

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

---

**Consolidated Financial Statements**

**Together with Independent Auditors' Report  
For the Years Ended August 31, 2022 and 2021**

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Table of Contents For the Years Ended August 31, 2022 and 2021

---

	<u>Page</u>
Independent Auditors' Report.....	1-3
Financial Statements:	
Consolidated Statements of Financial Position.....	4
Consolidated Statements of Activities .....	5-6
Consolidated Statements of Functional Expenses.....	7-8
Consolidated Statements of Cash Flows .....	9
Notes to the Consolidated Financial Statements .....	10-42
Supplementary Information:	
Schedule of Expenditures of Federal Awards .....	43
Notes to the Schedule of Expenditures of Federal Awards.....	44
Single Audit Reports:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	45-46
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	47-49
Schedule of Findings and Questioned Costs .....	50-51
Summary Schedule of Prior Audit Findings .....	52
Consolidating Information:	
Independent Auditors' Report on Consolidating Information .....	53
Consolidating Statement of Financial Position as of August 31, 2022 .....	54
Consolidating Statement of Financial Position as of August 31, 2021 .....	55
Consolidating Statement of Activities for the Year Ended August 31, 2022 .....	56
Consolidating Statement of Activities for the Year Ended August 31, 2021 .....	57



## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the accompanying consolidated financial statements of the Baltimore Symphony Orchestra, Inc. and Affiliates (a nonprofit organization) (the Organization), which comprise the consolidated statements of financial position as of August 31, 2022 and 2021 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Baltimore Symphony Orchestra, Inc. and Affiliates as of August 31, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 opinions.

### *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 the 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 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 schedule of expenditures of Federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of the Baltimore Symphony Orchestra, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Baltimore Symphony Orchestra, Inc. and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Baltimore Symphony Orchestra, Inc. and Affiliates' internal control over financial reporting and compliance.

SC&H AHS Services, P.C.

March 2, 2023

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Consolidated Statements of Financial Position (In Thousands)

<i>As of August 31,</i>	<i>2022</i>	<i>2021</i>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,117	\$ 10,563
Promises to give, net	2,827	3,881
Grants receivable	2,021	-
Prepaid expenses and other assets	1,518	1,516
Investments	70,037	83,895
Property and equipment, net	17,648	18,870
<b>Total Assets</b>	<b>\$ 96,168</b>	<b>\$ 118,725</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,315	\$ 1,762
Annuities payable	68	83
Deferred revenue	4,447	7,697
Accrued pension cost	5,960	6,496
Paycheck Protection Program loans (Note 8)	-	2,000
Long-term debt	4,923	5,653
Interest rate swap agreement	10	189
<b>Total Liabilities</b>	<b>16,723</b>	<b>23,880</b>
<b>Commitments and Contingencies (Notes 14 and 15)</b>		
<b>Net Assets (Deficit)</b>		
Without donor restrictions	(9,098)	5,960
With donor restrictions	88,543	88,885
<b>Total Net Assets</b>	<b>79,445</b>	<b>94,845</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 96,168</b>	<b>\$ 118,725</b>

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

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

**Consolidated Statement of Activities (In Thousands)  
For the Year Ended August 31, 2022  
(With Comparative Totals for 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Operating Revenue				
Concert income	\$ 4,991	\$ -	\$ 4,991	\$ 794
Hall income	327	-	327	-
Other operating income	1,242	-	1,242	763
Total Operating Revenue	6,560	-	6,560	1,557
Public and Private Support				
Grants	7,556	2,021	9,577	3,633
Contributions	5,267	3,517	8,784	8,584
In-kind contributions	9	-	9	133
Special events	87	-	87	767
Investment income (loss)	(7,860)	(3,292)	(11,152)	15,396
Total Public and Private Support	5,059	2,246	7,305	28,513
Net Assets Released from Restrictions	2,588	(2,588)	-	-
Total Revenue	14,207	(342)	13,865	30,070
Operating Expenses				
Program services	25,354	-	25,354	15,651
General and administrative	4,839	-	4,839	2,928
Fundraising	1,576	-	1,576	2,020
Total Operating Expenses	31,769	-	31,769	20,599
Change in Net Assets from Operations before Non Operating Income (Expenses)	(17,562)	(342)	(17,904)	9,471
Non Operating Income (Expenses)				
Interest expense	(130)	-	(130)	(136)
Pension related changes including non-cash pension cost	455	-	455	3,156
Paycheck Protection Program loan income (Note 8)	2,000	-	2,000	3,182
Gain on interest rate swap	179	-	179	90
Total Non Operating Income, net	2,504	-	2,504	6,292
Change in Net Assets (Deficit)	(15,058)	(342)	(15,400)	15,763
Net Assets, beginning of year	5,960	88,885	94,845	79,082
Net Assets (Deficit), end of year	\$ (9,098)	\$ 88,543	\$ 79,445	\$ 94,845

*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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Operating Revenue			
Concert income	\$ 794	\$ -	\$ 794
Hall income	-	-	-
Other operating income	763	-	763
Total Operating Revenue	1,557	-	1,557
Public and Private Support			
Grants	3,633	-	3,633
Contributions	6,920	1,664	8,584
In-kind contributions	133	-	133
Special events	767	-	767
Investment income	11,270	4,126	15,396
Total Public and Private Support	22,723	5,790	28,513
Net Assets Released from Restrictions	2,341	(2,341)	-
Total Revenue	26,621	3,449	30,070
Operating Expenses			
Program services	15,651	-	15,651
General and administrative	2,928	-	2,928
Fundraising	2,020	-	2,020
Total Operating Expenses	20,599	-	20,599
Change in Net Assets from Operations before Non Operating Income (Expenses)	6,022	3,449	9,471
Non Operating Income (Expenses)			
Interest expense	(136)	-	(136)
Pension related changes including non-cash pension cost	3,156	-	3,156
Paycheck Protection Program loan income (Note 8)	3,182	-	3,182
Loss on interest rate swap	90	-	90
Total Non Operating Income, net	6,292	-	6,292
Change in Net Assets	12,314	3,449	15,763
Net Assets (Deficit), beginning of year	(6,354)	85,436	79,082
Net Assets, end of year	\$ 5,960	\$ 88,885	\$ 94,845

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



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

**Consolidated Statement of Functional Expenses (In Thousands)  
For the Year Ended August 31, 2022  
(With Comparative Totals for 2021)**

		<i>Supporting Services</i>					
	Program Services	General and Administrative	Fundraising	Total	2022 Total	2021 Total	
Advertising and promotion	\$ -	\$ 1,191	\$ 199	\$ 1,390	\$ 1,390	\$ 457	
Bad debt expense	-	221	-	221	221	-	
Depreciation and amortization	1,354	110	-	110	1,464	1,453	
Fees for services	3,103	1,044	145	1,189	4,292	1,684	
Fundraising event expenses	-	-	144	144	144	727	
Information technology	-	308	-	308	308	246	
In-kind expenses	-	-	9	9	9	133	
Insurance	5	263	-	263	268	251	
Occupancy	1,701	-	-	-	1,701	574	
Office expenses	273	76	5	81	354	248	
Other expenses	974	387	99	486	1,460	674	
Rental expenses	684	-	-	-	684	109	
Salaries and benefits	16,818	1,171	966	2,137	18,955	14,006	
Travel, entertainment, and meetings	442	68	9	77	519	37	
<b>Total Functional Expenses</b>	<b>\$ 25,354</b>	<b>\$ 4,839</b>	<b>\$ 1,576</b>	<b>\$ 6,415</b>	<b>\$ 31,769</b>	<b>\$ 20,599</b>	

*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, 2021**

		<i>Supporting Services</i>				
	Program Services	General and Administrative	Fundraising	Total	Total Functional Expenses	
Advertising and promotion	\$ -	\$ 290	\$ 167	\$ 457	\$ 457	
Depreciation and amortization	1,343	110	-	110	1,453	
Fees for services	975	595	114	709	1,684	
Fundraising event expenses	-	-	727	727	727	
Information technology	-	246	-	246	246	
In-kind expenses	-	-	133	133	133	
Insurance	3	248	-	248	251	
Occupancy	521	39	14	53	574	
Office expenses	98	141	9	150	248	
Other expenses	298	301	75	376	674	
Rental expenses	109	-	-	-	109	
Salaries and benefits	12,271	955	780	1,735	14,006	
Travel, entertainment, and meetings	33	3	1	4	37	
Total Functional Expenses	\$ 15,651	\$ 2,928	\$ 2,020	\$ 4,948	\$ 20,599	

*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>2022</i>	<i>2021</i>
Cash Flows from Operating Activities		
Change in net assets	\$ (15,400)	\$ 15,763
Adjustments to reconcile changes in net assets to net cash and cash equivalents, and restricted cash provided by (used in) operating activities:		
Depreciation and amortization	1,464	1,453
Net realized and unrealized (gains) losses on investments	12,720	(14,077)
Change in fair value of interest rate swap agreement	(179)	(90)
Change in discount on promises to give	5	(88)
Provision for uncollectible promises to give	-	142
Contributions restricted for endowment	(683)	(773)
Paycheck Protection Program loan income (Note 8)	(2,000)	(3,182)
Changes in assets and liabilities:		
Promises to give	1,049	351
Grants receivable	(2,021)	-
Prepaid expenses and other assets	(2)	(491)
Accounts payable and accrued expenses	(447)	79
Annuities payable	(15)	(10)
Deferred revenue	(3,250)	3,976
Accrued pension costs	(536)	(2,823)
Cash and Cash Equivalents, and Restricted Cash Provided by (Used in) Operating Activities	(9,295)	230
Cash Flows from Investing Activities		
Proceeds from sale of investments	36,995	62,599
Purchases of investments	(35,857)	(60,742)
Purchases of property and equipment	(242)	(329)
Cash and Cash Equivalents, and Restricted Cash Provided by Investing Activities	896	1,528
Cash Flows from Financing Activities		
Contributions restricted for endowment	683	773
Proceeds from Paycheck Protection Program loans (Note 8)	-	2,000
Principal payments on long-term debt	(730)	(721)
Cash and Cash Equivalents, and Restricted Cash Provided by Financing Activities	(47)	2,052
Net Increase (Decrease) in Cash and Cash Equivalents, and Restricted Cash	(8,446)	3,810
Cash and Cash Equivalents, and Restricted Cash, beginning of year	10,563	6,753
Cash and Cash equivalents, and Restricted cash, end of year	\$ 2,117	\$ 10,563
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ 130	\$ 135

*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, 2022 and 2021**

---

### **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 Codification 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, 2022 and 2021

---

### 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 \$210,000 and \$224,000 that is restricted for the payment of unemployment claims as of August 31, 2022 and 2021, respectively.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

---

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

#### **Ticket Revenue**

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

#### **Parking Revenue**

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

#### **Receivables**

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. No allowance has been recorded as of August 31, 2022 and 2021 as management believes all receivables are collectible. Receivables, which totaled \$596,000 and \$595,000 as of August 31, 2022 and 2021, respectively, are included in prepaid expenses and other assets on the consolidated statements of financial position.

#### **Contributions and Promises to Give**

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

In accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* (ASC 958-605), promises to give in a future accounting period are discounted to their net present value at the time the revenue is recorded. The Symphony's promises to give are discounted at a rate of 5% as of August 31, 2022 and 2021.

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

## **Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021**

---

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

#### **Contributions and Promises to Give – cont'd.**

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

#### **In-Kind Contributions**

The Symphony receives in-kind contributions, which consist of, but are not limited to professional services. Gifts of non-cash assets (in-kind contributions) are valued at the fair value of assets received 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. During the years ended August 31, 2022 and 2021, the Symphony recorded in-kind contributions of professional services in the accompanying consolidated statements of activities totaling \$9,000 and \$133,000, respectively. The value of the contribution was determined based upon the market rate for similar services. The contributed nonfinancial assets did not have donor-imposed restrictions.

#### **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.

#### **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.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

---

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

#### Gift Annuities

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

#### Property and Equipment

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

#### Interest Rate Swap Agreement

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

#### 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, 2022 and 2021, management does not believe any long-lived assets are impaired and has not identified any assets as being held for disposal.



# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

---

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

#### 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, 2022 and 2021.

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, 2022 and 2021 as a result of a net operating loss. The tax net operating loss carryforward at August 31, 2022 approximates \$2,180,000. 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 2023 and ending in 2042.

During the years ended August 31, 2022 and 2021, Cathedral Parking, Inc. recorded a valuation allowance of approximately \$458,000 and \$450,000, 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.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

---

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

#### Income Taxes – cont'd.

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, 2022 and 2021.

#### 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, 2022 and 2021, 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, 2022 and 2021, advertising expense, which is included in advertising and promotion on the consolidated statements of functional expenses, totaled approximately \$396,000 and \$58,000, respectively.

#### Recently Issued Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous leases guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. In June 2020, the FASB deferred the effective date of the lease guidance for non-public entities to fiscal years beginning after December 15, 2021. Management has elected not to early adopt ASU 2016-02 and will assess the future impact on the consolidated financial statements.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

---

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

#### Recently Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Asset*, which improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. Under this new standard, contributed nonfinancial assets are required to be presented as a separate line item on the statement of activities. Additionally, the standard requires the disclosure and disaggregation of contributed nonfinancial assets by category based on the type of gift received. For each category, disclosures should include qualitative information regarding monetization or utilization, policies, donor-imposed restrictions, valuation techniques and fair value measurement of the asset. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. All changes should be retrospectively applied to all periods presented. Management implemented ASU 2020-07 during the year ended August 31, 2022 and the new standard was applied retroactively to the accompanying consolidated financial statements and related notes. The adoption of ASU 2020-07 did not have an effect on the Symphony's net assets or changes in net assets.

#### Fair Value Measurement

ASC 820-10, *Fair Value Measurements and Disclosures* (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, 2022 and 2021

---

### 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, 2022 and 2021. 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, 2022 and 2021

### 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, 2022:

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

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 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, 2021:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,585,000	\$ -	\$ -	\$ 2,585,000
Mutual funds	47,469,000	-	-	47,469,000
Fixed income securities	-	9,029,000	-	9,029,000
Common stock	17,253,000	-	-	17,253,000
Interest rate swap agreement	-	(189,000)	-	(189,000)
Total assets and liabilities measured in the fair value hierarchy	\$ 67,307,000	\$ 8,840,000	\$ -	\$ 76,147,000
Fund of funds*	n/a	n/a	n/a	\$ 5,476,000
Limited liability company interests*	n/a	n/a	n/a	2,083,000
Total assets and liabilities at fair value	\$ 67,307,000	\$ 8,840,000	\$ -	\$ 83,706,000

\* 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.

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, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternative Investments:				
Fund of funds (a)	\$ 5,942,000	N/A	Upon liquidation	N/A
Limited liability company interests (b)	\$ 3,475,000	\$ 57,500	N/A	N/A

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

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

#### Fair Value Measurement – cont’d.

The table below summarized these investments as well as the strategies, redemptions, and unfunded commitments related to such investments at August 31, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternative Investments:				
Fund of funds (a)	\$ 5,476,000	N/A	Upon liquidation	N/A
Limited liability company interests (b)	\$ 2,083,000	\$ 57,500	N/A	N/A

- (a) This category includes investments in fund of funds that invest primarily in private equity funds. These investments can only be redeemed through the liquidation of the underlying assets of the funds.
- (b) This category includes limited liability companies that invest in venture capital and private equity funds. Distributions are made to investors through the liquidation of the underlying assets.

#### Use of Estimates

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

#### 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, 2022 and 2021**

---

### **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 March 2, 2023, the date the consolidated financial statements were available to be issued and determined that there were no material events that require disclosure, except as disclosed in Notes 2, 11 and 16.

### **2. FINANCIAL CONDITION**

The accompanying financial statements have been prepared assuming that the Symphony will continue as a going concern. As noted in the accompanying consolidated financial statements, the Symphony incurred a decrease in unrestricted net assets before non-operating expenses of \$17,562,000 and a decrease in cash flow from operations of \$9,295,000 during the year ended August 31, 2022. These factors raised substantial doubt about the Symphony's ability to continue as a going concern.

Management expects an increase in contributed income and concert revenue in response to the new music director's tenure which begins with the 2023-2024 season. Furthermore, subsequent to year-end, the Endowment Trust received approval from PNC Bank to obtain a line of credit totaling \$3 million to supplement cash flow of the Symphony.

Management has prepared a cash flow analysis for twelve months from our audit report date and believes the Symphony will improve its operating results and that operating cash flow combined with availability from the line of credit will provide sufficient resources to fund its future operations. These factors have alleviated doubt about the Symphony's ability to continue as a going concern.



# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 3. INVESTMENTS

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

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 2,001,000	\$ 2,001,000	\$ 2,585,000	\$ 2,585,000
Mutual funds	39,202,000	36,750,000	39,342,000	47,469,000
Fixed income securities	8,525,000	7,942,000	8,941,000	9,029,000
Common stock	11,218,000	13,927,000	10,700,000	17,253,000
Alternative investments	8,375,000	9,417,000	6,778,000	7,559,000
<b>Total investments</b>	<b>\$ 69,321,000</b>	<b>\$ 70,037,000</b>	<b>\$ 68,346,000</b>	<b>\$ 83,895,000</b>

Investment management fees for the years ended August 31, 2022 and 2021 totaled approximately \$384,000 and \$239,000, respectively, and are included in investment income in the accompanying consolidated statements of activities.

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

	2022	2021
Net realized gain on sale of investments	\$ 2,113,000	\$ 11,602,000
Interest and dividends, net of fees	1,568,000	1,319,000
Net unrealized appreciation (depreciation) of investments	(14,833,000)	2,475,000
<b>Total earnings (losses) on investments</b>	<b>\$ (11,152,000)</b>	<b>\$ 15,396,000</b>

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.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 3. INVESTMENTS – cont’d.

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net			
Assets (Deficit), September 1, 2021	\$ (986)	\$ 84,613	\$ 83,627
Interest & dividends, net of fees	1,640	12	1,652
Net appreciation (depreciation)	(9,416)	(3,304)	(12,720)
Draw	(2,572)	-	(2,572)
Contributions	-	1,282	1,282
Amounts appropriated for expenditure	(917)	(519)	(1,436)
Endowment Net			
Assets (Deficit), August 31, 2022	\$ (12,251)	\$ 82,084	\$ 69,833

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ (12,251)	\$ 82,084	\$ 69,833
Total Endowment Funds	\$ (12,251)	\$ 82,084	\$ 69,833

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 3. INVESTMENTS – cont’d.

Changes in Endowed Net Assets are as follows for the year ended August 31, 2021 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets (Deficit), September 1, 2020	\$ (8,630)	\$ 80,149	\$ 71,519
Interest & dividends, net of fees	1,309	12	1,321
Net appreciation	9,961	4,116	14,077
Draw	(3,449)	-	(3,449)
Contributions	-	948	948
Amounts appropriated for expenditure	(177)	(612)	(789)
Endowment Net Assets (Deficit), August 31, 2021	\$ (986)	\$ 84,613	\$ 83,627

Composition of Endowed Net Assets by Fund Type is as follows as of August 31, 2021 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ (986)	\$ 84,613	\$ 83,627
Total Endowment Funds	\$ (986)	\$ 84,613	\$ 83,627

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 4. GIFT ANNUITY TRUSTS

The Symphony receives gifts in the form of trusts and is required to pay benefits to beneficiaries as specified in the gift annuity agreement. Under these agreements, the Symphony pays a fixed annuity amount for the life of the beneficiaries and fulfills its obligation upon the death of the beneficiaries as set forth in the annuity agreements. As of August 31, 2022 and 2021, the liability associated with the remaining benefit payments totaled approximately \$68,000 and \$83,000, respectively. As of August 31, 2022 and 2021, the gift annuity payable was fully backed by investments totaling \$201,000 and \$258,000, respectively. The gift annuity liability was calculated using a discount rate of 3.25% applied to future benefit payments and is included in annuities payable on the accompanying consolidated statements of financial position.

### 5. UNCONDITIONAL PROMISES TO GIVE

As of August 31, 2022 and 2021, contributors to the Symphony's fundraising campaign have made written unconditional promises to give totaling approximately \$3,256,000 and \$4,305,000, respectively, on which management has recorded a present value discount of approximately \$58,000 and \$53,000, respectively. Management has recorded an allowance for doubtful promises to give of approximately \$371,000 as of August 31, 2022 and 2021. Promises to give are due as follows:

	2022		2021	
	Endowment Trust	Orchestra	Endowment Trust	Orchestra
Less than one year	\$ 1,489,000	\$ 1,457,000	\$ 1,261,000	\$ 2,143,000
Years one through five	255,000	55,000	711,000	190,000
Total	1,744,000	1,512,000	1,972,000	2,333,000
Allowance for doubtful accounts	(100,000)	(271,000)	(100,000)	(271,000)
Present value discount	(46,000)	(12,000)	(41,000)	(12,000)
Unconditional Promises to Give, net	\$ 1,598,000	\$ 1,229,000	\$ 1,831,000	\$ 2,050,000

### 6. PROPERTY AND EQUIPMENT

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

	2022	2021
Land	\$ 1,068,000	\$ 1,068,000
Buildings	45,168,000	45,096,000
Equipment and furnishings	7,312,000	7,142,000
	53,548,000	53,306,000
Accumulated depreciation	(35,900,000)	(34,436,000)
Property and Equipment, net	\$ 17,648,000	\$ 18,870,000

Depreciation expense totaled approximately \$1,464,000 and \$1,453,000 during the years ended August 31, 2022 and 2021, respectively.

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

## **Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021**

---

### **7. LONG-TERM DEBT**

During the year ended August 31, 2017, the Endowment Trust obtained a \$2,160,000 note from PNC Bank to refinance the previous mortgage of Cathedral Parking. The note is fully secured by fixed income securities of the Endowment Trust held at PNC Bank. The note matured on May 17, 2022 and bore interest at a weekly variable rate as determined by the remarketing agent. In May 2022, the Endowment Trust refinanced the note to extend the maturity to May 27, 2027. The refinanced note bears interest at a rate per annum equal to the BSBY one month rate plus 125 basis points. During the years ended August 31, 2022 and 2021, the rates ranged from 1.33% to 3.68% and from 1.33% to 1.40%, respectively. As of August 31, 2022 and 2021, the rate was 3.68% and 1.34%, respectively. The outstanding balance of the note payable as of August 31, 2022 and 2021 totaled \$1,748,000 and \$1,827,000, respectively.

During February 2014, the Endowment Trust obtained a note from PNC Bank, which is fully secured by fixed income securities of the Endowment Trust held at PNC Bank. The amount of fixed income securities pledged as collateral equals the outstanding principal plus the interest rate swap liability. The note proceeds refinanced debt, which originally funded renovations to the Meyerhoff Symphony Hall. The note originally matured on November 1, 2028 and bore interest at a weekly variable rate as determined by the remarketing agent. In May 2022, the Endowment Trust refinanced the note. The refinanced note matures on September 27, 2024 and bears interest at a rate per annum equal to the BSBY one month rate plus 100 basis points. During the years ended August 31, 2022 and 2021, the rates ranged from 1.10% to 3.43% and from 1.09% to 1.16%, respectively. As of August 31, 2022 and 2021, the rate was 3.43% and 1.10%, respectively. The outstanding balance of the note payable as of August 31, 2022 and 2021 totaled \$2,066,000 and \$2,348,000, 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). The note matured on August 5, 2022 and bore interest at a rate per annum equal to the sum of LIBOR in effect on each monthly Reset Date plus 100 basis points. 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, 2022 and 2021, the rates ranged from 1.24% to 3.43% and from 1.09% to 1.16%, respectively. As of August 31, 2022 and 2021, the rate was 3.43% and 1.10%, respectively. The outstanding balance of the note payable as of August 31, 2022 and 2021 totaled \$1,110,000 and \$1,480,000, respectively.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

---

### 7. LONG-TERM DEBT – cont'd.

Aggregate maturities required on long-term debt are as follows as of August 31, 2022:

Years ending August 31,:	
2023	\$ 753,000
2024	771,000
2025	1,935,000
2026	101,000
2027	1,365,000
	4,925,000
Less: net deferred financing costs	(2,000)
Total long-term debt	\$ 4,923,000

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, 2022 and 2021 totaled \$2,280,000 and \$2,550,000, respectively. The aggregate fair value of the swap agreement at August 31, 2022 and 2021 was \$(10,000) and \$(189,000), respectively. During the years ended August 31, 2022 and 2021, the Endowment Trust recognized a gain of approximately \$179,000 and \$90,000, respectively.

Interest expense on outstanding debt was approximately \$130,000 and \$136,000 for the years ended August 31, 2022 and 2021, 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, 2022 and 2021 was \$250. Accumulated amortization as of August 31, 2022 and 2021 totaled approximately \$3,000.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

---

### 8. PAYCHECK PROTECTION PROGRAM LOANS

On March 27, 2020, Congress passed a \$2 trillion stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides significant tax and non-tax stimulus to individuals and businesses.

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

The Orchestra has elected to record the loans as debt in accordance with ASC 740, *Debt*, and recognize income from loan forgiveness in accordance with ASC 405-20, *Extinguishment of Liabilities*, and ASC 450-30, *Gain Contingencies*. The portion of the loans that is ultimately forgiven is recognized as a gain on extinguishment of debt when the loan is, in part or wholly, legally forgiven by the SBA. The outstanding balance of the Paycheck Protection Program loans as of August 31, 2022 and 2021 totaled \$0 and \$2,000,000, respectively, and is recorded as Paycheck Protection Program loans on the accompanying consolidated statements of financial position. The Orchestra recognized Paycheck Protection Program loan income totaling \$2,000,000 and \$3,182,000 during the years ended August 31, 2022 and 2021, respectively.

In June 2021, the Orchestra was granted full forgiveness on PPP Loan 1 by the SBA. In May 2022, the Orchestra was granted full forgiveness on PPP Loan 2 by the SBA.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 9. GRANTS

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

	2022	2021
State of Maryland		
Operating	\$ 4,037,000	\$ 2,199,000
Education	54,000	60,000
Federal		
Shuttered Venue Operators Grant	3,280,000	-
Operating	40,000	-
Baltimore City		
Operating	1,059,000	510,000
Counties		
Baltimore	462,000	400,000
Howard	35,000	37,000
Montgomery	610,000	427,000
Total Grants	\$ 9,577,000	\$ 3,633,000



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

## **Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021**

---

### **9. GRANTS – cont’d.**

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

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

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

### **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 \$0 during the years ended August 31, 2022 and 2021. A participant becomes 100% vested in employer contributions after the completion of six years of service.

#### **Multi-Employer Defined Contribution Plan**

In September 2000, the Orchestra members' pension plan was frozen. Concurrently, the Orchestra began participating in the American Federation of Musicians and Employers' Pension Fund (the Fund). Contributions on behalf of each Orchestra member equal to 5.5% of minimum scale wages were made to the Fund during the years ended August 31, 2022 and 2021. 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, 2022 and 2021 were approximately \$444,000 and \$277,000, respectively. The Orchestra would incur significant penalties upon withdrawal from the Fund.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

---

### 10. EMPLOYEE BENEFIT PLANS – cont'd.

#### 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, 2022 and 2021, 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, 2022 and 2021

### 10. EMPLOYEE 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		Administrative Plan	
	August 31,		August 31,	
	2022	2021	2022	2021
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 24,069,000	\$ 24,818,000	\$ 3,554,000	\$ 3,669,000
Actuarial (gain) loss	(3,069,000)	116,000	(586,000)	(57,000)
Interest cost	645,000	667,000	96,000	98,000
Benefits paid	(1,518,000)	(1,532,000)	(158,000)	(156,000)
Benefit Obligation at End of Year	20,127,000	24,069,000	2,906,000	3,554,000
Change in plan assets				
Fair value of plan assets at beginning of year	18,388,000	16,789,000	2,739,000	2,379,000
Actual return on plan assets	(2,281,000)	3,100,000	(354,000)	457,000
Orchestra contributions	257,000	31,000	-	59,000
Benefits paid	(1,518,000)	(1,532,000)	(158,000)	(156,000)
Fair Value of Plan Assets at End of Year	14,846,000	18,388,000	2,227,000	2,739,000
Accrued Pension Liability	(5,281,000)	(5,681,000)	(679,000)	(815,000)
Accumulated Benefit Obligation	\$ 20,127,000	\$ 24,069,000	\$ 2,906,000	\$ 3,554,000

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 10. EMPLOYEE BENEFIT PLANS – cont’d.

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,:

	2022	2021
Pension related changes	\$ (381,000)	\$ (2,801,000)
Net periodic pension expense	(74,000)	(355,000)
Pension expense other than net periodic pension cost	\$ (455,000)	\$ (3,156,000)

### Assumptions

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

	Orchestra Plan		Administrative Plan	
	2022	2021	2022	2021
Benefit obligation discount rate	4.50%	2.75%	4.50%	2.75%
Net periodic pension cost discount rate	4.50%	2.75%	4.50%	2.75%
Expected return on plan assets	7.50%	7.50%	7.50%	7.50%
Rate of increase in compensation levels	N/A	N/A	N/A	N/A

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

	Orchestra Plan		Administrative Plan	
Asset Class	2022	2021	2022	2021
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%

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 10. EMPLOYEE BENEFIT PLANS – cont’d.

#### 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	
	2022	2021	2022	2021
Equity	69%	69%	62%	65%
Fixed income	30%	30%	36%	34%
Cash & cash equivalents	1%	1%	2%	1%
	100%	100%	100%	100%

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 Plans at year-end. Securities are traded on an active market.

*Interests in US 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.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 10. EMPLOYEE BENEFIT PLANS – cont’d.

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

	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 210,000		\$ -	\$ 210,000
Interests in registered investment companies	10,282,000		-	10,282,000
US Government Securities	1,678,000		-	1,678,000
Corporate Debt	-	2,676,000	-	2,676,000
<b>Total plan assets at fair value</b>	<b>\$ 12,170,000</b>	<b>\$ 2,676,000</b>	<b>\$ -</b>	<b>\$ 14,846,000</b>

The following table sets forth by level, within the fair value hierarchy, the Orchestra Plan’s investments at fair value as of August 31, 2021:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 256,000	\$ -	\$ -	\$ 256,000
Interests in registered investment companies	12,627,000	-	-	12,627,000
US Government Securities	1,883,000	-	-	1,883,000
Corporate Debt	-	3,622,000	-	3,622,000
<b>Total plan assets at fair value</b>	<b>\$ 14,766,000</b>	<b>\$ 3,622,000</b>	<b>\$ -</b>	<b>\$ 18,388,000</b>

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 10. EMPLOYEE BENEFIT PLANS – cont’d.

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

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

The following table sets forth by level, within the fair value hierarchy, the Administrative Plan’s investments at fair value as of August 31, 2021:

	Level 1	Level 2	Level 3	Total
Interests bearing cash	\$ 19,000	\$ -	\$ -	\$ 19,000
Interests in registered investment companies:				
Equity	1,793,000	-	-	1,793,000
Fixed Income	927,000	-	-	927,000
<b>Total plan assets at fair value</b>	<b>\$ 2,739,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,739,000</b>

### Contributions

The Symphony expects to make contributions to the Orchestra and Administrative plans during the year ending August 31, 2023.

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 10. EMPLOYEE BENEFIT PLANS – cont’d.

#### Expected Future Benefit Payments

The following benefit payments are expected to be paid:

Years ending August 31,:	Orchestra Plan	Administrative Plan
2023	\$ 1,746,000	\$ 188,000
2024	1,717,000	204,000
2025	1,669,000	210,000
2026	1,669,000	207,000
2027	1,613,000	210,000
2028-2032	7,349,000	1,110,000

### 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,:

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 2,117,000	\$ 10,563,000
Promises to give, net	2,827,000	3,881,000
Grants receivable	2,021,000	-
Other receivables, net	616,000	583,000
Investments	70,037,000	83,895,000
Total Financial Assets	77,618,000	98,922,000
Adjustments to Total Financial Assets		
Less: Restricted cash and cash equivalents	(210,000)	(224,000)
Less: Pledges receivable, net, to be collected in more than one year	(155,000)	(477,000)
Less: Grants receivable, to be collected in more than one year	(204,000)	-
Less: Assets held in annuity trusts	(201,000)	(258,000)
Less: Contractual or donor-imposed restrictions	(82,084,000)	(84,611,000)
Plus: Anticipated endowment draw or use of board designated funds within one year	3,275,000	3,386,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ (1,961,000)	\$ 16,738,000



# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

### 11. LIQUIDITY AND AVAILABILITY OF RESOURCES – cont'd.

The Symphony structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Symphony has an annual draw from the Endowment investments (Note 3). Additionally, subsequent to year-end, the Endowment Trust obtained approval for a \$3 million line of credit for the purpose of supplementing cash flow of the Symphony (Note 2).

### 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,:

	2022	2021
Joseph Meyerhoff Memorial Fund:		
Donor restricted		
Principal Account	\$ 8,274,000	\$ 10,303,000
Donor restricted		
Maintenance Account	707,000	568,000
<b>Total Joseph Meyerhoff Memorial Fund</b>	<b>\$ 8,981,000</b>	<b>\$ 10,871,000</b>

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

	2022	2021
Joseph Meyerhoff Memorial Fund:		
Maintenance Account	\$ 707,000	\$ 568,000
Contributed income:		
Time restrictions - operations	2,439,000	867,000
Purpose restrictions	4,187,000	4,447,000
Endowment	81,210,000	83,003,000
<b>Total net assets with donor restrictions</b>	<b>\$ 88,543,000</b>	<b>\$ 88,885,000</b>

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021

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

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

	2022	2021
Joseph Meyerhoff Symphony Hall renovations	\$ 394,000	\$ 494,000
Time restrictions - operations	687,000	698,000
Purpose restrictions	1,507,000	1,149,000
Total net assets released from restriction	\$ 2,588,000	\$ 2,341,000

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 increased this limit to \$7,300,000 and agreed to defer repayments of principal and interest until such time as cash flow improves. Advances under the line bear interest at the thirteen-week Treasury Bill rate as published by the Wall Street Journal. The total amount outstanding, including accrued interest, totaled approximately \$7,652,000 and \$7,595,000 as of August 31, 2022 and 2021.

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

As of August 31, 2022 and 2021, the Endowment Trust owed the Orchestra \$1,296,000 and \$1,487,000, respectively. These advances are non-interest bearing and payable on demand and recorded as due to affiliate in the Endowment Trust's consolidated statements of financial position. These advances have been eliminated in the preparation of the accompanying consolidated financial statements.

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

## **Notes to the Consolidated Financial Statements For the Years Ended August 31, 2022 and 2021**

---

### **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 was for four years and five months and expired on September 15, 2019. On September 17, 2020 the term was extended one additional year expiring on September 15, 2021. In September 2021, the Symphony entered a three year agreement effective September 15, 2021 through September 15, 2024.

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

### **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, in April 2022, the Symphony entered into a contract agreement for the 2022-2023 concert season with an option to negotiate dates for the 2023-2024 concert season.

In June 2015, the Symphony entered a lease for an education center and office space. The lease requires monthly payments and was effective July 1, 2015 through June 30, 2020. In May 2020, the Symphony extended the lease for an education center and office space for one year, effective July 1, 2020 through June 30, 2021. In June 2021, the Symphony extended the lease for an education center and office space for three years, effective July 1, 2021 through June 30, 2024. Rent expense totaled approximately \$738,000 and \$29,000 for the years ended August 31, 2022 and 2021, respectively.

The Symphony entered into two operating leases for office equipment, one of which continues until cancelled and the other will expire August 2026. Rent expense totaled approximately \$44,000 for the years ended August 31, 2022 and 2021.

The Symphony leases office space in Baltimore, Maryland for the OrchKids program. A letter of agreement is effective for the period September 1, 2020 through August 31, 2023. The agreement permits a renewal term for an additional three years. Rent expense totaled approximately \$38,000 and \$32,000 for the years ended August 31, 2022 and 2021, respectively.

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

**Notes to the Consolidated Financial Statements  
For the Years Ended August 31, 2022 and 2021**

---

**15. LEASES – cont’d.**

**Operating Leases – cont’d.**

The future minimum lease payments under operating leases as of August 31, 2022 are as follows:

Years ending August 31,:		
2023	\$	538,000
2024		39,000
2025		22,000
2026		22,000
Total	\$	621,000

**16. SUBSEQUENT EVENTS**

Subsequent to year-end, the Endowment Trust obtained approval from PNC Bank for a line of credit facility with total available borrowings of \$3 million.

## **SUPPLEMENTARY INFORMATION**

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Small Business Administration</b>				
Shuttered Venue Operators Grant	59.075		\$ -	\$ 3,280,414
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 3,280,414</b>

*See accompanying notes to schedule of expenditures of Federal awards.*

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

## **Notes to Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2022**

---

### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of Federal awards (the Schedule) includes the Federal grant activity of the Orchestra under programs of the Federal government for the year ended August 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Orchestra, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Orchestra.

For purposes of the schedule of expenditures of Federal awards, Federal awards include all grants, contracts, and similar agreements entered into directly between the Orchestra and agencies and departments of the Federal government and all subawards made to the Orchestra by non-Federal organizations pursuant to Federal grants, contracts and similar agreements. The awards are classified into program categories in accordance with the provisions of the Uniform Guidance. The dollar threshold used to distinguish between Type A and Type B programs, as defined in the Uniform Guidance, was \$750,000.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

### **3. INDIRECT COST RATE**

The Orchestra has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance when permissible.

## **SINGLE AUDIT REPORTS**





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the Baltimore Symphony Orchestra, Inc. and Affiliates (a nonprofit organization) (collectively, the Symphony), which comprise the statement of financial position as of August 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Orchestra's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Orchestra's internal control. Accordingly, we do not express an opinion on the effectiveness of the Orchestra's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Orchestra's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Orchestra's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Orchestra's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SC&H AHSST Services, P.C.

March 2, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Baltimore Symphony Orchestra, Inc. and Affiliates' (collectively, the Orchestra) (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Orchestra's major federal programs for the year ended August 31, 2022. The Orchestra's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Orchestra complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Orchestra and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Orchestra's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Orchestra's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Orchestra's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Orchestra's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Orchestra's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Orchestra's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Orchestra's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SC&H AHSST Services, P.C.

March 2, 2023

# BALTIMORE SYMPHONY ORCHESTRA, INC. AND AFFILIATES

## Schedule of Findings and Questioned Costs For the Year Ended August 31, 2022

### SUMMARY OF AUDITORS' RESULTS

<b><u>Financial Statements</u></b>		
Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to consolidated financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b><u>Federal Awards</u></b>		
Internal control over major programs:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Identification of major programs:		
CFDA Number	Name of Federal Program or Cluster	
59.075	Shuttered Venue Operators Grant	
Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000	
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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

## **Schedule of Findings and Questioned Costs For the Year Ended August 31, 2022**

---

### **FINDINGS - FINANCIAL STATEMENT AUDIT**

None Reported

### **FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None Reported

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

## **Summary Schedule of Prior Audit Findings For the Year Ended August 31, 2021**

---

### **FINDINGS - FINANCIAL STATEMENT AUDIT**

Not applicable

### **FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

Not applicable





## 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, 2022 and 2021, and issued our report thereon dated March 2, 2023, 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.

March 2, 2023

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

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

	Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Cathedral Parking, Inc.	Eliminations	Consolidated
<b>Assets</b>					
Cash and cash equivalents	\$ 1,949	\$ 177	\$ (9)	\$ -	\$ 2,117
Promises to give, net	1,229	1,598	-	-	2,827
Due from affiliates	1,297	10,769	919	(12,985)	-
Grants receivable	2,021	-	-	-	2,021
Prepaid expenses and other assets	1,437	81	-	-	1,518
Investments	-	70,037	-	-	70,037
Property and equipment, net	519	15,962	1,167	-	17,648
<b>Total Assets</b>	<b>\$ 8,452</b>	<b>\$ 98,624</b>	<b>\$ 2,077</b>	<b>\$ (12,985)</b>	<b>\$ 96,168</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 921	\$ -	\$ 394	\$ -	\$ 1,315
Annuities payable	-	68	-	-	68
Deferred revenue	4,108	-	339	-	4,447
Due to affiliates	7,652	2,194	3,139	(12,985)	-
Accrued pension cost	5,960	-	-	-	5,960
Long-term debt	1,110	3,813	-	-	4,923
Interest rate swap agreement	-	10	-	-	10
<b>Total Liabilities</b>	<b>19,751</b>	<b>6,085</b>	<b>3,872</b>	<b>(12,985)</b>	<b>16,723</b>
<b>Net Assets (Deficit)</b>					
Without donor restrictions	(14,847)	7,544	(1,795)	-	(9,098)
With donor restrictions	3,548	84,995	-	-	88,543
<b>Total Net Assets (Deficit)</b>	<b>(11,299)</b>	<b>92,539</b>	<b>(1,795)</b>	<b>-</b>	<b>79,445</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,452</b>	<b>\$ 98,624</b>	<b>\$ 2,077</b>	<b>\$ (12,985)</b>	<b>\$ 96,168</b>

*See independent auditors' report on consolidating information.*

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

**Consolidating Statement of Financial Position (In Thousands)  
As of August 31, 2021**

	Baltimore Symphony Orchestra, Inc.	Baltimore Symphony Endowment Trust	Cathedral Parking, Inc.	Eliminations	Consolidated
<b>Assets</b>					
Cash and cash equivalents	\$ 10,559	\$ 40	\$ (36)	\$ -	\$ 10,563
Promises to give, net	2,050	1,831	-	-	3,881
Due from affiliates	1,486	10,713	919	(13,118)	-
Prepaid expenses and other assets	1,459	57	-	-	1,516
Investments	-	83,895	-	-	83,895
Property and equipment, net	480	17,113	1,277	-	18,870
<b>Total Assets</b>	<b>\$ 16,034</b>	<b>\$ 113,649</b>	<b>\$ 2,160</b>	<b>\$ (13,118)</b>	<b>\$ 118,725</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 1,068	\$ 486	\$ 208	\$ -	\$ 1,762
Annuities payable	-	83	-	-	83
Deferred revenue	7,586	-	111	-	7,697
Due to affiliates	7,595	2,388	3,135	(13,118)	-
Accrued pension cost	6,496	-	-	-	6,496
Paycheck Protection Program loan	2,000	-	-	-	2,000
Long-term debt	1,480	4,173	-	-	5,653
Interest rate swap agreement	-	189	-	-	189
<b>Total Liabilities</b>	<b>26,225</b>	<b>7,319</b>	<b>3,454</b>	<b>(13,118)</b>	<b>23,880</b>
<b>Net Assets (Deficit)</b>					
Without donor restrictions	(11,956)	19,210	(1,294)	-	5,960
With donor restrictions	1,765	87,120	-	-	88,885
<b>Total Net Assets (Deficit)</b>	<b>(10,191)</b>	<b>106,330</b>	<b>(1,294)</b>	<b>-</b>	<b>94,845</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,034</b>	<b>\$ 113,649</b>	<b>\$ 2,160</b>	<b>\$ (13,118)</b>	<b>\$ 118,725</b>

*See independent auditors' report on consolidating information.*

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

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

	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	\$ 4,991	\$ -	\$ -	\$ 4,991	\$ -	\$ -	\$ -	\$ -	\$ 4,991
Hall income	327	-	-	327	-	-	-	-	327
Other operating income	1,116	-	126	1,242	-	-	-	-	1,242
Total Operating Revenue	6,434	-	126	6,560	-	-	-	-	6,560
Public and Private Support									
Grants	7,556	-	-	7,556	2,021	-	2,021	-	9,577
Contributions	5,267	-	-	5,267	1,831	1,686	3,517	-	8,784
In-kind contributions	9	-	-	9	-	-	-	-	9
Special events	87	-	-	87	-	-	-	-	87
Investment income (loss)	(28)	(7,776)	-	(7,804)	-	(3,292)	(3,292)	(56)	(11,152)
Operating endowment draw	2,572	(2,572)	-	-	-	-	-	-	-
Total Public and Private Support	15,463	(10,348)	-	5,115	3,852	(1,606)	2,246	(56)	7,305
Net Assets Released from Restrictions	2,069	519	-	2,588	(2,069)	(519)	(2,588)	-	-
Total Revenue	23,966	(9,829)	126	14,263	1,783	(2,125)	(342)	(56)	13,865
Operating Expenses									
Program services	23,810	1,544	-	25,354	-	-	-	-	25,354
General and administrative	3,852	360	627	4,839	-	-	-	-	4,839
Fundraising	1,576	-	-	1,576	-	-	-	-	1,576
Total Operating Expenses	29,238	1,904	627	31,769	-	-	-	-	31,769
Change in Net Assets from Operations before Non Operating Expenses	(5,272)	(11,733)	(501)	(17,506)	1,783	(2,125)	(342)	(56)	(17,904)
Non Operating Income (Expenses)									
Interest expense	(74)	(112)	-	(186)	-	-	-	56	(130)
Pension related changes including non-cash pension cost	455	-	-	455	-	-	-	-	455
Paycheck Protection Program loan income	2,000	-	-	2,000	-	-	-	-	2,000
Gain on interest rate swap	-	179	-	179	-	-	-	-	179
Total Non Operating Expenses	2,381	67	-	2,448	-	-	-	56	2,504
Change in Net Assets (Deficit)	(2,891)	(11,666)	(501)	(15,058)	1,783	(2,125)	(342)	-	(15,400)
Net Assets (Deficit), beginning of year	(11,956)	19,210	(1,294)	5,960	1,765	87,120	88,885	-	94,845
Net Assets (Deficit), end of year	\$ (14,847)	\$ 7,544	\$ (1,795)	\$ (9,098)	\$ 3,548	\$ 84,995	\$ 88,543	\$ -	\$ 79,445

*See independent auditors' report on consolidating information.* 56

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

**Consolidating Statement of Activities (In Thousands)  
For the Year Ended August 31, 2021**

	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	\$ 794	\$ -	\$ -	\$ 794	\$ -	\$ -	\$ -	\$ -	\$ 794	
Hall income	-	-	-	-	-	-	-	-	-	
Other operating income	697	-	66	763	-	-	-	-	763	
Total Operating Revenue	1,491	-	66	1,557	-	-	-	-	1,557	
Public and Private Support										
Grants	3,633	-	-	3,633	-	-	-	-	3,633	
Contributions	6,915	5	-	6,920	1,574	90	1,664	-	8,584	
In-kind contributions	133	-	-	133	-	-	-	-	133	
Special events	767	-	-	767	-	-	-	-	767	
Investment income (loss)	4	11,270	-	11,274	-	4,126	4,126	(4)	15,396	
Operating endowment draw	3,449	(3,449)	-	-	-	-	-	-	-	
Total Public and Private Support	14,901	7,826	-	22,727	1,574	4,216	5,790	(4)	28,513	
Net Assets Released from Restrictions	1,729	612	-	2,341	(1,729)	(612)	(2,341)	-	-	
Total Revenue	18,121	8,438	66	26,625	(155)	3,604	3,449	(4)	30,070	
Operating Expenses										
Program services	14,088	1,563	-	15,651	-	-	-	-	15,651	
General and administrative	2,384	168	376	2,928	-	-	-	-	2,928	
Fundraising	2,020	-	-	2,020	-	-	-	-	2,020	
Total Operating Expenses	18,492	1,731	376	20,599	-	-	-	-	20,599	
Change in Net Assets from Operations before Non Operating Expenses	(371)	6,707	(310)	6,026	(155)	3,604	3,449	(4)	9,471	
Non Operating Expenses										
Interest expense	(24)	(116)	-	(140)	-	-	-	4	(136)	
Pension related changes including non-cash pension cost	3,156	-	-	3,156	-	-	-	-	3,156	
Paycheck Protection Program loan income	3,182	-	-	3,182	-	-	-	-	3,182	
Loss on interest rate swap	-	90	-	90	-	-	-	-	90	
Total Non Operating Expenses	6,314	(26)	-	6,288	-	-	-	4	6,292	
Change in Net Assets (Deficit)	5,943	6,681	(310)	12,314	(155)	3,604	3,449	-	15,763	
Net Assets (Deficit), beginning of year	(17,899)	12,529	(984)	(6,354)	1,920	83,516	85,436	-	79,082	
Net Assets (Deficit), end of year	\$ (11,956)	\$ 19,210	\$ (1,294)	\$ 5,960	\$ 1,765	\$ 87,120	\$ 88,885	\$ -	\$ 94,845	

*See independent auditors' report on consolidating information.* 57