

**BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES**

Consolidated Financial Statements

**Together with Independent Auditors' Report
For the Years Ended August 31, 2024 and 2023**

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Table of Contents For the Years Ended August 31, 2024 and 2023

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities	4-5
Consolidated Statements of Functional Expenses.....	6-7
Consolidated Statements of Cash Flows	8
Notes to the Consolidated Financial Statements	9-40
Consolidating Information:	
Independent Auditors' Report on Consolidating Information	41
Consolidating Statement of Financial Position as of August 31, 2024.....	42
Consolidating Statement of Financial Position as of August 31, 2023	43
Consolidating Statement of Activities for the Year Ended August 31, 2024	44
Consolidating Statement of Activities for the Year Ended August 31, 2023	45



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, 2024 and 2023, 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, 2024 and 2023, 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 Audit Services, P.C.

July 14, 2025

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Consolidated Statements of Financial Position (In Thousands)

<i>As of August 31,</i>	<i>2024</i>	<i>2023</i>
Assets		
Cash and cash equivalents	\$ 8,031	\$ 5,882
Promises to give, net	12,363	4,534
Grants receivable	3	47
Prepaid expenses and other assets	1,671	1,281
Investments	76,977	71,693
Property and equipment, net	17,585	16,464
Right-of-use assets - operating, net	151	258
Interest rate swap agreement	5	31
Total Assets	\$ 116,786	\$ 100,190
Liabilities and Net Assets		
Liabilities		
Line of credit	\$ 2,250	\$ 1,500
Accounts payable and accrued expenses	2,428	2,068
Annuities payable	30	48
Deferred revenue	6,626	5,009
Accrued pension cost	2,651	4,663
Long-term debt	3,484	4,224
Lease liabilities - operating	149	258
Total Liabilities	17,618	17,770
Commitments and Contingencies (Notes 14 and 15)		
Net Assets (Deficit)		
Without donor restrictions	(10,720)	(11,841)
With donor restrictions	109,888	94,261
Total Net Assets	99,168	82,420
Total Liabilities and Net Assets	\$ 116,786	\$ 100,190

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, 2024
(With Comparative Totals for 2023)**

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Operating Revenue				
Concert income	\$ 6,540	\$ -	\$ 6,540	\$ 5,285
Hall income	503	-	503	571
Other operating income	1,893	-	1,893	1,510
Total Operating Revenue	8,936	-	8,936	7,366
Public and Private Support				
Grants	3,891	750	4,641	5,055
Contributions	8,069	19,706	27,775	14,973
In-kind contributions	67	-	67	111
Special events	1,092	-	1,092	731
Investment income	8,482	2,409	10,891	6,221
Total Public and Private Support	21,601	22,865	44,466	27,091
Net Assets Released from Restrictions	7,238	(7,238)	-	-
Total Revenue	37,775	15,627	53,402	34,457
Operating Expenses				
Program services	29,095	-	29,095	27,622
General and administrative	6,440	-	6,440	5,128
Fundraising	3,274	-	3,274	3,834
Total Operating Expenses	38,809	-	38,809	36,584
Change in Net Assets from Operations before Non-Operating Income (Expenses)	(1,034)	15,627	14,593	(2,127)
Non-Operating Income (Expenses)				
Interest expense	(357)	-	(357)	(260)
Pension related changes including non-cash pension cost	2,538	-	2,538	1,877
Employee retention credit income (Note 8)	-	-	-	2,644
Gain (loss) on interest rate swap	(26)	-	(26)	41
Total Non-Operating Income, net	2,155	-	2,155	4,302
Change in Net Assets (Deficit)	1,121	15,627	16,748	2,175
Net Assets (Deficit), beginning of year	(11,841)	94,261	82,420	80,245
Net Assets (Deficit), end of year	\$ (10,720)	\$ 109,888	\$ 99,168	\$ 82,420

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

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Operating Revenue			
Concert income	\$ 5,285	\$ -	\$ 5,285
Hall income	571	-	571
Other operating income	1,510	-	1,510
Total Operating Revenue	7,366	-	7,366
Public and Private Support			
Grants	3,255	1,800	5,055
Contributions	8,048	6,925	14,973
In-kind contributions	111	-	111
Special events	731	-	731
Investment loss	5,021	1,200	6,221
Total Public and Private Support	17,166	9,925	27,091
Net Assets Released from Restrictions	4,207	(4,207)	-
Total Revenue	28,739	5,718	34,457
Operating Expenses			
Program services	27,622	-	27,622
General and administrative	5,714	-	5,714
Fundraising	3,248	-	3,248
Total Operating Expenses	36,584	-	36,584
Change in Net Assets from Operations before Non-Operating Income (Expenses)	(7,845)	5,718	(2,127)
Non-Operating Income (Expenses)			
Interest expense	(260)	-	(260)
Pension related changes including non-cash pension cost	1,877	-	1,877
Employee retention credit income (Note 8)	2,644	-	2,644
Gain on interest rate swap	41	-	41
Total Non-Operating Income, net	4,302	-	4,302
Change in Net Assets (Deficit)	(3,543)	5,718	2,175
Net Assets (Deficit), beginning of year	(8,298)	88,543	80,245
Net Assets (Deficit), end of year	\$ (11,841)	\$ 94,261	\$ 82,420

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, 2024
(With Comparative Totals for 2023)**

Supporting Services							
	Program Services	General and Administrative	Fundraising	Total	2024 Total	2023 Total	
Advertising and promotion	\$ -	\$ 1,625	\$ 247	\$ 1,872	\$ 1,872	\$ 1,972	
Bad debt expense	-	910	-	910	910	95	
Depreciation and amortization	1,230	83	-	83	1,313	1,473	
Fees for services	3,196	731	413	1,144	4,340	4,295	
Fundraising event expenses	-	-	913	913	913	586	
Information technology	4	337	-	337	341	342	
In-kind expenses	-	-	67	67	67	111	
Insurance	12	341	-	341	353	348	
Occupancy	2,125	732	-	732	2,857	2,129	
Office expenses	268	111	4	115	383	347	
Other expenses	1,389	175	71	246	1,635	1,610	
Rental expenses	548	-	-	-	548	349	
Salaries and benefits	19,827	1,379	1,558	2,937	22,764	22,237	
Travel, entertainment, and meetings	496	16	1	17	513	690	
Total Functional Expenses	\$ 29,095	\$ 6,440	\$ 3,274	\$ 9,714	\$ 38,809	\$ 36,584	

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**

		<i>Supporting Services</i>				
	Program Services	General and Administrative	Fundraising	Total	Total Functional Expenses	
Advertising and promotion	\$ -	\$ 1,458	\$ 514	\$ 1,972	\$	1,972
Bad debt expense	-	95	-	95		95
Depreciation and amortization	1,365	108	-	108		1,473
Fees for services	3,127	665	503	1,168		4,295
Fundraising event expenses	-	-	586	586		586
Information technology	2	340	-	340		342
In-kind expenses	-	-	111	111		111
Insurance	6	342	-	342		348
Occupancy	1,844	152	133	285		2,129
Office expenses	226	114	7	121		347
Other expenses	1,081	95	434	529		1,610
Rental expenses	349	-	-	-		349
Salaries and benefits	18,991	1,714	1,532	3,246		22,237
Travel, entertainment, and meetings	631	45	14	59		690
Total Functional Expenses	\$ 27,622	\$ 5,128	\$ 3,834	\$ 8,962	\$	36,584

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

**BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES**

Consolidated Statements of Cash Flows (In Thousands)

<i>For the Years Ended August 31,</i>	<i>2024</i>	<i>2023</i>
Cash Flows from Operating Activities		
Change in net assets	\$ 16,748	\$ 2,175
Adjustments to reconcile changes in net assets to net cash and cash equivalents, and restricted cash used in operating activities:		
Depreciation and amortization	1,313	1,473
Net realized and unrealized gains on investments	(9,244)	(4,180)
Change in fair value of interest rate swap agreement	26	(41)
Change in discount on promises to give	1,087	115
Provision for uncollectible promises to give	910	95
Amortization of right-of-use assets - operating	207	247
Contributions restricted for endowment	(8,602)	(2,944)
Changes in assets and liabilities:		
Promises to give	(9,826)	(1,917)
Grants receivable	44	1,974
Prepaid expenses and other assets	(390)	237
Accounts payable and accrued expenses	360	753
Annuities payable	(18)	(20)
Deferred revenue	1,617	562
Accrued pension costs	(2,012)	(1,297)
Lease liabilities - operating	(209)	(247)
Cash and Cash Equivalents, and Restricted Cash Used in Operating Activities	(7,989)	(3,015)
Cash Flows from Investing Activities		
Proceeds from sale of investments	35,002	46,156
Purchases of investments	(31,042)	(43,632)
Purchases of property and equipment	(2,434)	(289)
Cash and Cash Equivalents, and Restricted Cash Provided by Investing Activities	1,526	2,235
Cash Flows from Financing Activities		
Contributions restricted for endowment	8,602	2,944
Borrowings on line of credit	750	1,500
Principal payments on long-term debt	(740)	(699)
Cash and Cash Equivalents, and Restricted Cash Provided by Financing Activities	8,612	3,745
Net Increase in Cash and Cash Equivalents, and Restricted Cash	2,149	2,965
Cash and Cash Equivalents, and Restricted Cash, beginning of year	5,882	2,917
Cash and Cash equivalents, and Restricted cash, end of year	\$ 8,031	\$ 5,882
Supplemental Cash Flow Information		
Cash paid for interest	\$ 357	\$ 260
Supplemental Disclosure of Non-Cash Operating, Investing and Financing Activities		
Recognition of right-of-use assets - operating	\$ 100	\$ 505
Recognition of lease liabilities - operating	\$ 100	\$ 505

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

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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 \$282,000 and \$247,000 that is restricted for the payment of unemployment claims as of August 31, 2024 and 2023, respectively.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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 the original invoice amount less an estimate for credit losses based on a monthly review of all outstanding amounts. Collections are continuously monitored and an allowance for credit losses is maintained based on historical experience and trends, current conditions and reasonable and supportable forecasts. Management's assessment of expected credit losses includes consideration of current and expected economic, market and industry factors including the aging of account balances. 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, 2024 and 2023 as management believes all receivables are collectible. Receivables, which totaled \$621,000 and \$349,000 as of August 31, 2024 and 2023, 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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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

Contributions and Promises to Give – cont'd.

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 using a rate of 3.71% and 5% as of August 31, 2024 and 2023, respectively.

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,:

	2024	2023	Usage	Donor Restriction	Fair Value Technique
Donated goods	\$ 49	\$ 31	Fundraising	None	Estimated fair value for similar items
Donated services	18	80	Fundraising	None	Standard industry pricing for similar services
Total	\$ 67	\$ 111			

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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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 6). 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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023.

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, 2024 and 2023 as a result of a net operating loss. The tax net operating loss carryforward as of August 31, 2024 approximates \$1,795,000. 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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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

Income Taxes – cont’d.

During the years ended August 31, 2024 and 2023, Cathedral Parking, Inc. recorded a valuation allowance of approximately \$377,000 and \$420,000, 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, 2024 and 2023.

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, 2024 and 2023, 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, 2024 and 2023, advertising expense, which is included in advertising and promotion on the consolidated statements of functional expenses, totaled approximately \$500,000 and \$482,000, respectively.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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

Recently Adopted Accounting Principle

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The objective of the amendments in this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The new expected credit loss methodology, which is based on historical experience, current conditions and reasonable and supportable forecasts, replaced the incurred loss model for measuring and recognizing expected credit losses (excluding pledges receivable). The Symphony used the modified retrospective approach to implement ASU 2016-13 during the year ended August 31, 2024 which does not require adjustments to comparative periods or modified disclosures in those comparative periods. Based on historical trends, the financial condition of the Symphony's customers and management's expectations of economic and industry factors affecting the Symphony's customers, the adoption of ASU 2016-13 did not have a material impact on the accompanying consolidated financial statements.

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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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, 2024 and 2023. 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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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, 2024:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 4,755,000	\$ -	\$ -	\$ 4,755,000
Mutual funds	42,103,000	-	-	42,103,000
Fixed income securities	-	12,844,000	-	12,844,000
Common stock	7,694,000	-	-	7,694,000
Interest rate swap agreement	-	5,000	-	5,000
Total assets and liabilities measured at fair value	\$ 54,552,000	\$ 12,849,000	\$ -	\$ 67,401,000
Fund of Funds*	n/a	n/a	n/a	\$ 9,581,000
Total	\$ 54,552,000	\$ 12,849,000	\$ -	\$ 76,982,000

The following table approximates by level, within the fair value hierarchy, the Symphony’s assets and liabilities at fair value as of August 31, 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	\$ 9,267,000
Total	\$ 52,205,000	\$ 10,252,000	\$ -	\$ 71,724,000

* 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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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, 2024:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternative Investments:				
Fund of Funds (a)	\$ 9,581,000	\$ 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, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternative Investments:				
Fund of Funds (a)	\$ 9,267,000	\$ 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.

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.

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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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

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 July 14, 2025, the date the consolidated financial statements were available to be issued and determined that there were no material events that require disclosure.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

2. INVESTMENTS

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

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 4,755,000	\$ 4,755,000	\$ 3,894,000	\$ 3,894,000
Mutual funds	37,367,000	42,103,000	35,201,000	35,178,000
Fixed income securities	12,957,000	12,844,000	10,876,000	10,221,000
Common stock	6,688,000	7,694,000	9,407,000	13,133,000
Alternative investments	9,970,000	9,581,000	9,717,000	9,267,000
Total investments	\$ 71,737,000	\$ 76,977,000	\$ 69,095,000	\$ 71,693,000

Investment management fees for the years ended August 31, 2024 and 2023 totaled approximately \$280,000 and \$275,000, respectively, and are included in investment income (loss) in the accompanying consolidated statements of activities.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

2. INVESTMENTS – cont'd.

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

	2024	2023
Net realized gains	\$ 5,716,000	\$ 2,302,000
Interest and dividends, net of fees	1,647,000	2,041,000
Net unrealized appreciation	3,528,000	1,878,000
Total investment income	\$ 10,891,000	\$ 6,221,000

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.

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.

During the year ended August 31, 2024, the Endowment trustees approved a Special Distribution of \$8 million in addition to the annual endowment draw. In accordance with UPMIFA, any spending rate greater than 7% requires advance written notice to the Maryland Attorney General. The Endowment provided the Maryland Attorney General with the required advance notice and as of the report date no action has been taken by the Maryland Attorney General to challenge the distribution.

The total draw during the year ended August 31, 2024 included the annual draw of \$3,560,000 and \$5,000,000 of the approved Special Distribution. Of the remaining \$3,000,000 related to the Special Distribution, \$2,000,000 and \$1,000,000 will be allocated to the years ended August 31, 2025 and 2026, respectively, and is being held within Orchestra cash accounts as of August 31, 2024.

The Endowment has amended the Endowment's Trust Agreement to require a unanimous vote of the Endowment trustees for any future extraordinary distributions more than the 6% approved annual draw.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

2. INVESTMENTS – cont’d.

Changes in Endowed Net Assets are as follows for the year ended August 31, 2024 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets (Deficit), September 1, 2023	\$ (11,226)	\$ 82,996	\$ 71,770
Interest & dividends, net of fees	1,569	30	1,599
Net appreciation	6,873	2,379	9,252
Draw	(8,560)	-	(8,560)
Contributions	-	5,598	5,598
Amounts appropriated for expenditure	(1,901)	(701)	(2,602)
Endowment Net Assets (Deficit), August 31, 2024	\$ (13,245)	\$ 90,302	\$ 77,057

Composition of Endowed Net Assets by Fund Type is as follows as of August 31, 2024 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ (13,245)	\$ 90,302	\$ 77,057
Total Endowment Funds	\$ (13,245)	\$ 90,302	\$ 77,057

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

2. INVESTMENTS – cont’d.

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	\$ (10,812)	\$ 80,908	\$ 70,096
Interest & dividends, net of fees	2,011	30	2,041
Net appreciation	2,988	1,170	4,158
Draw	(3,550)	-	(3,550)
Contributions	-	1,227	1,227
Amounts appropriated for expenditure	(1,863)	(339)	(2,202)
Endowment Net Assets (Deficit), August 31, 2023	\$ (11,226)	\$ 82,996	\$ 71,770

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	\$ (11,226)	\$ 82,996	\$ 71,770
Total Endowment Funds	\$ (11,226)	\$ 82,996	\$ 71,770

As reflected above, the fair value of assets classified as without donor restrictions has resulted in a deficiency primarily due to the loan from the Endowment to the Symphony (Note 13) and the Special Distribution. The Endowment has a policy that permits spending in accordance with prudent spending guidelines under UPMIFA. In determining prudence, the Endowment considers the following factors: (1) duration and preservation of the fund, (2) purposes of the fund and institution, (3) general economic conditions, (4) possible effect of inflation or deflation, (5) expected total return, (6) other resources of the Symphony, and (7) the investment and spending policies of the Endowment and Symphony.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

3. 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, 2024 and 2023, the liability associated with the remaining benefit payments totaled approximately \$30,000 and \$48,000, respectively. As of August 31, 2024 and 2023, the gift annuity payable was fully backed by investments totaling \$206,000 and \$197,000, 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.

4. UNCONDITIONAL PROMISES TO GIVE

As of August 31, 2024 and 2023, contributors to the Symphony's fundraising campaign have made written unconditional promises to give totaling approximately \$14,997,000 and \$5,078,000, respectively, on which management has recorded a present value discount of approximately \$1,260,000 and \$173,000, respectively. Management has recorded an allowance for doubtful promises to give of approximately \$1,374,000 and \$371,000 as of August 31, 2024 and 2023, respectively. Promises to give are due as follows:

	2024		2023	
	Endowment Trust	Orchestra	Endowment Trust	Orchestra
Less than one year	\$ 1,879,000	\$ 3,052,000	\$ 1,911,000	\$ 1,333,000
Years one through five	1,650,000	8,416,000	1,709,000	125,000
Total	3,529,000	11,468,000	3,620,000	1,458,000
Allowance for doubtful accounts	(800,000)	(574,000)	(100,000)	(271,000)
Present value discount	(205,000)	(1,055,000)	(133,000)	(40,000)
Unconditional Promises to Give, net	\$ 2,524,000	\$ 9,839,000	\$ 3,387,000	\$ 1,147,000

5. PROPERTY AND EQUIPMENT

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

	2024	2023
Land	\$ 1,068,000	\$ 1,068,000
Buildings	47,833,000	45,412,000
Equipment and furnishings	7,370,000	7,357,000
	56,271,000	53,837,000
Accumulated depreciation	(38,686,000)	(37,373,000)
Property and Equipment, net	\$ 17,585,000	\$ 16,464,000

Depreciation expense totaled approximately \$1,313,000 and \$1,473,000 during the years ended August 31, 2024 and 2023, respectively.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

6. 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 Bloomberg Short-Term Bank Yield (BSBY) one month rate plus 125 basis points. During the years ended August 31, 2024 and 2023, the rates ranged from 6.52% to 6.69% and from 4.34% to 6.63%, respectively. As of August 31, 2024 and 2023, the rate was 6.52% and 6.63%, respectively. The outstanding balance of the note payable as of August 31, 2024 and 2023 totaled \$1,648,000 and \$1,710,000, 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. In May 2022, the Endowment Trust refinanced the note, which extended the maturity date to September 27, 2024, and set the interest rate at a rate per annum equal to the BSBY one month rate plus 100 basis points. The note was further amended after year end to extend the maturity date to December 5, 2034 and adjust the interest rate to the Daily SOFR plus 1%. Principal payments are being amortized through November 1, 2028 to align with the term of the interest rate swap agreement. During the years ended August 31, 2024 and 2023, the rates ranged from 6.27% to 6.44% and from 4.09% to 6.35%, respectively. As of August 31, 2024 and 2023, the rate was 6.27% and 6.35%, respectively. The outstanding balance of the note payable as of August 31, 2024 and 2023 totaled \$1,467,000 and \$1,774,000, 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 10). 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, 2024 and 2023, the rates ranged from 6.27% to 6.44% and from 4.09% to 6.35%, respectively. As of August 31, 2024 and 2023, the rate was 6.27% and 6.35%, respectively. The outstanding balance of the note payable as of August 31, 2024 and 2023 totaled \$370,000 and \$740,000, respectively.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

6. LONG-TERM DEBT – cont’d.

Aggregate maturities required on long-term debt are as follows as of August 31, 2024:

Years ending August 31,:	
2025	\$ 789,000
2026	437,000
2027	1,800,000
2028	366,000
2029	93,000
	<u>3,485,000</u>
Less: net deferred financing costs	(1,000)
Total long-term debt	<u>\$ 3,484,000</u>

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, 2024 and 2023 totaled \$1,700,000 and \$1,995,000, respectively. The aggregate fair value of the swap agreement at August 31, 2024 and 2023 was \$5,000 and \$31,000, respectively. During the years ended August 31, 2024 and 2023, the Endowment Trust recognized a gain (loss) on the fair value of the swap agreement of approximately (\$26,000) and \$41,000, respectively.

Interest expense on outstanding long-term debt was approximately \$258,000 and \$236,000 for the years ended August 31, 2024 and 2023, 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, 2024 and 2023 was \$250. Accumulated amortization as of August 31, 2024 and 2023 totaled approximately \$3,900 and \$3,700, respectively.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

7. LINE OF CREDIT

During March 2024, 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 7.07% and 7.10% as of August 31, 2024 and 2023, respectively. 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, 2024 and 2023, the outstanding balance totaled \$2,250,000 and \$1,500,000, respectively. Interest expense on the line of credit was approximately \$99,000 and \$24,000 for the years ended August 31, 2024 and 2023, respectively. The line of credit agreement requires that the Symphony maintain certain financial covenants. As of August 31, 2024, the Symphony was in compliance with or obtained a waiver for all financial covenants.

8. EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was created by the CARES Act in 2020. It allowed 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 Paycheck Protection Program (PPP) loans. However, in 2021, the Consolidated Appropriations Act allowed recipients of PPP loans to retroactively claim the credit via amended quarterly payroll returns. During the year ended August 31, 2023, the Orchestra qualified and received payment for an ERC in an amount totaling approximately \$2,644,000 and recognized the amount as Employee Retention Credit income in the accompanying consolidated statements of activities.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

9. GRANTS

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

	2024	2023
State of Maryland		
Operating	\$ 2,465,000	\$ 2,626,000
Capital	750,000	1,800,000
Education	67,000	67,000
Federal		
Operating	45,000	-
Baltimore City		
Operating	612,000	-
Counties		
Baltimore	462,000	455,000
Howard	35,000	32,000
Montgomery	204,000	75,000
Talbot	1,000	-
Total Grants	\$ 4,641,000	\$ 5,055,000

10. 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 \$93,000 and \$54,000 during the years ended August 31, 2024 and 2023, respectively. A participant becomes 100% vested in employer contributions after the completion of six years of service.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

10. EMPLOYEE BENEFIT PLANS – cont'd.

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, 2024 and 2023. 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, 2024 and 2023 were approximately \$472,000 and \$469,000, 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, 2024 and 2023, 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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

10. 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,	
	2024	2023	2024	2023
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 18,727,000	\$ 20,127,000	\$ 2,722,000	\$ 2,906,000
Actuarial (gain) loss	(168,000)	(757,000)	13,000	(154,000)
Interest cost	924,000	876,000	136,000	127,000
Benefits paid	(1,481,000)	(1,519,000)	(169,000)	(157,000)
Benefit Obligation at End of Year	18,002,000	18,727,000	2,702,000	2,722,000
Change in plan assets				
Fair value of plan assets at beginning of year	14,581,000	14,846,000	2,205,000	2,227,000
Actual return on plan assets	2,262,000	1,020,000	337,000	135,000
Orchestra contributions	282,000	234,000	35,000	-
Benefits paid	(1,481,000)	(1,519,000)	(168,000)	(157,000)
Fair Value of Plan Assets at End of Year	15,644,000	14,581,000	2,409,000	2,205,000
Accrued Pension Liability	(2,358,000)	(4,146,000)	(293,000)	(517,000)
Accumulated Benefit Obligation	\$ 18,002,000	\$ 18,727,000	\$ 2,702,000	\$ 2,722,000

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,:

	2024	2023
Pension related changes	\$ (2,012,000)	\$ (932,000)
Net periodic pension expense	(526,000)	(945,000)
Pension expense other than net periodic pension cost	(2,538,000)	(1,877,000)

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

10. 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	
	2024	2023	2024	2023
Benefit obligation discount rate	5.00%	5.15%	5.00%	5.15%
Net periodic pension cost discount rate	5.00%	5.15%	5.00%	5.15%
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:

Asset Class	Orchestra Plan		Administrative Plan	
	2024	2023	2024	2023
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,:

Asset Class	Orchestra Plan		Administrative Plan	
	2024	2023	2024	2023
Equity	61%	69%	61%	62%
Fixed income	37%	30%	37%	36%
Cash & cash equivalents	2%	1%	2%	2%
	100%	100%	100%	100%

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

10. 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, 2024:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 388,000	\$ -	\$ -	\$ 388,000
Interests in registered investment companies	9,542,000	-	-	9,542,000
U.S. Government Securities	2,427,000	-	-	2,427,000
Corporate Debt		3,288,000	-	3,288,000
Total plan assets at fair value	\$ 12,357,000	\$ 3,288,000	\$ -	\$ 15,645,000

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

10. 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, 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

The following table sets forth by level, within the fair value hierarchy, the Administrative Plan’s investments at fair value as of August 31, 2024:

	Level 1	Level 2	Level 3	Total
Interests bearing cash	\$ 49,000	\$ -	\$ -	\$ 49,000
Interests in registered investment companies:				
Equity	1,478,000	-	-	1,478,000
Fixed Income	882,000	-	-	882,000
Total plan assets at fair value	\$ 2,409,000	\$ -	\$ -	\$ 2,409,000

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

**BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES**

**Notes to the Consolidated Financial Statements
For the Years Ended August 31, 2024 and 2023**

10. 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, 2025 of approximately \$478,000 and \$50,000, respectively.

Expected Future Benefit Payments

The following benefit payments are expected to be paid:

<u>Years ending August 31,:</u>	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
2025	\$ 1,714,000	\$ 216,000
2026	1,712,000	210,000
2027	1,657,000	213,000
2028	1,621,000	216,000
2029	1,589,000	212,000
2030-2034	6,855,000	961,000

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

11. 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,:

	2024	2023
Financial Assets		
Cash and cash equivalents	\$ 8,031,000	\$ 5,882,000
Promises to give, net	12,363,000	4,534,000
Grant receivable	3,000	47,000
Other receivables, net	621,000	349,000
Investments	76,977,000	71,693,000
Total Financial Assets	97,995,000	82,505,000
Adjustments to Total Financial Assets		
Less: Restricted cash and cash equivalents	(282,000)	(247,000)
Less: Pledges receivable, net, to be collected in more than one year	(7,432,000)	(1,290,000)
Less: Assets held in annuity trusts	(206,000)	(197,000)
Less: Contractual or donor-imposed restrictions	(90,302,000)	(84,208,000)
Less: Cash held for FY26 special distribution	(1,000,000)	-
Plus: Anticipated FY25 special distribution allocation	2,000,000	-
Plus: Anticipated endowment draw or use of board designated funds within one year	3,249,000	3,561,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 4,022,000	\$ 124,000

The Symphony structures its financial assets to be available as its general expenditures, liabilities and other obligations are due. To help manage unanticipated liquidity needs, the Symphony has an annual draw from Endowment investments which includes an additional Special Distribution amount during the year ended August 31, 2025 (Note 2). 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 7). Of the total available borrowings, approximately \$750,000 remains available as of August 31, 2024.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

12. 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,:

	2024	2023
Joseph Meyerhoff Memorial Fund:		
Donor restricted		
Principal Account	\$ 9,313,000	\$ 8,763,000
Donor restricted		
Maintenance Account	322,000	322,000
Total Joseph Meyerhoff Memorial Fund	\$ 9,635,000	\$ 9,085,000

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

	2024	2023
Joseph Meyerhoff Memorial Fund:		
Maintenance Account	\$ 322,000	\$ 322,000
Time restrictions - operations	7,099,000	405,000
Purpose restrictions	7,388,000	8,428,000
Endowment	95,079,000	85,106,000
Total net assets with donor restrictions	\$ 109,888,000	\$ 94,261,000

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

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

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

	2024	2023
Joseph Meyerhoff Symphony Hall renovations	\$ 563,000	\$ 572,000
Time restrictions - operations	3,017,000	2,101,000
Purpose restrictions	3,658,000	1,534,000
Total net assets released from restriction	\$ 7,238,000	\$ 4,207,000

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.

13. 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 further 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 \$8,381,000 and \$7,989,000 as of August 31, 2024 and 2023.

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

As of August 31, 2024, the Orchestra owed the Endowment Trust approximately \$2,943,000. As of August 31, 2023, the Endowment Trust owed the Orchestra approximately \$1,794,000. 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.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

14. 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 expired on September 15, 2019 and has been subsequently extended with the most recent agreement expiring on December 15, 2025.

The Symphony has an employment agreement with its Music Director that extends 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.

15. 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 a contract agreement for the 2022-2023 and 2023-2024 season. Most recently, the Symphony entered into an annual agreement for the 2025-2026 concert season. The Symphony will negotiate annual renewals for each concert season going forward.

In June 2015, the Symphony entered a lease for an education center and office space. The lease requires monthly payments and expires on June 30, 2029. Rent expense related to the concert hall, education center and office space totaled approximately \$822,000 and \$795,000 for the years ended August 31, 2024 and 2023, respectively.

The Symphony entered into three operating leases for office equipment, one of which continues until cancelled and the other two will expire in August 2026 and February 2027. Rent expense totaled approximately \$70,000 for the years ended August 31, 2024 and 2023, 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 \$79,000 and \$33,000 for the years ended August 31, 2024 and 2023, respectively.

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

15. 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.

Cash paid for amounts included in the measurement of operating lease liabilities totaled approximately \$215,000 and \$259,000 for the years ended August 31, 2024 and 2023, respectively.

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

	2024	2023
Weighted-average remaining lease term	3.23 years	1.74 years
Weighted-average discount rate	3.64%	3.40%

BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

Notes to the Consolidated Financial Statements For the Years Ended August 31, 2024 and 2023

15. LEASES – cont’d.

Operating Leases – cont’d.

The future minimum lease payments under operating leases as of August 31, 2024 are as follows:

Years ending August 31,:	Total	Lease Liability- Operating	Present Value Discount
2025	\$ 53,000	\$ 49,000	\$ 4,000
2026	55,000	52,000	3,000
2027	26,000	25,000	1,000
2028	13,000	12,000	1,000
2029	11,000	11,000	-
Total	\$ 158,000	\$ 149,000	\$ 9,000



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, 2024 and 2023, and our report thereon dated July 14, 2025, 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.

July 14, 2025



**BALTIMORE SYMPHONY ORCHESTRA, INC.
AND AFFILIATES**

**Consolidating Statement of Financial Position (In Thousands)
As of August 31, 2024**

	Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Cathedral Parking, Inc.	Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 8,070	\$ (1)	\$ (38)	\$ -	\$ 8,031
Promises to give, net	9,839	2,524	-	-	12,363
Due from affiliates	-	13,942	919	(14,861)	-
Grants receivable	3	-	-	-	3
Prepaid expenses and other assets	1,415	256	-	-	1,671
Investments	-	76,977	-	-	76,977
Property and equipment, net	2,716	13,893	976	-	17,585
Right-of-use assets - operating, net	151	-	-	-	151
Interest rate swap agreement	-	5	-	-	5
Total Assets	\$ 22,194	\$ 107,596	\$ 1,857	\$ (14,861)	\$ 116,786
Liabilities and Net Assets (Deficit)					
Liabilities					
Line of credit	\$ 2,250	\$ -	\$ -	\$ -	\$ 2,250
Accounts payable and accrued expenses	2,135	22	271	-	2,428
Annuities payable	-	30	-	-	30
Deferred revenue	6,524	-	102	-	6,626
Due to affiliates	10,768	919	3,174	(14,861)	-
Accrued pension cost	2,651	-	-	-	2,651
Long-term debt	370	3,114	-	-	3,484
Lease liabilities - operating	149	-	-	-	149
Total Liabilities	24,847	4,085	3,547	(14,861)	17,618
Net Assets (Deficit)					
Without donor restrictions	(14,526)	5,496	(1,690)	-	(10,720)
With donor restrictions	11,873	98,015	-	-	109,888
Total Net Assets (Deficit)	(2,653)	103,511	(1,690)	-	99,168
Total Liabilities and Net Assets (Deficit)	\$ 22,194	\$ 107,596	\$ 1,857	\$ (14,861)	\$ 116,786

See independent auditors' report on consolidating information.

**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	(17,876)	7,922	(1,887)	-	(11,841)
With donor restrictions	5,694	88,567	-	-	94,261
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 Activities (In Thousands)
For the Year Ended August 31, 2024**

	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	\$ 6,540	\$ -	\$ -	\$ 6,540	\$ -	\$ -	\$ -	\$ -	\$ 6,540
Hall income	503	-	-	503	-	-	-	-	503
Other operating income	1,575	-	318	1,893	-	-	-	-	1,893
Total Operating Revenue	8,618	-	318	8,936	-	-	-	-	8,936
Public and Private Support									
Grants for service	3,891	-	-	3,891	750	-	750	-	4,641
Contributions	8,069	-	-	8,069	12,104	7,602	19,706	-	27,775
In-kind contributions	67	-	-	67	-	-	-	-	67
Special events	1,092	-	-	1,092	-	-	-	-	1,092
Investment income	5	8,869	-	8,874	-	2,409	2,409	(392)	10,891
Operating endowment draw	8,560	(8,560)	-	-	-	-	-	-	-
Total Public and Private Support	21,684	309	-	21,993	12,854	10,011	22,865	(392)	44,466
Net Assets Released from Restrictions	6,675	563	-	7,238	(6,675)	(563)	(7,238)	-	-
Total Revenue	36,977	872	318	38,167	6,179	9,448	15,627	(392)	53,402
Operating Expenses									
Program services	27,578	1,517	-	29,095	-	-	-	-	29,095
General and administrative	4,785	1,534	121	6,440	-	-	-	-	6,440
Fundraising	3,274	-	-	3,274	-	-	-	-	3,274
Total Operating Expenses	35,637	3,051	121	38,809	-	-	-	-	38,809
Change in Net Assets from Operations before Non-Operating Income (Expenses)	1,340	(2,179)	197	(642)	6,179	9,448	15,627	(392)	14,593
Non-Operating Income (Expenses)									
Interest expense	(528)	(221)	-	(749)	-	-	-	392	(357)
Pension related changes including non-cash pension cost	2,538	-	-	2,538	-	-	-	-	2,538
Loss on interest rate swap	-	(26)	-	(26)	-	-	-	-	(26)
Total Non-Operating Income (Expenses)	2,010	(247)	-	1,763	-	-	-	392	2,155
Change in Net Assets (Deficit)	3,350	(2,426)	197	1,121	6,179	9,448	15,627	-	16,748
Net Assets (Deficit), beginning of year	(17,876)	7,922	(1,887)	(11,841)	5,694	88,567	94,261	-	82,420
Net Assets (Deficit), end of year	\$ (14,526)	\$ 5,496	\$ (1,690)	\$ (10,720)	\$ 11,873	\$ 98,015	\$ 109,888	\$ -	\$ 99,168

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	3,255	-	-	3,255	1,800	-	1,800	-	5,055
Contributions	8,048	-	-	8,048	3,981	2,944	6,925	-	14,973
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	15,711	1,792	-	17,503	5,781	4,144	9,925	(337)	27,091
Net Assets Released from Restrictions	3,635	572	-	4,207	(3,635)	(572)	(4,207)	-	-
Total Revenue	26,382	2,364	330	29,076	2,146	3,572	5,718	(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)	(7,942)	526	(92)	(7,508)	2,146	3,572	5,718	(337)	(2,127)
Non Operating Income (Expenses)									
Interest expense	(408)	(189)	-	(597)	-	-	-	337	(260)
Pension related changes including non-cash pension cost	1,877	-	-	1,877	-	-	-	-	1,877
Employee retention credit income (Note 8)	2,644	-	-	2,644	-	-	-	-	2,644
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)	(3,829)	378	(92)	(3,543)	2,146	3,572	5,718	-	2,175
Net Assets (Deficit), beginning of year	(14,047)	7,544	(1,795)	(8,298)	3,548	84,995	88,543	-	80,245
Net Assets (Deficit), end of year	\$ (17,876)	\$ 7,922	\$ (1,887)	\$ (11,841)	\$ 5,694	\$ 88,567	\$ 94,261	\$ -	\$ 82,420

See independent auditors' report on consolidating information. 45