Fort Worth Symphony Orchestra Association, the Fort Worth Symphony Orchestra Association Endowment Trust, and the Fort Worth Symphony Orchestra General Endowment Trust

Consolidated Financial Statement

As of and For the Year Ended July 31, 2020

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Contents

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Independent Auditor's Report

To the Board of Directors
Fort Worth Symphony Orchestra Association
Fort Worth, Texas

We have audited the accompanying consolidated financial statements of the Fort Worth Symphony Orchestra Association, the Fort Worth Symphony Orchestra Association Endowment Trust, and the Fort Worth Symphony Orchestra General Endowment Trust (collectively referred to as the "Symphony") which comprise the consolidated statement of financial position as of July 31, 2020 and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Symphony as of July 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information on pages 22 and 23 is presented for purposes of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements. This information is the responsibility of management of the Symphony and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 supplemental information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

BDO USA, LLP

May 14, 2021

Consolidated Financial Statements

Fort Worth Symphony Orchestra Association, the Fort Worth Symphony Orchestra Association Endowment Trust, and the Fort Worth Symphony Orchestra General Endowment Trust

Consolidated Statement of Financial Position

July 31,	2020
Assets:	
Cash and cash equivalents	$ 1,304,031
Restricted cash	86,773
Accounts receivable	49,574
Pledges receivable	444,793
Prepaid expenses and other assets	190,542
Prepaid payroll taxes (ERTC)	437,769
Current assets	2,513,482
Beneficial interests in trusts	1,472,843
Property and equipment, net	331,597
Investments restricted for endowment	24,802,888
Total assets	$ 29,120,810
Liabilities and Net Assets:	
Accounts payable and accrued liabilities	$ 179,327
Tickets on account	283,184
Deferred revenue	1,164,813
Notes payable – Payroll Protection Program	1,589,374
Current liabilities	3,216,698
Commitments and contingencies	
Net Assets:	
Without donor restrictions	(759,476)
With donor restrictions	26,663,588
Total net assets	25,904,112
Total liabilities and net assets	$ 29,120,810

See accompanying notes to consolidated financial statements.

Fort Worth Symphony Orchestra Association, the Fort Worth Symphony Orchestra Association Endowment Trust, and the Fort Worth Symphony Orchestra General Endowment Trust

Consolidated Statement of Activities

Year Ended July 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Ticket sales	$ 2,221,687	$ -	$ 2,221,687
Concerts	973,824	-	973,824
Special events, net	996,624	-	996,624
Total revenue	4,192,135	-	4,192,135
Contributions to operations	3,947,116	203,927	4,151,043
Contributions to the endowment fund	-	250,000	250,000
In-kind Contributions	55,029	-	55,029
Contributions released from restrictions - Satisfaction of time restriction	882,159	(882,159)	-
Investment returns, net	-	1,534,565	1,534,565
Endowment proceeds released from restrictions - satisfaction of purpose restriction	1,382,734	(1,382,734)	-
Change in value of beneficial interest in trust, net	-	(24,199)	(24,199)
Board designated funds released for operations	336,172	-	336,172
Total support	6,603,210	(300,600)	6,302,610
Total revenue and support	10,795,345	(300,600)	10,494,745
Expenses:			
Programs	9,700,911	-	9,700,911
General and administrative	2,070,242	-	2,070,242
Fundraising	625,593	-	625,593
Total expenses	12,396,746	-	12,396,746
Change in net assets from operations	(1,601,401)	(300,600)	(1,902,001)
Board designated funds released for operations	(336,172)	-	(336,172)
Change in net assets	(1,937,573)	(300,600)	(2,238,173)
Net assets, beginning of year	1,178,097	26,964,188	28,142,285
Net assets, end of year	$ (759,476)	$ 26,663,588	$ 25,904,112

See accompanying notes to consolidated financial statements.

Fort Worth Symphony Orchestra Association, the Fort Worth Symphony Orchestra Association Endowment Trust, and the Fort Worth Symphony Orchestra General Endowment Trust

Consolidated Statement of Cash Flows

For the year ended July 31,		2020
Cash flows from operating activities		
Contributions and special events	$	5,928,584
Ticket sales		1,966,753
Concerts		973,824
Endowment fund income and other cash received		421,431
Cash paid to employees		(8,841,051)
Cash paid to vendors		(4,201,381)
Net cash used in operating activities		(3,751,840)
Cash flows from investing activities		
Purchase of investments		(2,674,400)
Sale of investments		4,250,965
Purchase of building, equipment and construction in process		(224,557)
Net provided by investing activities		1,352,008
Cash flows from financing activities		
Contributions restricted for endowment		250,000
Borrowing on PPP loan		1,589,374
Net cash provided by financing activities		1,839,374
Net decrease in cash and cash equivalents		(560,458)
Cash and cash equivalents and restricted cash at August 1, 2019		1,951,262
Cash and cash equivalents and restricted cash at July 31, 2020	$	1,390,804
Reconciliation of changes in net assets to change in net cash provided by operating activities		
Change in net assets	$	(2,238,173)
Depreciation		75,522
Unrealized gain on investments		(1,113,177)
Contributions restricted for endowment		(250,000)
Change in value of beneficial interest in trust		24,199
Changes in assets and liabilities:		
Accounts receivable		(27,336)
Prepaid payroll taxes (ERTC)		(437,769)
Contributions receivable		725,888
Prepaid expenses		(47,457)
Accounts payable and accrued liabilities		(235,939)
Deferred revenue and tickets on account		(227,598)
Net cash used in operating activities	$	(3,751,840)

See accompanying notes to consolidated financial statements.

Fort Worth Symphony Orchestra Association, the Fort Worth Symphony Orchestra Association Endowment Trust, and the Fort Worth Symphony Orchestra General Endowment Trust

Consolidated Statement of Functional Expenses

Year Ended July 31, 2020

	Programs	General and Administrative	Fundraising	Total
Wages and salaries	$ 5,559,666	$ 1,277,690	$ 319,422	$ 7,156,778
Benefits	1,097,191	119,450	29,863	1,246,504
Total wages and benefits	6,656,857	1,397,140	349,285	8,403,282
Occupancy	-	370,362	92,590	462,952
Professional services	-	234,947	-	234,947
Advertising	506,532	-	-	506,532
Box office	491,571	-	-	491,571
Special events, other	190,442	-	81,212	271,654
Development	-	-	102,506	102,506
Guest artists and conductor expense	898,736	-	-	898,736
Hall rental, front of the house	515,657	-	-	515,657
Staging	137,519	-	-	137,519
Transportation	83,107	-	-	83,107
Concerts in the gardens	168,578	-	-	168,578
Other	44,183	-	-	44,183
Total operating expenses	3,036,325	605,309	276,308	3,917,942
Depreciation expense	7,729	67,793	-	75,522
	$ 9,700,911	$ 2,070,242	$ 625,593	$ 12,396,746

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Organization and History

The Fort Worth Symphony Orchestra Association (the "Association") is a Texas nonprofit corporation chartered in 1929. Its purpose is to provide symphonic performances at the highest level of artistic excellence, to promote music and attract and retain the widest possible audience, and to serve and enrich its community. The Association is primarily supported by proceeds from performances and contributions from the general public and foundations.

The accounts of the Fort Worth Symphony Orchestra Association, the Fort Worth Symphony Orchestra Association Endowment Trust, and the Fort Worth Symphony Orchestra Association General Endowment Trust (collectively referred to as the "Symphony") have been consolidated in the accompanying financial statements as required by accounting principles generally accepted in the United States of America ("GAAP"). The Fort Worth Symphony Orchestra Association Endowment Trust is a Texas trust established in 1985. The Fort Worth Symphony Orchestra Association General Endowment Trust is a Texas trust established in 2002. The primary purpose of both trusts is to support the Fort Worth Symphony Orchestra Association. The corpus of each trust was funded by donor restricted endowment contributions. All significant intercompany balances have been eliminated upon consolidation.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Revenue and Revenue Recognition

Revenue is recognized when earned. Ticket sales and concerts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Special events are recognized as revenue when the event is held and are recorded net of direct benefit to donor. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

The Symphony reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the statements of activities as net assets released from restrictions.

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 report revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and held in banks as well as investments with initial maturities of less than three months, except for such assets included as amounts permanently restricted for endowment. Restricted cash is cash held for instrument loans and the Bass Instrument Fund. See note 7.

Investments

The Symphony carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statement of financial position. Investment return includes interest and dividends and realized and unrealized gains and losses, net of fees, on investments for the current period.

Property and Equipment

The Symphony capitalizes all expenditures for property and equipment in excess of $1,000. Property and equipment are recorded at cost or at estimated fair value at date of gift, if donated. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts, and the resulting gains or losses are included in income. Depreciation is provided over the estimated useful lives (typically three to seven years) on a straight-line basis. Gifts of long-lived assets received without donor stipulations regarding the length of use are shown as unrestricted support in the consolidated financial statements.

Impairment of Long-Lived Assets

The Symphony periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever changes in circumstances indicate that the expected future undiscounted cash flows from the assets are not expected to exceed the carrying value of the assets. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based upon the estimated discounted future cash inflows attributable to the asset less estimated future discounted cash outflows. No such losses were recognized during the year ended July 31, 2020.

Tickets on Account

Tickets on account are tickets sold for 2020 events that were canceled where patrons elected to use their tickets for future events.

Deferred Revenue

Deferred revenue results from sales of season tickets during the year prior to the respective concert season.

Pledges Receivable

Contributions are recorded when unconditional promises to give are received. Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable in amount. The Symphony records a valuation allowance when contributions receivables, if any, are deemed uncollectible. See note 2.

Donated Materials and Services

Contributed materials and equipment are reflected as contribution revenue and program expense in the accompanying consolidated statement of activities at their estimated value at date of receipt.

Contributions of services are recognized as contributions if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of members have contributed significant amounts of their time in the Symphony's fundraising events. The value of this contributed time is not reflected in the accompanying consolidated financial statements because it does not meet the above criteria.

Donated materials and services included in contributions in the consolidated financial statements totaled $55,029 for the year ended July 31, 2020.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Beneficial Interests in Perpetual Trusts

The Symphony has been named as an irrevocable beneficiary of a perpetual trust held and administered by independent trustee. Perpetual trust provides for the distribution of the net income of the trust to the Association, however, the Association never received the assets of the trust. At the date the Symphony receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities, and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

Advertising and Telemarketing Costs

Advertising and telemarketing costs, except for costs associated with direct-response advertising, are expensed when incurred. The costs of direct-response advertising are capitalized and amortized over the following production season. At July 31, 2020, $50,824 of such costs are included as prepaid expenses in the consolidated statement of financial position. Advertising and telemarking expense amounted to $506,532 for the year ended July 31, 2020.

Income Taxes

The Symphony is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. This section exempts the Symphony from taxes on income, with the exception of income from an unrelated business activity. Management of the Symphony considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Symphony's status as a not-for-profit entity. Management believes the Symphony met the requirements to maintain its tax-exempt status as it has no material income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these consolidated financial statements.

The Symphony follows the provisions of the FASB ASC topic 740 Accounting for Uncertainty in Income Taxes. Under this ASC topic, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Symphony does not believe there are any unrecognized tax benefits that should be recorded. The Symphony is still open to examination by taxing authorities from 2017 forward.

Fair Value Measurements

The carrying amount of the Symphony's cash and cash equivalents, accounts receivable, contributions receivable, investments, and accounts payable and accrued liabilities approximate fair value due to the current maturities of those items.

Accounting Pronouncements Adopted

The FASB issued ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The provisions of this ASU are to be applied for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. This ASU was issued to standardize how grants and other contracts are classified across the sector resource recipients and resource providers. The standard will assist these types of entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions (reciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional. On August 1, 2019, the Symphony adopted ASU 2018-08. All grants within the scope of ASU 2018-08 were accounted for as contributions that were unconditional as of July 31, 2020.

Recent Accounting Pronouncements

The Symphony is currently evaluating the effect the provisions of the following ASUs will have on the consolidated financial statements, as these ASUs are not yet effective for the Symphony.

- In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers,” which establishes a comprehensive revenue recognition standard for virtually all industries under GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-4, “Revenue from Contracts with Customers (Topic 606) – Deferral of Effective Date,” which deferred the effective date for one year. The FASB issued ASU 2020-05 to provide an additional year of deferral to Topic 606. Accordingly, this ASU will be effective for the Symphony for the year ending July 31, 2021.

- In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)”. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Symphony for the year ending July 31, 2023. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

2. Pledges Receivable

Unconditional promises to give by donors are expected to be received by the Symphony during fiscal year 2021. Unconditional promises to give to the Symphony at July 31, 2020 are primarily from individuals and major charitable foundations located in or near Tarrant County, Texas, and are reflected at net realizable value, which approximates the present value of estimated future cash flows.

3. Investments

Investments consist of the following at July 31, 2020:

Investments	$	-
Investments restricted for endowment		24,802,888
Total investments	$	24,802,888

Investments are carried at fair value (see Note 6) and are comprised of the following at July 31, 2020:

Cash and short-term investments held in endowment funds	$	989,197
Equity securities		17,013,331
Fixed income securities		5,698,195
Other		1,102,165
Investments at fair value		24,802,888
Less cost basis		18,766,460
Unrealized gain at July 31, 2020	$	6,036,428

The following schedule summarizes the investment return for the year ended July 31, 2020:

Net realized gain on sale of investments	$	423,699
Change in unrealized loss on investments		689,435
Gain on investments		1,113,134
Interest and dividends		542,950
Investment fees		(121,519)
Total investment return, net	$	1,534,565

4. Property and Equipment

Property and equipment comprise the following at July 31, 2020:

Furniture and fixtures	$ **806,370**
Acoustical equipment	**485,705**
Computer software	**311,867**
Leasehold improvement	**16,137**
Cost basis of property and equipment	**1,620,079**
Accumulated depreciation and amortization	**(1,288,482)**
Total property and equipment	$ **331,597**

5. Beneficial Interests in Trusts

The Symphony has four beneficial interests in trusts for which separate third parties are the trustees. During 2020, the change in these beneficial interests amounted to a decrease of $24,199, which is included in the consolidated statement of activities. The following are the beneficial interests in trusts at fair value of the Symphony's interest at July 31, 2020.

Marguerite Bridges Charitable Trust – an irrevocable trust for which the Symphony is the sole beneficiary. The trustee annually distributes all of the net income of the trust or such greater amounts as may be required by the Internal Revenue Code provisions applicable to the trust. Although the trust is expected to be perpetual, in the event the assets of the trust should become less than $300,000, the trustee may terminate the trust, at which time the remaining assets will be paid to the Symphony. The trust is included in with donor restricted net assets due to the perpetual nature of the trust.	$ **193,799**
George A. and Jeanne W. Jaggers Charitable Trust – an irrevocable trust for which the Symphony is the sole beneficiary. The trustee annually distributes all of the net income of the trust, or if greater, an amount equal to 5% of the value of the corpus of the trust, or such greater amounts as may be required by the Internal Revenue Code provisions applicable to the trust. Although the trust is expected to be perpetual, in the event the assets of the trust should become less than $300,000, the trustee may terminate the trust, at which time the remaining assets will be paid to the Symphony. The trust is included in with donor restricted net assets due to the perpetual nature of the trust.	**462,151**
Helen Hare Embry and William Glenn Embry Charitable Trust – an irrevocable trust for which the Symphony is a 10% beneficiary. The trustee quarterly distributes all of the net income of the trust. The trust is included in with donor restricted net assets due to the perpetual nature of the trust.	**519,801**

O'Donnell Charitable Trust – an irrevocable trust for which the Symphony is a 5% beneficiary. The trustee distributes two times per year 2 ½% of the trust corpus, along with any accumulated interest until the value of the corpus is $100,000, or until the trust reaches its duration of 50 years in 2063, at which time the remaining assets will be paid to the beneficiaries. The trust is included in with donor restricted net assets due to the time restriction inherent in the trust.	**297,092**
Total beneficial interests in trusts	**$ 1,472,843**

6. Fair Value Measurement

Financial Accounting Standards Board Accounting Standards Codification (ASC) topic Fair Value Measurement and Disclosures defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This ASC guidance also 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 markers for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association 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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on 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 July 31, 2020.

Cash and short-term investments held in endowment funds, equity securities, fixed income securities, mutual funds, real asset funds are other investments are valued based on exchange listed prices or other active market quotes and are classified in level 1 of the fair value hierarchy.

The underlying assets of the beneficial interests in trusts are all actively traded as of July 31, 2020. However, the Symphony does not control the underlying assets, and the interest in the trusts are not directly traded in the market. Therefore, the beneficial interests in trusts are classified in level 3 of the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Symphony's assets at fair value as of July 31, 2020:

	Fair Value as of July 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and short term	**$ 989,197**	**$ -**	**$ -**	**$ 989,197**
Equity securities	**17,013,331**	**-**	**-**	**17,013,331**
Fixed income securities	**5,698,195**	**-**	**-**	**5,698,195**
Other	**1,102,165**	**-**	**-**	**1,102,165**
Beneficial interests in trusts	**-**	**-**	**1,472,843**	**1,472,843**
Total assets at fair value	**$ 24,802,888**	**$ -**	**$ 1,472,843**	**$ 26,275,731**

Level 3 Changes

The following table presents the change in Level 3 assets for the year ended July 31, 2020:

	Beneficial Interests in Charitable Trusts
Fair value at July 31, 2019	**$ 1,497,042**
Distributions from trusts	**(122,578)**
Change in value of underlying assets	**98,379**
Fair value at July 31, 2020	**$ 1,472,843**

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.:

For the year July 31,		2020
Subject to expenditure for specified purpose:		
Instrument loans	$	86,743
Bass Instrument Fund		30
Total subject to expenditure for specific purpose		86,773
Subject to the passage of time:		
Beneficial interests in charitable trusts held by others		297,092
Subscriptions contribution for 2021 performance year		185,442
Total subject to the passage of time		482,534
Endowments:		
Subject to NFP endowment spending policy and appropriation:		
General use		1,204,082
Total subject to NFP endowment spending policy and appropriation		1,204,082
Not subject to spending policy or appropriation:		
Beneficial interests in perpetual trusts		1,175,751
Pledges receivable for endowment		150,000
Investments restricted in perpetuity		23,564,448
Total not subject to spending policy or appropriation		24,890,199
Total endowment		26,094,281
Net assets with donor restrictions	$	26,663,588

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. For the year ended July 31, 2020 $847,801 of releases were for the expiration of time restrictions. The board designated net assets released to operations was $336,172 in the current year. No board designated net assets remain as of July 31, 2020.

8. Endowment

The Symphony's endowments consist of donor-restricted funds established to support the operations of the Symphony. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Symphony has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (the "Act") as requiring the preservation of the fair value of the original gift as of gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Symphony classifies as net assets with donor restriction (a) the original value of gifts donated to the with restriction endowment, (b) the original value of subsequent gifts to the with restriction endowment, and (c) accumulations to the with restriction endowment made in accordance with explicit donor stipulations. The remaining portion of the donor-restricted endowment fund is classified net assets with donor restriction until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the Act.

The Symphony considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Symphony and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Symphony
- The investment policies of the Symphony

The Symphony has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Symphony must hold in perpetuity, as well as the Symphony's beneficial interests in perpetual trusts.

To satisfy its long-term rate-of-return objectives, the Symphony relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Symphony targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Symphony has a policy of approaching for expenditure each year up to six percent of the average fair value of endowment assets for the three year-ends proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Symphony considered the long-term expected return on its endowment. Accordingly, over the long term, the Symphony expects the current spending policy to allow its endowments to grow annually. This is consistent with the Symphony's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. This is also consistent with portions of the Act which states appropriation for expenditure in any year of an amount greater than seven percent of the fair market value of an endowment fund with an aggregate value of $1 million or more, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made, creates a rebuttable presumption of imprudence.

The Symphony's endowment net assets at July 31, 2020 and changes for the year then ended are as follows:

	Without Donor Restrictions	With Donor Restrictions - Subject to Spending Policy	With Donor Restrictions - Not Subject to Spending Policy	Total
Endowment net assets July 31, 2019	$ -	$ 1,086,609	$ 24,654,313	$ 25,740,922
Investment return (loss)	(1,382,734)	1,500,207		117,473
Change in beneficial interest	-	-	(14,114)	(14,114)
Contribution restricted in perpetuity	-	-	250,000	250,000
Appropriation of endowment for expenditure	1,382,734	(1,382,734)	-	-
Endowment net assets at July 31, 2020	$ -	$ 1,204,082	$ 24,890,199	$ 26,094,281

9. Employee Benefit Plans

The Symphony contributes to a multiemployer defined benefit pension plan (the Plan) maintained by the American Federation of Musicians under the terms of collective-bargaining agreements. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Symphony chooses to stop participating in the multiemployer plan the Symphony may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Symphony's participation in this plan for the year ended July 31, 2020 is outlined in the table below. The zone status is based on information that the Symphony received from the Plan and is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. There have been no significant changes that affect the 2020 contributions. The Symphony contributed $280,984 to the Plan in 2020.

Legal Name of the Plan	American Federation of Musicians and Employers' Pension Plan
Employer Identification Number	51-6120204
Plan Number	001
Plan Year	04/01/2019-03/31/2020
Form 5500 Available	Available 1/15/21
Pension Protection Act Zone Status	Red
Extended Amortization Provisions	Yes (Note A)
Rehabilitation Plan Implemented	Yes (Note B)
Surcharge Imposed	Note C
Expiration Date of Collective Bargaining Agreement	July 31, 2020
5% Contributors	Note D
Total Contributions by All Employers	Note E

Note A
Pursuant to the Preservation of Access to Care for Medicare Beneficiaries and the Pension Relief Act of 2010, the Plan elected to (i) extend from 15 years to 29 years the amortization period for 2008 net investment losses (i.e., net investment losses for the Plan Year ended March 32, 2009); (ii) smooth those net investment losses over 10 years in the actuarial value of assets; and (iii) allow the actuarial value of assets used by the Plan to the as much as 130% of the market value of assets for the Plan Years beginning April 1, 2009 and 2010.

Note B
The rehabilitation plan was subsequently updated on June 27, 2017.

Note C
Employers were required to pay a statutory surcharge of 5% of contributions (increasing to 10% effective April 1, 2011) if the particular employer and union did not adopt by June 1, 2010 a contribution schedule consistent with the terms of the rehabilitation plan. If the surcharge applied, it ended when such a schedule was adopted by the bargaining parties.

Note D
For the Plan Year beginning April 1, 2018, the Plan did not list on its Form 5500 any employers as having contributed more than 5% of the Plan's total contributions. Form 5500 for the plan year beginning April 1, 2020 has not been completed.

Note E
This information will be available upon completion of the audit as the fund's financial statements for fiscal year ended March 31, 2021.

A rehabilitation plan was adopted on April 15, 2010.

10. Commitments and Contingencies

The Symphony has entered into various operating lease agreements primarily for rental of office space, recital space, and auditorium use. Future minimum lease payments under these agreements are as follows for the years ending July 31:

2021	$	206,163
2022		162,679
2023		3,020
2024		503
	$	372,365

Rent expense amounted to approximately $501,000 for the year ended July 31, 2020, including approximately $328,000 for use of Bass Performance Hall and Will Rogers Memorial Coliseum. Future commitment associated with the use of Bass Performance Hall are not included above as they are based on dates and other performance-specific details that are subject to change.

The Symphony self-insures a portion of the cost of providing health insurance to employees. The Symphony could be liable for actual claims up to a stop-loss amount of $25,000 per employee. During 2020, claims and insurance premiums amounted to $807,541 including approximately $29,000 included as part of accrued liabilities on the consolidated statement of financial position.

11. Payroll Protection Program Loan

In April 2020, the Symphony was granted a loan from a bank in the amount of $1,589,374, pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which was enacted March 27, 2020.

The loan was in the form of a note dated April 20, 2020 which matures April 20, 2022 and bears an interest rate of 1% per annum. The application for these funds required the Symphony to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Symphony. The note may be prepaid by the Symphony at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP, the balance of the loan are subject to forgiveness by the SBA if they were obtained and used for qualifying expenses as described in the CARES Act. Any unforgiven portion of the PPP loans are payable over two or five years, at the election of the Symphony, at an interest rate of 1%.

The Symphony is accounting for the PPP loans in accordance with ASC 470, Debt, which promulgates that debt is to be derecognized when extinguished. Extinguishment is considered to occur when either the debtor has paid the lender in full or the debtor has been legally released from the obligation. The Symphony has filed its PPP Loan Forgiveness Applications, and subsequent to July 31, 2020, the Symphony received notice that the PPP was fully forgiven.

The Symphony continues to examine the impact that the CARES Act may have going forward but is currently unable to determine the full impact the CARES Act will have on financial condition, results of operations, or liquidity.

12. Employee Retention Tax Credits

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the "Act") was enacted. The CARES Act is an approximately $2 trillion emergency economic stimulus package in response to the Coronavirus outbreak, which among other things contains numerous income tax provisions.

The Employee Retention Tax Credit (ERTC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. Eligible employers can get immediate access to the credit by reducing employment tax deposits they are otherwise required to make. Also, if the employer's employment tax deposits are not sufficient to cover the credit, the employer may get an advance payment from the IRS.

The Organization qualified for ERTC in the amount of $437,769 and has filed for an employment tax refund. The value of the ERTC is reflected on the Statement of Financial Position as a Prepaid Expense.

13. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, which are allocate on the basis of estimates of time and effort.

14. Concentrations

Financial instruments which potentially subject the Symphony to concentrations of credit risk are cash and cash equivalents and investments. The Symphony places its cash with financial institutions and periodically maintains deposits in amounts which exceed FDIC insurance coverage. At July 31, 2020, the Symphony held cash amounting to $1,414,816 in excess of insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote. Investments are subject to market risks. Management believes diversity within the portfolio avoids significant concentration of credit risk with respect to these investments.

15. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

December 31, 2019	
Cash and cash equivalents	$ 1,304,031
Accounts receivable	49,574
Promises to give	294,793
Total financial assets available within one year for general expenditures	$ 1,648,398

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve.

In order to ensure that the liquidity needs of the organization are met over the coming fiscal year, management intends to operate within a balanced budget, monitoring expenses against forecasted revenues and adjusting as necessary.

16. Risk and Uncertainties

In January 30, 2020, the WHO announced a global health emergency due to a new strain of coronavirus originating in Wuhan, China (“COVID-19”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Given the daily evolution of the COVID-19 outbreak, it is uncertain as to the full magnitude that the pandemic will have on the Symphony. On March 13, 2020, Tarrant County closed the Symphony’s primary performance venue at Bass Performance Hall, putting a stop to the Symphony's main performance season. Further City of Fort Worth restrictions on patron capacity in the Botanic Gardens made it impossible for the Symphony to perform its usual summer festival, Concerts in the Garden. School and other closures also negatively impacted the organization's education and community outreach programs, and the organization also lost significant fee-for-service income from its performing partners in Fort Worth due to the pandemic. The Symphony was able to record a July 4, 2020 "America Strong" concert for TV broadcast with socially distanced orchestra and no live audience, and prepare for the resumption of live performances with reduced audience capacity as mandated by the State of Texas in September 2020. From a financial perspective, the organization relied heavily on the first-draw Paycheck Protection Program forgivable loan to provide adequate liquidity, continued donor loyalty, and extra fund-raising in connection with the July 4, 2020 TV broadcast. This support allowed the Symphony to continue its operations and maintain its existing musician and staff headcount at full pay.

While the Symphony does consider these disruptions to be temporary, if they continue, this may have a material adverse effect on the Symphony's future operations, financial position, and liquidity in fiscal year 2021.

17. Subsequent Events

Subsequent to year end in December 2020, the Symphony received notice that the PPP in the amount of $1,589,374 disclosed in footnote 11 was fully forgiven.

In January 31, 2021, the Symphony received a second PPP in the amount of $1,589,324 under the same terms and conditions as the first PPP.

The Symphony has evaluated subsequent events through May 14, 2021, which is the date the consolidated financial statements were available to be issued.

Supplemental Information

Fort Worth Symphony Orchestra Association, the Fort Worth Symphony Orchestra Association Endowment Trust, and the Fort Worth Symphony Orchestra General Endowment Trust

Consolidating Schedule of Financial Position as of July 31, 2020

	Fort Worth Symphony Orchestra Association	Fort Worth Symphony Orchestra Endowment and General Endowment Trust	Total
Assets:			
Cash and cash equivalents	$ 1,304,031	$ -	$ 1,304,031
Restricted cash	86,773	-	86,773
Accounts receivable	49,574	-	49,574
Pledges receivable	294,793	150,000	444,793
Prepaid expenses and other assets	190,542	-	190,542
Prepaid payroll taxes (ERTC)	437,769	-	437,769
Current assets	2,363,482	150,000	2,513,482
Beneficial interests in trusts	1,472,843	-	1,472,843
Property and equipment, net	331,597	-	331,597
Investments restricted for endowment	-	24,802,888	24,802,888
Total assets	$ 4,167,922	$ 24,952,888	$ 29,120,810
Liabilities and Net Assets:			
Accounts payable and accrued liabilities	$ 179,327	$ -	$ 179,327
Tickets on account	283,184	-	283,184
Deferred revenue	1,164,813	-	1,164,813
Notes payable – Payroll Protection Program	1,589,374	-	1,589,374
Current liabilities	3,216,698	-	3,216,698
Commitments and contingencies			
Net Assets:			
Without donor restrictions	(759,476)	-	(759,476)
With donor restrictions	1,710,700	24,952,888	26,663,588
Total net assets	951,224	24,952,888	25,904,112
Total liabilities and net assets	$ 4,167,922	$ 24,952,888	$ 29,120,810

See accompanying notes to consolidated financial statements.

Consolidating Schedule of Activities for the Year Ended July 31, 2020

Year Ended July 31,	Fort Worth Symphony Orchestra Association			Fort Worth Symphony Orchestra Association Endowment Trust and General Endowment Trust			Consolidated		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenue and Support:									
Ticket sales	$ 2,221,687	$ -	$ 2,221,687	$ -	$ -	$ -	$ 2,221,687	$ -	$ 2,221,687
Concerts fees	973,824	-	973,824	-	-	-	973,824	-	973,824
Special events, net	996,624	-	996,624	-	-	-	996,624	-	996,624
Total Revenues	4,192,135	-	4,192,135	-	-	-	4,192,135	-	4,192,135
Contributions to operations	3,947,116	203,927	4,151,043	-	-	-	3,947,116	203,927	4,151,043
Contributions to the endowment fund	-	-	-	-	250,000	250,000	-	250,000	250,000
In-kind contributions	55,029	-	55,029	-	-	-	55,029	-	55,029
Contributions released from restrictions- Satisfaction of purpose restriction	882,159	(882,159)	-	-	-	-	882,159	(882,159)	-
Investment returns, net	-	-	-	-	1,534,565	1,534,565	-	1,534,565	1,534,565
Endowment earnings released from restrictions	1,382,734	-	1,382,734	-	(1,382,734)	(1,382,734)	1,382,734	(1,382,734)	-
Change in value beneficial interest in trusts, net	-	(24,199)	(24,199)	-	-	-	-	(24,199)	(24,199)
Board designated funds released for operations	336,172	-	336,172	-	-	-	336,172	-	336,172
Total Support	6,603,210	(702,431)	5,900,779	-	401,831	401,831	6,603,210	(300,600)	6,302,610
Total Revenue and Support	10,795,345	(702,431)	10,092,914	-	401,831	401,831	10,795,345	(300,600)	10,494,745
Expenses:									
Programs	9,700,911	-	9,700,911	-	-	-	9,700,911	-	9,700,911
General and administrative	2,070,242	-	2,070,242	-	-	-	2,070,242	-	2,070,242
Fundraising	625,593	-	625,593	-	-	-	625,593	-	625,593
Total expenses	12,396,746	-	12,396,746	-	-	-	12,396,746	-	12,396,746
Change in net assets from operations	(1,601,401)	(702,431)	(2,303,832)	-	401,831	401,831	(1,601,401)	(300,600)	(1,902,001)
Board designated funds released for operations	(336,172)	-	(336,172)	-	-	-	(336,172)	-	(336,172)
Change in net assets	(1,937,573)	(702,431)	(2,640,004)	-	401,831	401,831	(1,937,573)	(300,600)	(2,238,173)
Net assets, beginning of year	1,178,097	2,413,131	3,591,228	-	24,551,057	24,551,057	1,178,097	26,964,188	28,142,285
Net assets, end of year	$ (759,476)	$ 1,710,700	$ 951,224	$ -	$ 24,952,888	$ 24,952,888	$ (759,476)	$ 26,663,588	$ 25,904,112

See accompanying notes to consolidated financial statements.