respect to its cash.

Advertising

The Symphony prepays for advertising costs which are expensed ratably over each concert season. During the years ended August 31, 2023 and 2022, advertising expense, which is included in advertising and promotion on the consolidated statements of functional expenses, totaled approximately $482,000 and $396,000, respectively.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Recently Adopted Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842),* which is effective for fiscal years beginning after December 15, 2021. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous leases guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. The Symphony implemented ASU 2016-02 in the current year using a modified retrospective approach.

Fair Value Measurement

ASC 820-10, *Fair Value Measurement* (ASC 820-10), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Symphony has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement – cont'd.

The asset's or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at August 31, 2023 and 2022. The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Cash and cash equivalents: The carrying amounts approximate fair value due to the short maturity of these investments.

Mutual funds: Valued at the closing price reported in the active market on which the funds are traded.

Fixed income securities: Valued based upon sales of identical or similar assets in active markets.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded. All common stock held by the Symphony is traded in active markets to which the Symphony has access.

Interest rate swap agreement: Valued using pricing models developed based on the swap rate and other observable market data. The value is adjusted to reflect nonperformance risk of both the counterparty and the Symphony.

The methods described above may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the Symphony believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments could result in a different fair value measurement at the reporting date.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement – cont'd.

The following table approximates by level, within the fair value hierarchy, the Symphony's assets and liabilities at fair value as of August 31, 2023:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,894,000	$ -	$ -	$ 3,894,000
Mutual funds	35,178,000	-	-	35,178,000
Fixed income securities	-	10,221,000	-	10,221,000
Common stock	13,133,000	-	-	13,133,000
Interest rate swap agreement	-	31,000	-	31,000
Total assets and liabilities measured at fair value	$ 52,205,000	$ 10,252,000	$ -	$ 62,457,000
Fund of Funds*	n/a	n/a	n/a	$ 1,343,000
Limited liability company interests*	n/a	n/a	n/a	7,924,000
Total	$ 52,205,000	$ 10,252,000	$ -	$ 71,724,000

The following table approximates by level, within the fair value hierarchy, the Symphony's assets and liabilities at fair value as of August 31, 2022:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,001,000	$ -	$ -	$ 2,001,000
Mutual funds	36,750,000	-	-	36,750,000
Fixed income securities	-	7,942,000	-	7,942,000
Common stock	13,927,000	-	-	13,927,000
Interest rate swap agreement	-	(10,000)	-	(10,000)
Total assets and liabilities measured at fair value	$ 52,678,000	$ 7,932,000	$ -	$ 60,610,000
Fund of Funds*	n/a	n/a	n/a	$ 5,942,000
Limited liability company interests*	n/a	n/a	n/a	3,475,000
Total	$ 52,678,000	$ 7,932,000	$ -	$ 70,027,000

* In accordance with ASC 820-10, certain investments that were measured at net asset value per share (or its equivalent) using the practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement – cont'd.

The Symphony invests in certain entities for which the net asset value per share, or its equivalent, has been used to estimate fair value. The table below summarized these investments as well as the strategies, redemptions, and unfunded commitments related to such investments at August 31, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternative Investments:				
Fund of Funds (a)	$ 1,343,000	N/A	Upon liquidation	None permitted
Limited liability company interests (b)	7,924,000	57,500	Upon liquidation	None permitted

The table below summarized these investments as well as the strategies, redemptions, and unfunded commitments related to such investments at August 31, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternative Investments:				
Fund of Funds (a)	$ 5,942,000	N/A	Upon liquidation	None permitted
Limited liability company interests (b)	3,475,000	57,500	Upon liquidation	None permitted

(a) This category includes investments in fund of funds that invest primarily in private equity funds. These investments can only be redeemed through the liquidation of the underlying assets of the funds.

(b) This category includes limited liability companies that invest in venture capital and private equity funds. Distributions are made to investors through the liquidation of the underlying assets.

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 additions to net assets and deductions from net assets during the reporting period. Actual results could differ from those estimates.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d.

Fair Value of Financial Instruments

The carrying amount of financial instruments, including cash and cash equivalents, prepaid expenses and other assets, accounts payable and accrued expenses and deferred revenue approximate fair value because of the short maturity of these instruments. The carrying amount of long-term debt approximates fair value because the interest rate on these instruments is based on the current rates offered to the Symphony for debt with similar terms and maturities.

Functional Classification of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The Symphony incurs certain costs that directly relate to and can be assigned to a specific function. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated on the basis of estimates of the portion of time expended by the staff or square footage of the various functions.

Subsequent Events

The Symphony evaluated for disclosure any subsequent events through February 28, 2024, the date the consolidated financial statements were available to be issued and determined that there were no material events that require disclosure.

2. FINANCIAL CONDITION

The accompanying financial statements have been prepared assuming that the Symphony will continue as a going concern. As noted in the accompanying consolidated financial statements, the Symphony incurred a decrease in unrestricted net assets before non-operating income and expenses of $6,045,000 and a decrease in cash flow from operations of $1,423,000 for the year ended August 31, 2023. These factors raised substantial doubt about the Symphony’s ability to continue as a going concern.

Management expects contributed income and concert revenue to continue to increase in response to the new music director’s tenure which began with the 2023-2024 season. Management has prepared a cash flow analysis for twelve months from the auditors’ report date and believes the Symphony will improve its operating results and that operating cash flow combined with availability from the line of credit will provide sufficient resources to fund its future operations. These factors have alleviated doubt about the Symphony’s ability to continue as a going concern.

3. INVESTMENTS

The approximate cost and fair value of investments are as follows at August 31,:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	$ 3,894,000	$ 3,894,000	$ 2,001,000	$ 2,001,000
Mutual funds	35,201,000	35,178,000	39,202,000	36,750,000
Fixed income securities	10,876,000	10,221,000	8,525,000	7,942,000
Common stock	9,407,000	13,133,000	11,218,000	13,927,000
Alternative investments	9,717,000	9,267,000	8,375,000	9,417,000
Total investments	$ 69,095,000	$ 71,693,000	$ 69,321,000	$ 70,037,000

Investment management fees for the years ended August 31, 2023 and 2022 totaled approximately $275,000 and $384,000, respectively, and are included in investment income (loss) in the accompanying consolidated statements of activities.

Earnings (losses) on investments are as follows for the years ended August 31,:

	2023	2022
Net realized gains	$ 2,302,000	$ 2,113,000
Interest and dividends, net of fees	2,041,000	1,568,000
Net unrealized appreciation (depreciation)	1,878,000	(14,033,000)
Total investment income (loss)	$ 6,221,000	$ (10,352,000)

ASC 958-205, *Not-for-Profit Entities: Presentation of Financial Statements* (ASC 958-205), establishes a framework on the net asset classification of donor-restricted endowment funds for any not-for-profit organization that is subject to a state enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958-205 requires expanded disclosures for all endowment funds.

In the event the Symphony receives donor-restricted endowment funds, determination of the net asset classification for the corpus and return on investments is based on the donor's intentions. The Symphony has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that provide an average rate of return of approximately eight percent (8%) annually.

3. INVESTMENTS – cont'd.

The current spending policy is to draw a fixed percentage of the average market value of the Endowment, calculated over the trailing twenty quarters. The draw is calculated on an annual basis, with the resulting draw amount to be applied over the next twelve months. The trustees are authorized to provide annual support in an amount up to a maximum of six percent (6%). Historically, however, the practice has been to distribute between five and six percent (5-6%) annually.

Changes in Endowed Net Assets are as follows for the year ended August 31, 2023 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets (Deficit), September 1, 2022	$ (11,451)	$ 82,084	$ 70,633
Interest & dividends, net of fees	2,011	30	2,041
Net appreciation	3,022	1,158	4,180
Draw	(3,550)	-	(3,550)
Contributions	-	1,508	1,508
Amounts appropriated for expenditure	(1,221)	(572)	(1,793)
Endowment Net Assets (Deficit), August 31, 2023	$ (11,189)	$ 84,208	$ 73,019

Composition of Endowed Net Assets by Fund Type is as follows as of August 31, 2023 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	$ (11,189)	$ 84,208	$ 73,019
Total Endowment Funds	$ (11,189)	$ 84,208	$ 73,019

3. INVESTMENTS – cont'd.

Changes in Endowed Net Assets are as follows for the year ended August 31, 2022 (in thousands):

	Without Donor Restrictions (As restated)	With Donor Restrictions	Total (As restated)
Endowment Net Assets (Deficit), September 1, 2021	$ (986)	$ 84,613	$ 83,627
Interest & dividends, net of fees	1,640	12	1,652
Net depreciation	(8,616)	(3,304)	(11,920)
Draw	(3,372)	-	(3,372)
Contributions	-	1,282	1,282
Amounts appropriated for expenditure	(117)	(519)	(636)
Endowment Net Assets (Deficit), August 31, 2022	$ (11,451)	$ 82,084	$ 70,633

Composition of Endowed Net Assets by Fund Type is as follows as of August 31, 2022 (in thousands):

	Without Donor Restrictions (As restated)	With Donor Restrictions	Total (As restated)
Endowment Funds	$ (11,451)	$ 82,084	$ 70,633

4. GIFT ANNUITY TRUSTS

The Symphony receives gifts in the form of trusts and is required to pay benefits to beneficiaries as specified in the gift annuity agreement. Under these agreements, the Symphony pays a fixed annuity amount for the life of the beneficiaries and fulfills its obligation upon the death of the beneficiaries as set forth in the annuity agreements. As of August 31, 2023 and 2022, the liability associated with the remaining benefit payments totaled approximately $48,000 and $68,000, respectively. As of August 31, 2023 and 2022, the gift annuity payable was fully backed by investments totaling $197,000 and $201,000, respectively. The gift annuity liability was calculated using a discount rate of 3.25% applied to future benefit payments and is included in annuities payable on the accompanying consolidated statements of financial position.

5. UNCONDITIONAL PROMISES TO GIVE

As of August 31, 2023 and 2022, contributors to the Symphony's fundraising campaign have made written unconditional promises to give totaling approximately $5,078,000 and $3,256,000, respectively, on which management has recorded a present value discount of approximately $173,000 and $58,000, respectively. Management has recorded an allowance for doubtful promises to give of approximately $371,000 as of August 31, 2023 and 2022. Promises to give are due as follows:

	2023		2022	
	Endowment Trust	Orchestra	Endowment Trust	Orchestra
Less than one year	$ 1,911,000	$ 1,333,000	$ 1,489,000	$ 1,457,000
Years one through five	1,709,000	125,000	255,000	55,000
Total	3,620,000	1,458,000	1,744,000	1,512,000
Allowance for doubtful accounts	(100,000)	(271,000)	(100,000)	(271,000)
Present value discount	(133,000)	(40,000)	(46,000)	(12,000)
Unconditional Promises to Give, net	$ 3,387,000	$ 1,147,000	$ 1,598,000	$ 1,229,000

6. PROPERTY AND EQUIPMENT

Property and equipment is as follows as of August 31,:

	2023	2022
Land	$ 1,068,000	$ 1,068,000
Buildings	45,412,000	45,168,000
Equipment and furnishings	7,357,000	7,312,000
	53,837,000	53,548,000
Accumulated depreciation	(37,373,000)	(35,900,000)
Property and Equipment, net	$ 16,464,000	$ 17,648,000

Depreciation expense totaled approximately $1,473,000 and $1,464,000 during the years ended August 31, 2023 and 2022, respectively.

7. LONG-TERM DEBT

During the year ended August 31, 2017, the Endowment Trust obtained a $2,160,000 note from PNC Bank to refinance the previous mortgage of Cathedral Parking. The note is fully secured by fixed income securities of the Endowment Trust held at PNC Bank and bears interest at a weekly variable rate as determined by the remarketing agent. In May 2022, the Endowment Trust refinanced the note to extend the maturity to May 27, 2027. The refinanced note bears interest at a rate per annum equal to the BSBY one month rate plus 125 basis points. During the years ended August 31, 2023 and 2022, the rates ranged from 4.34% to 6.63% and from 1.33% to 3.60%, respectively. As of August 31, 2023 and 2022, the rate was 6.63% and 3.60%, respectively. The outstanding balance of the note payable as of August 31, 2023 and 2022 totaled $1,710,000 and $1,748,000, respectively.

During February 2014, the Endowment Trust obtained a note from PNC Bank, which is fully secured by fixed income securities of the Endowment Trust held at PNC Bank. The amount of fixed income securities pledged as collateral equals the outstanding principal plus the interest rate swap liability. The note proceeds refinanced debt, which originally funded renovations to the Meyerhoff Symphony Hall. The note originally matured on November 1, 2028 and bore interest at a weekly variable rate as determined by the remarketing agent. In May 2022, the Endowment Trust refinanced the note. The refinanced note matures on September 27, 2024 and bears interest at a rate per annum equal to the BSBY one month rate plus 100 basis points. During the years ended August 31, 2023 and 2022, the rates ranged from 4.09% to 6.35% and from 1.10% to 3.26%, respectively. As of August 31, 2023 and 2022, the rate was 6.35% and 3.26%, respectively. The outstanding balance of the note payable as of August 31, 2023 and 2022 totaled $1,774,000 and $2,066,000, respectively.

During August 2015, the Orchestra obtained a $3,700,000 loan through PNC Bank to increase the funding and reduce future minimum contributions of the musician's pension plan liability (Note 11). In August 2022, the Orchestra refinanced the note to extend the maturity to August 5, 2025. The refinanced note bears interest at a rate per annum equal to the BSBY one month rate plus 100 basis points. The amount of mutual fund securities pledged as collateral equals the outstanding principal. During the years ended August 31, 2023 and 2022, the rates ranged from 4.09% to 6.35% and from 1.24% to 3.43%, respectively As of August 31, 2023 and 2022, the rate was 6.35% and 3.43%, respectively. The outstanding balance of the note payable as of August 31, 2023 and 2022 totaled $740,000 and $1,110,000, respectively.

Aggregate maturities required on long-term debt are as follows as of August 31, 2023:

Years ending August 31,:		
2024	$	771,000
2025		1,935,000
2026		101,000
2027		1,418,000
		4,225,000
Less: net deferred financing costs		(1,000)
Total long-term debt	$	4,224,000

7. LONG-TERM DEBT – cont'd.

To protect against the interest rate risk associated with the variable rate bonds issued during 2009 and repaid during 2014, the Endowment entered into an interest rate swap agreement with a financial institution with an initial notional amount of $5,000,000 with a termination date of November 1, 2028. Under the agreement, the Endowment Trust pays a fixed interest rate of 2.455% and receives variable interest rates based upon 71% of USD LIBOR BBA Bloomberg rates. The swap agreement was not terminated in conjunction with the repayment of the bonds during 2014. As such, the Endowment Trust continues to pay a fixed interest rate and receives variable interest rates per the agreement described above on the current outstanding notional amount. The outstanding notional amount as of August 31, 2023 and 2022 totaled $1,995,000 and $2,280,000, respectively. The aggregate fair value of the swap agreement at August 31, 2023 and 2022 was $31,000 and $(10,000), respectively. During the years ended August 31, 2023 and 2022, the Endowment Trust recognized a gain of approximately $41,000 and $179,000, respectively.

Interest expense on outstanding long-term debt was approximately $236,000 and $130,000 for the years ended August 31, 2023 and 2022, respectively.

Deferred financing costs included the costs incurred in conjunction with the bond issuance. These charges are being amortized over the life of the bonds (20 years) using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective interest method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method. Amortization expense for each of the years ended August 31, 2023 and 2022 was $250. Accumulated amortization as of August 31, 2023 and 2022 totaled approximately $3,000.

8. LINE OF CREDIT

During March 2023, the Orchestra and the Endowment Trust entered into an agreement as co-borrowers on a line of credit agreement with PNC Bank. The facility offers a credit limit of $3,000,000 with interest payable monthly at a rate equal to the daily simple Secured Overnight Financing Rate (SOFR) plus 175 basis points, which was 7.10% as of August 31, 2023. The line of credit is secured by certain investment accounts of the Endowment Trust. The liability for the outstanding balance is recognized by the Orchestra as the agreement between the Orchestra and the Endowment Trust is that the Orchestra is responsible for repaying all draws on the line of credit.

The Endowment Trust would be obligated in the event the Orchestra was unable to meet principal or interest payments when they become due. As of August 31, 2023, the outstanding balance totaled $1,500,000. Interest expense on the line of credit was approximately $24,000 for the year ended August 31, 2023. The line of credit agreement requires that the Symphony maintain certain financial covenants. As of August 31, 2023, the Symphony was in compliance with or obtained a waiver for all financial covenants.

9. CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY (CARES) ACT FUNDING

Paycheck Protection Program Loans

On March 27, 2020, Congress passed a $2 trillion stimulus bill, the CARES Act, which provided significant tax and non-tax stimulus to individuals and businesses.

In April 2020 and February 2021, the Orchestra entered into loans in the amount of $3,182,000 (PPP Loan 1) and $2,000,000 (PPP Loan 2), respectively, with a financial institution under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), which was established by the CARES Act. The loans were eligible for forgiveness pursuant to terms and conditions of the CARES Act, which minimally required that (1) the loan proceeds were used to cover eligible expenses, which included payroll costs, mortgage interest, rent and utilities, and (2) the number of employees and compensation levels were generally maintained. The portion of the loans that were not forgiven bore interest at 1.00% and were due in monthly payments over a period of two years. Principal and interest payments were deferred for the first six months of the loans.

The Orchestra elected to record the loans as debt in accordance with ASC 740, *Debt,* and recognized income from loan forgiveness in accordance with ASC 405-20, *Extinguishment of Liabilities,* and ASC 450-30, *Gain Contingencies*. The portion of the loans that was ultimately forgiven was recognized as a gain on extinguishment of debt when the loan was, in part or wholly, legally forgiven by the SBA. In June 2021, the Orchestra was granted full forgiveness on PPP Loan 1 by the SBA. In May 2022, the Orchestra was granted full forgiveness on PPP Loan 2 by the SBA and recognized Paycheck Protection Program loan income totaling $2,000,000 during the year ended August 31, 2022.

Employee Retention Credit

The Employee Retention Credit (ERC) was created by the CARES Act in 2020. It allows for a payroll tax credit of up to 70% of employee wages up to a maximum of $10,000 per employee. During the calendar year 2020, the credit was not available to recipients of PPP loans. However, in 2021, the Consolidated Appropriations Act allowed for recipients of PPP loans to retroactively claim the credit via amended quarterly payroll returns. During the year ended August 31, 2023, the Orchestra qualified for the ERC in an amount totaling $2,644,102 and recognized the amount as Employee Retention Credit income in the accompanying statements of activities. As of August 31, 2023, the Orchestra has received payment for the full amount of the ERC.

10. GRANTS

Grants are as follows for the years ended August 31,:

	2023	2022
State of Maryland		
Operating	$ 2,626,000	$ 4,037,000
Education	67,000	54,000
Federal		
Shuttered Venue Operators Grant	-	3,280,000
Operating	-	40,000
Baltimore City		
Operating	-	1,059,000
Counties		
Baltimore	455,000	462,000
Howard	32,000	35,000
Montgomery	75,000	610,000
Total Grants	$ 3,255,000	$ 9,577,000

In July 2021, the Orchestra received $1,520,000 under the SBA Shuttered Venue Operators Grant (SVOG), which was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. Under the SVOG, a recipient of an Initial Phase SVOG has one year from the date of its award to expend its grant funds and it can only use those funds to pay allowable costs incurred between March 1, 2020 and December 31, 2021.

In November 2021, the Orchestra received an additional $1,760,000 under the SVOG. Under the SVOG, a recipient of an additional SVOG has one year from the date of its award to expend its grant funds and it can only use those funds to pay allowable costs between January 1, 2022 and June 30, 2022.

The Orchestra used all SVOG funds during the year ended August 31, 2022, and therefore recognized revenue totaling $3,280,000, which is recorded in grants on the accompanying consolidated statements of activities.

11. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

On April 17, 2008, the Orchestra established a contributory 403(b) Plan whereby employees upon commencement of service are eligible to make employee contributions and to receive contributions from the Orchestra. Eligible employees may elect to make pre-tax contributions to the 403(b) Plan subject to the annual maximum amount allowed by the Internal Revenue Code. Under the Plan, the Orchestra may make matching contributions not to exceed 4% of employee annual compensation. 403(b) Plan expense totaled $54,000 and $0 during the years ended August 31, 2023 and 2022, respectively. A participant becomes 100% vested in employer contributions after the completion of six years of service.

Multi-Employer Defined Contribution Plan

In September 2000, the Orchestra members' pension plan was frozen. Concurrently, the Orchestra began participating in the American Federation of Musicians and Employers' Pension Fund (the Fund). Contributions on behalf of each Orchestra member equal to 5.5% of minimum scale wages were made to the Fund during the years ended August 31, 2023 and 2022. The Fund covers every employee for whom the collective bargaining agreement requires contributions. Total contributions made by the Orchestra during each of the years ended August 31, 2023 and 2022 were approximately $469,000 and $444,000, respectively. The Orchestra would incur significant penalties upon withdrawal from the Fund.

Noncontributory Defined Benefit Plans

The Symphony has two noncontributory defined benefit pension plans (the Pension Plans). The plan covering administrative personnel provides pension benefits that are based on the employee’s compensation during five consecutive years of the employee’s last ten fiscal years before retirement and on the number of years of benefit accrual service. Both plans provide for benefits that are based on the number of years of benefit accrual service. Pension plan funding is determined under the frozen entry age actuarial cost method in accordance with the Employee Retirement Income Security Act of 1974. As of August 31, 2023 and 2022, both plans were frozen, allowing no new participants to enter the Pension Plans.

ASC 958-715, *Not-for-Profit Entities: Retirement Benefits* (ASC 958-715), requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability on the consolidated statement of financial position and to recognize changes in that funded status in the year changes occur as a change in net assets in the consolidated statement of activities. Funded status is measured as the difference between plan assets at fair value and the projected benefit obligation. ASC 958-715 also requires that plan assets and benefit obligations be measured as of the date of the employer’s consolidated statement of financial position. Previous guidance allowed the employer to measure the assets and obligations of the plan as of a date not more than three months prior to the consolidated statement of financial position.

11. EMPLOYEE BENEFIT PLANS – cont'd.

Noncontributory Defined Benefit Plans – cont'd.

The funded status and amounts recognized on the accompanying consolidated statements of financial position and statements of activities relating to the Pension Plans, as of the measurement dates, are as follows:

	Measurement Dates			
	Orchestra Plan August 31,		Administrative Plan August 31,	
	2023	2022	2023	2022
Change in benefit obligation				
Benefit obligation at beginning of year	$ 20,127,000	$ 24,069,000	$ 2,906,000	$ 3,554,000
Actuarial (gain) loss	(757,000)	(3,069,000)	(154,000)	(586,000)
Interest cost	876,000	645,000	127,000	96,000
Benefits paid	(1,519,000)	(1,518,000)	(157,000)	(158,000)
Benefit Obligation at End of Year	18,727,000	20,127,000	2,722,000	2,906,000
Change in plan assets				
Fair value of plan assets at beginning of year	14,846,000	18,388,000	2,227,000	2,739,000
Actual return on plan assets	1,020,000	(2,281,000)	135,000	(354,000)
Orchestra contributions	234,000	257,000	-	-
Benefits paid	(1,519,000)	(1,518,000)	(157,000)	(158,000)
Fair Value of Plan Assets at End of Year	14,581,000	14,846,000	2,205,000	2,227,000
Accrued Pension Liability	(4,146,000)	(5,281,000)	(517,000)	(679,000)
Accumulated Benefit Obligation	$ 18,727,000	$ 20,127,000	$ 2,722,000	$ 2,906,000

Amounts included in pension related changes including non-cash pension cost on the consolidated statement of activities consist of the following as of August 31,:

	2023	2022
Pension related changes	$ (932,000)	$ (381,000)
Net periodic pension expense	(945,000)	(74,000)
Pension expense other than net periodic pension cost	(1,877,000)	(455,000)

11. EMPLOYEE BENEFIT PLANS – cont'd.

Noncontributory Defined Benefit Plans – cont'd.

Assumptions

Weighted average assumptions used to determine the net periodic pension cost and benefit obligations are as follows:

	Orchestra Plan		Administrative Plan	
	2023	2022	2023	2022
Benefit obligation discount rate	5.15%	4.50%	5.15%	4.50%
Net periodic pension cost discount rate	5.15%	4.50%	5.15%	4.50%
Expected return on plan assets	7.50%	7.50%	7.50%	7.50%
Rate of increase in compensation levels	N/A	N/A	N/A	N/A

The Symphony determines the long-term rate of return on the Pension Plans' assets by taking into consideration the historical returns of various asset classes and the types of investments the Pension Plans are expected to hold. The chart below details ranges for the expected long-term returns for the asset classes in which the Pension Plans currently invest:

	Orchestra Plan		Administrative Plan	
Asset Class	2023	2022	2023	2022
Equity	6%-8.5%	6%-8.5%	6%-9%	6%-9%
Fixed income	4.5%-8%	4.5%-8%	5.5%-9%	5.5%-9%
Cash & cash equivalents	2%-4%	2%-4%	3.5%-9%	3.5%-9%

Plan Assets

The Pension Plans' weighted-average asset allocations, by asset category, are as follows as of August 31,:

	Orchestra Plan		Administrative Plan	
Asset Class	2023	2022	2023	2022
Equity	69%	69%	62%	62%
Fixed income	30%	30%	36%	36%
Cash & cash equivalents	1%	1%	2%	2%
	100%	100%	100%	100%

11. EMPLOYEE BENEFIT PLANS – cont'd.

Noncontributory Defined Benefit Plans – cont'd.

Assets of the Pension Plans are invested in a manner consistent with fiduciary standards of the Employee Retirement Income Security Act of 1974 (ERISA); namely, (a) the safeguards and diversity to which a prudent investor would adhere must be present, and (b) all transactions undertaken on behalf of the Pension Plans must be for the sole interest of Plan participants and beneficiaries, to provide benefits in a prudent manner. Investment objectives of the Pension Plan also include:

- Preserve the value of the Plans' assets
- Provide sufficient liquidity to fund benefit payments and meet the Plans' requirements

Plan assets are valued at fair value in accordance with ASC 820 (Note 1). A description of the valuation methodologies used for assets measured at fair value is listed below.

Interest bearing cash: Valued at cost plus accrued interest.

Interests in registered investment companies: Valued at the closing market price of shares held by the Pension Plans at year-end. Securities are traded on an active market.

Interests in U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Interests in corporate debt: Valued using observable inputs other than quoted market prices.

The following table sets forth by level, within the fair value hierarchy, the Orchestra Plan's investments at fair value as of August 31, 2023:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	$ 181,000	$ -	$ -	$ 181,000
Interests in registered investment companies	10,059,000	-	-	10,059,000
U.S. Government Securities	1,746,000	-	-	1,746,000
Corporate Debt		2,595,000	-	2,595,000
Total plan assets at fair value	$ 11,986,000	$ 2,595,000	$ -	$ 14,581,000

11. EMPLOYEE BENEFIT PLANS – cont'd.

Noncontributory Defined Benefit Plans – cont'd.

The following table sets forth by level, within the fair value hierarchy, the Orchestra Plan's investments at fair value as of August 31, 2022:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	$ 210,000	$ -	$ -	$ 210,000
Interests in registered investment companies	10,282,000	-	-	10,282,000
U.S. Government Securities	1,678,000	-	-	1,678,000
Corporate Debt	-	2,676,000	-	2,676,000
Total plan assets at fair value	$ 12,170,000	$ 2,676,000	$ -	$ 14,846,000

The following table sets forth by level, within the fair value hierarchy, the Administrative Plan's investments at fair value as of August 31, 2023:

	Level 1	Level 2	Level 3	Total
Interests bearing cash	$ 50,000	$ -	$ -	$ 50,000
Interests in registered investment companies:				
Equity	1,370,000	-	-	1,370,000
Fixed Income	785,000	-	-	785,000
Total plan assets at fair value	$ 2,205,000	$ -	$ -	$ 2,205,000

The following table sets forth by level, within the fair value hierarchy, the Administrative Plan's investments at fair value as of August 31, 2022:

	Level 1	Level 2	Level 3	Total
Interests bearing cash	$ 41,000	$ -	$ -	$ 41,000
Interests in registered investment companies:				
Equity	1,382,000	-	-	1,382,000
Fixed Income	804,000	-	-	804,000
Total plan assets at fair value	$ 2,227,000	$ -	$ -	$ 2,227,000

11. EMPLOYEE BENEFIT PLANS – cont'd.

Noncontributory Defined Benefit Plans – cont'd.

Contributions

The Symphony expects to make contributions to the Orchestra and Administrative plans during the year ending August 31, 2024 of approximately $323,000 and $43,000, respectively.

Expected Future Benefit Payments

The following benefit payments are expected to be paid:

Years ending August 31,:	Orchestra Plan	Administrative Plan
2024	$ 1,750,000	$ 205,000
2025	1,701,000	211,000
2026	1,699,000	206,000
2027	1,645,000	209,000
2028	1,611,000	213,000
2029-2033	7,201,000	979,000

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Symphony's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows as of August 31,:

	2023	2022 (as restated)
Financial Assets		
Cash and cash equivalents	$ 5,882,000	$ 2,917,000
Promises to give, net	4,534,000	2,827,000
Grant receivable	47,000	2,021,000
Other receivables, net	648,000	616,000
Investments	71,693,000	70,037,000
Total Financial Assets	82,804,000	78,418,000
Adjustments to Total Financial Assets		
Less: Restricted cash and cash equivalents	(247,000)	(210,000)
Less: Pledges receivable, net, to be collected in more than one year	(1,290,000)	(155,000)
Less: Grants receivable, to be collected in more than one year	-	(204,000)
Less: Assets held in annuity trusts	(197,000)	(201,000)
Less: Contractual or donor-imposed restrictions	(84,208,000)	(82,084,000)
Plus: Anticipated endowment draw or use of board designated funds within one year	3,561,000	3,275,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 423,000	$ (1,161,000)

The Symphony structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Symphony has an annual draw from the Endowment investments (Note 3). Additionally, there is borrowing capacity of up to $3 million on the line of credit for the purpose of supplementing cash flow of the Symphony (Note 2).

13. NET ASSETS WITH DONOR RESTRICTIONS

The Joseph Meyerhoff Memorial Fund was established for the purpose of maintaining and funding improvements to the Joseph Meyerhoff Symphony Hall. The Fund was established with an initial donor restricted contribution in the amount of $5,000,000. A portion of the income earned on the corpus is restricted for the maintenance and improvement of the Joseph Meyerhoff Symphony Hall. The remaining portion of income earned is added to the corpus.

The Joseph Meyerhoff Memorial Fund restricted fund balance is as follows as of August 31,:

	2023	2022
Joseph Meyerhoff Memorial Fund:		
Donor restricted		
Principal Account	$ 8,773,000	$ 8,274,000
Donor restricted		
Maintenance Account	322,000	707,000
Total Joseph Meyerhoff Memorial Fund	$ 9,095,000	$ 8,981,000

Net assets with donor restrictions consist of the following as of August 31,:

	2023	2022
Joseph Meyerhoff Memorial Fund:		
Maintenance Account	$ 322,000	$ 707,000
Contributed income:		
Time restrictions - operations	3,106,000	2,439,000
Purpose restrictions	3,927,000	4,187,000
Endowment	85,106,000	81,210,000
Total net assets with donor restrictions	$ 92,461,000	$ 88,543,000

13. NET ASSETS WITH DONOR RESTRICTIONS – cont'd.

Net assets released from restrictions consisted of the following for the years ended August 31,:

		2023		2022
Joseph Meyerhoff Symphony Hall renovations	$	490,000	$	394,000
Time restrictions - operations		782,000		687,000
Purpose restrictions		2,935,000		1,507,000
Total net assets released from restriction	$	4,207,000	$	2,588,000

The endowment consists of investments to be held in perpetuity, the income from which is available to fund the operating expenses of the Symphony as authorized by the Endowment Trust's Board of Trustees and renovations to the Joseph Meyerhoff Symphony Hall as approved by the Fund Committee of the Joseph Meyerhoff Memorial Fund.

14. RELATED PARTY TRANSACTIONS

During the year ended August 31, 2016, the Endowment Trust entered into an agreement with the Orchestra under which the Endowment Trust agreed to lend up to $2,000,000 to the Orchestra. During the year ended August 31, 2017, the Endowment Trust increased this limit to $5,000,000. During the year ended August 31, 2019, the Endowment Trust increased this limit to $7,300,000 and agreed to defer repayments of principal and interest until such time as cash flow improves. Advances under the line bear interest at the thirteen-week Treasury Bill rate as published by the Wall Street Journal. The total amount outstanding, including accrued interest, totaled approximately $7,989,000 and $7,652,000 as of August 31, 2023 and 2022.

The loan receivable has been eliminated in the preparation of the accompanying consolidated financial statements.

As of August 31, 2023 and 2022, the Endowment Trust owed the Orchestra $2,177,000 and $1,296,000, respectively. These advances are non-interest bearing and payable on demand and recorded as due to affiliate in the Endowment Trust's consolidated statements of financial position. These advances have been eliminated in the preparation of the accompanying consolidated financial statements.

15. CONTRACTS AND AGREEMENTS

In September 2020 the Symphony entered into a collective bargaining agreement with the Orchestra musicians. The agreement requires employment of a minimum number of musicians and establishes compensation and benefits, as well as revenue sharing agreements. The term of the current agreement is for five years, effective from September 7, 2020 through September 14, 2025.

The Symphony has a collective bargaining agreement with the stagehands. The agreement requires employment of a minimum number of stagehands and establishes compensation and benefits. The original agreement was for four years and five months and expired on September 15, 2019. On September 17, 2020 the term was extended one additional year expiring on September 15, 2021. In September 2021, the Symphony entered a three year agreement effective September 15, 2021 through September 15, 2024.

The Symphony has an employment agreement with its Music Director that extended through August 31, 2028 and its President and Chief Executive Officer that extends through April 21, 2027. These agreements contain provisions for compensation, reimbursable expenses, termination and renewal.

16. LEASES

Operating Leases

The Symphony leases a concert hall under a yearly operating lease agreement in Montgomery County, Maryland. A letter of agreement was effective for the period July 1, 2020 through June 30, 2021 whereby dates were held without a license agreement. In December 2021 the Symphony entered into an abbreviated contract agreement with the concert hall for the remainder of the 2021-2022 concert season. Subsequently, the Symphony entered into annual contract agreements for the 2022-2023 and 2023-2024 concert seasons with an option to negotiate dates for the 2024-2025 concert season.

In June 2015, the Symphony entered a lease for an education center and office space. The lease requires monthly payments and was effective July 1, 2015 through June 30, 2020. In May 2020, the Symphony extended the lease for an education center and office space for one year, effective July 1, 2020 through June 30, 2021. In June 2021, the Symphony extended the lease for an education center and office space for three years, effective July 1, 2021 through June 30, 2024. Rent expense related to the concert hall, education center and office space totaled approximately $794,000 and $738,000 for the years ended August 31, 2023 and 2022, respectively.

The Symphony entered into three operating leases for office equipment, one of which continues until cancelled and the other two will expire August 2026 and February 2027. Rent expense totaled approximately $70,000 and $44,000 for the years ended August 31, 2023 and 2022, respectively.

The Symphony leases office space in Baltimore, Maryland for the OrchKids program. A letter of agreement was effective for the period September 1, 2020 through August 31, 2023 and was subsequently renewed through August 31, 2026. Rent expense totaled approximately $33,000 and $38,000 for the years ended August 31, 2023 and 2022, respectively.

16. LEASES – cont'd.

Operating Leases – cont'd.

Effective September 1, 2022, the Symphony adopted ASC 842 which modifies the guidance for lease accounting. Upon adoption, the Symphony elected to apply a package of practical expedients that enabled the Symphony to carry forward upon adoption the historical assessments of expired or existing leases regarding their lease classification and whether any expired or existing contracts are or contain leases. Right-of-use assets represent the Symphony's right to use an underlying asset for the lease term and lease liabilities represent the Symphony's obligation to make lease payments per the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As the rate implicit in the Symphony's leases is not readily determinable, the Symphony has made an accounting policy election to apply a risk-free rate as the discount rate used to measure lease liabilities and right-of-use assets at commencement of a lease. A risk-free rate has been applied to all operating leases.

Upon adoption of the new guidance, the Symphony has elected to apply the following package of practical expedients:

- Contracts need not be reassessed to determine whether they are or contain leases
- All existing leases that were previously classified as operating leases continue to be classified as operating leases
- Initial direct costs need not be reassessed

The Symphony has also elected the following practical expedients: (1) not to separate lease components from non-lease components, (2) as an accounting policy election, to apply the short-term lease exception, which does not require the capitalization of leases with terms of 12 months or less, and (3) the use of hindsight in determining the lease term and in assessing impairment of right-of-use assets.

The following table presents the weighted average remaining lease term and the weighted average discount rate as of August 31, 2023:

Weighted-average remaining lease term	1.74 years
Weighted-average discount rate	3.40%

The future minimum lease payments under operating leases as of August 31, 2023 are as follows:

Years ending August 31,:	Total	Principal	Interest
2024	$ 199,000	$ 194,000	$ 5,000
2025	27,000	25,000	2,000
2026	27,000	26,000	1,000
2027	13,000	13,000	-
Total	$ 266,000	$ 258,000	$ 8,000

17. RESTATEMENT

During the year ended August 31, 2023, the Symphony determined that several accounts were misstated due to an error in recording the annual endowment draw between the Symphony and the Endowment Trust. An adjustment has been made to correct such balances which resulted in the following impact to balances as of and for the year ended August 31, 2022.

	(in thousands)		
Line Item	As Originally Reported	Adjustment	As Restated
Statement of Financial Position			
Cash and cash equivalents	$ 1,949	$ 800	$ 2,749
Net assets without donor restriction	$ (14,847)	$ 800	$ (14,047)
Statement of Activities			
Investment Loss	$ (11,152)	$ 800	$ (10,352)

SC&H

ATTEST SERVICES

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION

To the Board of Directors of the
Baltimore Symphony Orchestra, Inc. and Affiliates:

We have audited the consolidated financial statements of the Baltimore Symphony Orchestra, Inc. and Affiliates as of and for the years ended August 31, 2023 and 2022, and our report thereon dated February 28, 2024, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information which follows is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and 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 consolidating 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

SC&H Attest Services, P.C.

February 28, 2024

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BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidating Statement of Financial Position (In Thousands)
As of August 31, 2023

	Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Cathedral Parking, Inc.	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 4,322	$ 1,580	$ (20)	$ -	$ 5,882
Promises to give, net	1,147	3,387	-	-	4,534
Due from affiliates	1,829	11,106	919	(13,854)	-
Grants receivable	47	-	-	-	47
Prepaid expenses and other assets	1,205	76	-	-	1,281
Investments	-	71,693	-	-	71,693
Property and equipment, net	467	14,939	1,058	-	16,464
Right-of-use assets - operating, net	258	-	-	-	258
Interest rate swap agreement	-	31	-	-	31
Total Assets	$ 9,275	$ 102,812	$ 1,957	$ (13,854)	$ 100,190
Liabilities and Net Assets (Deficit)					
Liabilities					
Line of credit	$ 1,500	$ -	$ -	$ -	$ 1,500
Accounts payable and accrued expenses	1,614	78	376	-	2,068
Annuities payable	-	48	-	-	48
Deferred revenue	4,693	-	316	-	5,009
Due to affiliates	7,989	2,713	3,152	(13,854)	-
Accrued pension cost	4,663	-	-	-	4,663
Long-term debt	740	3,484	-	-	4,224
Lease liabilities - operating	258	-	-	-	258
Total Liabilities	21,457	6,323	3,844	(13,854)	17,770
Net Assets (Deficit)					
Without donor restrictions	(16,076)	7,922	(1,887)	-	(10,041)
With donor restrictions	3,894	88,567	-	-	92,461
Total Net Assets (Deficit)	(12,182)	96,489	(1,887)	-	82,420
Total Liabilities and Net Assets (Deficit)	$ 9,275	$ 102,812	$ 1,957	$ (13,854)	$ 100,190

See independent auditors' report on consolidating information.

BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidating Statement of Financial Position (In Thousands)
As of August 31, 2022

	(As Restated) Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Cathedral Parking, Inc.	Eliminations	*(As Restated)* Consolidated
Assets					
Cash and cash equivalents	$ 2,749	$ 177	$ (9)	$ -	$ 2,917
Promises to give, net	1,229	1,598	-	-	2,827
Due from affiliates	1,297	10,769	919	(12,985)	-
Grants receivable	2,021	-	-	-	2,021
Prepaid expenses and other assets	1,437	81	-	-	1,518
Investments	-	70,037	-	-	70,037
Property and equipment, net	519	15,962	1,167	-	17,648
Total Assets	$ 9,252	$ 98,624	$ 2,077	$ (12,985)	$ 96,968
Liabilities and Net Assets (Deficit)					
Liabilities					
Accounts payable and accrued expenses	$ 921	$ -	$ 394	$ -	$ 1,315
Annuities payable	-	68	-	-	68
Deferred revenue	4,108	-	339	-	4,447
Due to affiliates	7,652	2,194	3,139	(12,985)	-
Accrued pension cost	5,960	-	-	-	5,960
Long-term debt	1,110	3,813	-	-	4,923
Interest rate swap agreement	-	10	-	-	10
Total Liabilities	19,751	6,085	3,872	(12,985)	16,723
Net Assets (Deficit)					
Without donor restrictions	(14,047)	7,544	(1,795)	-	(8,298)
With donor restrictions	3,548	84,995	-	-	88,543
Total Net Assets (Deficit)	(10,499)	92,539	(1,795)	-	80,245
Total Liabilities and Net Assets (Deficit)	$ 9,252	$ 98,624	$ 2,077	$ (12,985)	$ 96,968

See independent auditors' report on consolidating information.

BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidating Statement of Activities (In Thousands)
For the Year Ended August 31, 2023

	Without Donor Restrictions				*With Donor Restrictions*				
	Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Cathedral Parking, Inc.	Total	Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Total	Eliminations	Consolidated
Operating Revenue									
Concert income	$ 5,285	$ -	$ -	$ 5,285	$ -	$ -	$ -	$ -	$ 5,285
Hall income	571	-	-	571	-	-	-	-	571
Other operating income	1,180	-	330	1,510	-	-	-	-	1,510
Total Operating Revenue	7,036	-	330	7,366	-	-	-	-	7,366
Public and Private Support									
Grants for service	3,255	-	-	3,255	-	-	-	-	3,255
Contributions	9,848	-	-	9,848	3,981	2,944	6,925	-	16,773
In-kind contributions	111	-	-	111	-	-	-	-	111
Special events	731	-	-	731	-	-	-	-	731
Investment income	16	5,342	-	5,358	-	1,200	1,200	(337)	6,221
Operating endowment draw	3,550	(3,550)	-	-	-	-	-	-	-
Total Public and Private Support	17,511	1,792	-	19,303	3,981	4,144	8,125	(337)	27,091
Net Assets Released from Restrictions	3,635	572	-	4,207	(3,635)	(572)	(4,207)	-	-
Total Revenue	28,182	2,364	330	30,876	346	3,572	3,918	(337)	34,457
Operating Expenses									
Program services	26,133	1,489	-	27,622	-	-	-	-	27,622
General and administrative	4,943	349	422	5,714	-	-	-	-	5,714
Fundraising	3,248	-	-	3,248	-	-	-	-	3,248
Total Operating Expenses	34,324	1,838	422	36,584	-	-	-	-	36,584
Change in Net Assets from Operations before Non-Operating Income (Expenses)	(6,142)	526	(92)	(5,708)	346	3,572	3,918	(337)	(2,127)
Non-Operating Income (Expenses)									
Employee retention credit income (Note 9)	2,644	-	-	2,644	-	-	-	-	2,644
Interest expense	(408)	(189)	-	(597)	-	-	-	337	(260)
Pension related changes including non-cash pension cost	1,877	-	-	1,877	-	-	-	-	1,877
Gain on interest rate swap	-	41	-	41	-	-	-	-	41
Total Non-Operating Income (Expenses)	4,113	(148)	-	3,965	-	-	-	337	4,302
Change in Net Assets (Deficit)	(2,029)	378	(92)	(1,743)	346	3,572	3,918	-	2,175
Net Assets (Deficit), beginning of year, as restated (Note 17)	(14,047)	7,544	(1,795)	(8,298)	3,548	84,995	88,543	-	80,245
Net Assets (Deficit), end of year	$ (16,076)	$ 7,922	$ (1,887)	$ (10,041)	$ 3,894	$ 88,567	$ 92,461	$ -	$ 82,420

See independent auditors' report on consolidating information.

BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES

Consolidating Statement of Activities (In Thousands)
For the Year Ended August 31, 2022

	(As Restated) *Without Donor Restrictions*				*With Donor Restrictions*				
	Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Cathedral Parking, Inc.	Total	Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Total	Eliminations	*(As Restated)* Consolidated
Operating Revenue									
Concert income	$ 4,991	$ -	$ -	$ 4,991	$ -	$ -	$ -	$ -	$ 4,991
Hall income	327	-	-	327	-	-	-	-	327
Other operating income	1,116	-	126	1,242	-	-	-	-	1,242
Total Operating Revenue	6,434	-	126	6,560	-	-	-	-	6,560
Public and Private Support									
Grants	7,556	-	-	7,556	2,021	-	2,021	-	9,577
Contributions	5,267	-	-	5,267	1,831	1,686	3,517	-	8,784
In-kind contributions	9	-	-	9	-	-	-	-	9
Special events	87	-	-	87	-	-	-	-	87
Investment income (loss)	(28)	(6,976)	-	(7,004)	-	(3,292)	(3,292)	(56)	(10,352)
Operating endowment draw	3,372	(3,372)	-	-	-	-	-	-	-
Total Public and Private Support	16,263	(10,348)	-	5,915	3,852	(1,606)	2,246	(56)	8,105
Net Assets Released from Restrictions	2,069	519	-	2,588	(2,069)	(519)	(2,588)	-	-
Total Revenue	24,766	(9,829)	126	15,063	1,783	(2,125)	(342)	(56)	14,665
Operating Expenses									
Program services	23,810	1,544	-	25,354	-	-	-	-	25,354
General and administrative	3,852	360	627	4,839	-	-	-	-	4,839
Fundraising	1,576	-	-	1,576	-	-	-	-	1,576
Total Operating Expenses	29,238	1,904	627	31,769	-	-	-	-	31,769
Change in Net Assets from Operations before Non Operating Income (Expenses)	(4,472)	(11,733)	(501)	(16,706)	1,783	(2,125)	(342)	(56)	(17,104)
Non Operating Income (Expenses)									
Interest expense	(74)	(112)	-	(186)	-	-	-	56	(130)
Pension related changes including non-cash pension cost	455	-	-	455	-	-	-	-	455
Paycheck Protection Program loan income (Note 9)	2,000	-	-	2,000	-	-	-	-	2,000
Gain on interest rate swap	-	179	-	179	-	-	-	-	179
Total Non Operating Income (Expenses)	2,381	67	-	2,448	-	-	-	56	2,504
Change in Net Assets (Deficit)	(2,091)	(11,666)	(501)	(14,258)	1,783	(2,125)	(342)	-	(14,600)
Net Assets (Deficit), beginning of year	(11,956)	19,210	(1,294)	5,960	1,765	87,120	88,885	-	94,845
Net Assets (Deficit), end of year, as restated (Note 17)	$ (14,047)	$ 7,544	$ (1,795)	$ (8,298)	$ 3,548	$ 84,995	$ 88,543	$ -	$ 80,245

See independent auditors' report on consolidating information.