

Fort Worth Symphony Orchestra Association

Financial Statements

July 31, 2023 and 2022



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Fort Worth Symphony Orchestra Association (a Texas nonprofit corporation), which comprise the statements of financial position as of July 31, 2023 and 2022, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of Fort Worth Symphony Orchestra Association as of July 31, 2023 and 2022, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fort Worth Symphony Orchestra Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Symphony has adopted ASU 2016-02, Leases (Topic 842). Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Worth Symphony Orchestra Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Fort Worth Symphony Orchestra Association's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Worth Symphony Orchestra Association's 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.



Armanino^{LLP}
Dallas, Texas

March 29, 2024

Fort Worth Symphony Orchestra Association
Statements of Financial Position
July 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,551,582
Restricted cash	76,659	79,552
Accounts receivable	53,314	25,833
Contributions receivable	2,630,525	298,500
Employee retention credit receivable	-	388,398
Prepaid expenses and other assets	565,253	372,447
Beneficial interests in trusts	1,451,017	1,470,808
Property and equipment, net	450,677	298,226
Right-of-use asset	491,442	-
Investments held for endowment	<u>29,391,128</u>	<u>28,958,009</u>
Total assets	<u>\$ 35,110,015</u>	<u>\$ 34,443,355</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities		
Accounts payable and accrued liabilities	\$ 959,103	\$ 490,214
Deferred revenue	1,255,230	1,458,795
Line of credit	150,000	-
Lease liabilities	<u>502,378</u>	<u>-</u>
Total liabilities	<u>2,866,711</u>	<u>1,949,009</u>
Net assets (deficit)		
Without donor restrictions	(812,203)	1,182,280
With donor restrictions	<u>33,055,507</u>	<u>31,312,066</u>
Total net assets (deficit)	<u>32,243,304</u>	<u>32,494,346</u>
Total liabilities and net assets (deficit)	<u>\$ 35,110,015</u>	<u>\$ 34,443,355</u>

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

Fort Worth Symphony Orchestra Association
Statement of Activities
For the Year Ended July 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Earned income			
Subscription ticket sales	\$ 1,160,250	\$ -	\$ 1,160,250
Single ticket sales	2,444,628	-	2,444,628
Education, engagement, and other fees	785,720	-	785,720
Net realized and unrealized losses on investments	-	1,541,124	1,541,124
Interest and dividends, net	46,959	551,895	598,854
Net assets released from restriction pursuant to endowment spending-rate distribution formula	<u>1,662,000</u>	<u>(1,662,000)</u>	<u>-</u>
Total earned income	6,099,557	431,019	6,530,576
Contributions to operations	5,427,222	2,177,530	7,604,752
Contributions to endowment	-	2,100	2,100
Special events, net	878,914	-	878,914
Net assets released from restriction	<u>847,417</u>	<u>(847,417)</u>	<u>-</u>
Total revenues, gains, and other support	<u>13,253,110</u>	<u>1,763,232</u>	<u>15,016,342</u>
Functional expenses			
Program - artistic operations	12,543,136	-	12,543,136
Management and general	1,881,608	-	1,881,608
Fundraising	<u>822,849</u>	<u>-</u>	<u>822,849</u>
Total functional expenses	<u>15,247,593</u>	<u>-</u>	<u>15,247,593</u>
Change in net assets from operations	<u>(1,994,483)</u>	<u>1,763,232</u>	<u>(231,251)</u>
Other income (expenses)			
Change in value of beneficial interests in trusts	<u>-</u>	<u>(19,791)</u>	<u>(19,791)</u>
Total other income (expenses)	<u>-</u>	<u>(19,791)</u>	<u>(19,791)</u>
Change in net assets	(1,994,483)	1,743,441	(251,042)
Net assets, beginning of year	<u>1,182,280</u>	<u>31,312,066</u>	<u>32,494,346</u>
Net assets (deficit), end of year	<u>\$ (812,203)</u>	<u>\$ 33,055,507</u>	<u>\$ 32,243,304</u>

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

Fort Worth Symphony Orchestra Association
Statement of Activities
For the Year Ended July 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains (losses), and other support			
Earned income			
Subscription ticket sales	\$ 1,207,871	\$ -	\$ 1,207,871
Single ticket sales	1,840,614	-	1,840,614
Special event ticket sales	74,129	-	74,129
Education, engagement, and other fees	850,312	-	850,312
Net realized and unrealized losses on investments	-	(2,958,080)	(2,958,080)
Interest and dividends, net	4,208	727,617	731,825
Net assets released from restriction pursuant to endowment spending-rate distribution formula	<u>1,280,000</u>	<u>(1,280,000)</u>	<u>-</u>
Total earned income	5,257,134	(3,510,463)	1,746,671
Contributions to operations	3,995,419	601,849	4,597,268
Contributions to endowment	-	9,851	9,851
Special events, net	656,033	5,000	661,033
Net assets released from restriction	<u>1,590,830</u>	<u>(1,590,830)</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>11,499,416</u>	<u>(4,484,593)</u>	<u>7,014,823</u>
Functional expenses			
Program - artistic operations	11,254,876	-	11,254,876
Management and general	1,875,241	-	1,875,241
Fundraising	<u>838,674</u>	<u>-</u>	<u>838,674</u>
Total functional expenses	<u>13,968,791</u>	<u>-</u>	<u>13,968,791</u>
Change in net assets from operations	<u>(2,469,375)</u>	<u>(4,484,593)</u>	<u>(6,953,968)</u>
Other income (expense)			
Employee retention credit grant	221,148	-	221,148
Shuttered Venue Operators grant	2,291,289	-	2,291,289
Change in value of beneficial interests in trusts	<u>-</u>	<u>(239,027)</u>	<u>(239,027)</u>
Total other income (expense)	<u>2,512,437</u>	<u>(239,027)</u>	<u>2,273,410</u>
Change in net assets	43,062	(4,723,620)	(4,680,558)
Net assets, beginning of year	<u>1,139,218</u>	<u>36,035,686</u>	<u>37,174,904</u>
Net assets, end of year	<u><u>\$ 1,182,280</u></u>	<u><u>\$ 31,312,066</u></u>	<u><u>\$ 32,494,346</u></u>

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

Fort Worth Symphony Orchestra Association
Statement of Functional Expenses
For the Year Ended July 31, 2023

	Program - Artistic Operations	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Personnel expenses					
Salaries and wages	\$ 5,884,199	\$ 1,101,993	\$ 387,260	\$ -	\$ 7,373,452
Employee benefits	<u>1,457,820</u>	<u>189,292</u>	<u>81,325</u>	-	<u>1,728,437</u>
Total personnel expenses	<u>7,342,019</u>	<u>1,291,285</u>	<u>468,585</u>	-	<u>9,101,889</u>
Non-personnel expenses					
Occupancy	223,101	328,069	109,356	-	660,526
Professional services	133,464	186,530	64,665	-	384,659
Advertising and promotions	557,217	-	-	-	557,217
Box office	289,188	-	-	-	289,188
Development	-	-	157,838	-	157,838
Guest artist and conductors	1,699,886	-	-	-	1,699,886
Performance expense	1,594,393	-	-	-	1,594,393
Special events	-	-	-	304,560	304,560
Hall rental, front of the house	657,627	-	-	-	657,627
COVID health and safety	-	8,507	-	-	8,507
Depreciation and amortization	<u>46,241</u>	<u>67,217</u>	<u>22,405</u>	-	<u>135,863</u>
Total non-personnel expenses	<u>5,201,117</u>	<u>590,323</u>	<u>354,264</u>	<u>304,560</u>	<u>6,450,264</u>
Less: expenses included with revenues on the statement of activities					
Special events	-	-	-	(304,560)	(304,560)
	<u>\$ 12,543,136</u>	<u>\$ 1,881,608</u>	<u>\$ 822,849</u>	<u>\$ -</u>	<u>\$ 15,247,593</u>

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

Fort Worth Symphony Orchestra Association
Statement of Functional Expenses
For the Year Ended July 31, 2022

	Program - Artistic Operations	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Personnel expenses					
Salaries and wages	\$ 5,566,584	\$ 1,065,676	\$ 479,152	\$ -	\$ 7,111,412
Employee benefits	1,248,067	250,970	102,508	-	1,601,545
Total personnel expenses	<u>6,814,651</u>	<u>1,316,646</u>	<u>581,660</u>	<u>-</u>	<u>8,712,957</u>
Non-personnel expenses					
Occupancy	179,806	269,709	89,902	-	539,417
Professional services	146,718	220,076	73,359	-	440,153
Advertising and promotions	556,100	-	-	-	556,100
Box office	285,350	-	-	-	285,350
Development	-	-	84,484	-	84,484
Guest artist and conductors	1,226,912	-	-	-	1,226,912
Performance expense	1,361,800	-	-	-	1,361,800
Special events	-	-	-	317,424	317,424
Hall rental, front of the house	553,766	-	-	-	553,766
COVID health and safety	41,242	8,838	2,946	-	53,026
Depreciation and amortization	88,531	18,971	6,323	-	113,825
Other	-	41,001	-	-	41,001
Total non-personnel expenses	<u>4,440,225</u>	<u>558,595</u>	<u>257,014</u>	<u>317,424</u>	<u>5,573,258</u>
Less: expenses included with revenues on the statement of activities					
Special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(317,424)</u>	<u>(317,424)</u>
	<u>\$ 11,254,876</u>	<u>\$ 1,875,241</u>	<u>\$ 838,674</u>	<u>\$ -</u>	<u>\$ 13,968,791</u>

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

Fort Worth Symphony Orchestra Association
Statements of Cash Flows
For the Years Ended July 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (251,042)	\$ (4,680,558)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	135,863	113,825
Net realized and unrealized (gains) losses on investments	(1,541,124)	2,958,080
Change in value of beneficial interests in trusts	19,791	239,027
Contribution revenue restricted for endowment	2,100	(9,851)
Amortization of right-of-use asset	229,865	-
Changes in operating assets and liabilities		
Accounts receivable	(27,481)	13,344
Contribution receivable	(2,332,025)	255,750
Employee retention credit receivable	388,398	1,163,636
Prepaid expenses and other assets	(192,806)	(164,930)
Accounts payable and accrued liabilities	468,889	(25,823)
Tickets on account	-	(370,823)
Deferred revenue	(203,565)	130,746
Lease liabilities	(218,929)	-
Net cash used in operating activities	<u>(3,522,066)</u>	<u>(377,577)</u>
Cash flows from investing activities		
Purchases of property and equipment	(288,314)	(94,459)
Purchases of investments	(556,095)	(1,212,368)
Proceeds from sales of investments	1,662,000	1,280,000
Net cash provided by (used in) investing activities	<u>817,591</u>	<u>(26,827)</u>
Cash flows from financing activities		
Cash collected on contributions restricted for endowment	-	734,851
Draws on line of credit	150,000	-
Net cash provided by financing activities	<u>150,000</u>	<u>734,851</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(2,554,475)	330,447
Cash, cash equivalents and restricted cash, beginning of year	<u>2,631,134</u>	<u>2,300,687</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 76,659</u>	<u>\$ 2,631,134</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ -	\$ 2,551,582
Restricted cash	<u>76,659</u>	<u>79,552</u>
	<u>\$ 76,659</u>	<u>\$ 2,631,134</u>

Supplemental schedule of noncash investing and financing activities

Operating lease right-of-use asset obtained in exchange for operating lease liability	\$ 721,307	\$ -
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The accompanying notes are an integral part of these financial statements.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

1. NATURE OF OPERATIONS

The Fort Worth Symphony Orchestra Association (the "Symphony") is a Texas nonprofit corporation chartered in 1929. Its purpose is to perform symphonic music at the highest level of artistic excellence to educate, entertain and enhance cultural life. The Symphony's purpose includes to present engaging music education programs for young people to foster early interest in and inspire lifelong enjoyment of music and to achieve ever-greater levels of artistic accomplishment and leadership in Fort Worth and across the nation. The Symphony is primarily supported by proceeds from performances and contributions from the general public and foundations.

2. GOING CONCERN CONSIDERATIONS

The Symphony's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

For the year ended July 31, 2023, the Symphony has a net loss of approximately \$250,000, a net decrease in cash of \$2,500,000, and an accumulated deficit of unrestricted net assets of approximately \$812,000.

The Symphony has reviewed the relevant conditions and events surrounding its ability to continue as a going concern including among others: historical losses, projected future results, cash requirements for the upcoming year, funding capacity, and unrestricted total net assets.

The following has been done to mitigate future losses, increase operating cash, and alleviate any doubts about the Symphony's going concern:

1. Board and donor recruitment (more than 20 new members have joined since April 2023)
2. Reduction of Pop performances from 3 to 2 (cost reduction)
3. Postponing Concerts in the Garden until stage is built (approximately \$500k lost in FY23)
4. Increased popular movie performances to increase revenue
5. Vatic (dynamic pricing tool) being used on Pops and Specials to increase revenue
6. Reduction of Symphonic services from 12 to 10 (cost reduction)
7. CAPEX items purchased to reduce future rental expenses (cost reduction)
8. Renewed Brooks Morris Society (legacy giving)
9. Weekly cashflow forecast and performance P&L's created to help guide future programming

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

2. GOING CONCERN CONSIDERATIONS (continued)

Management acknowledges that times are different post-covid for arts based non-profits and uncertainty remains for many institutions to fund its operations, however, based on the factors above, management believes it can generate positive cash flows from its operating activities and achieve break-even during the next 12 months from the report date. Management believes that its efforts to mitigate these matters will be sufficient to enable the Symphony to continue as a going concern for at least one year from the date the financial statements are available to be issued. The financial statements do not include any adjustments that might be necessary if the Symphony is unable to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Symphony have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

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 Symphony's governing Board of Directors (the "Board") may designate net assets without donor restrictions for specific purposes.
- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. 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. Net assets with donor restrictions also include the portion of donor-restricted endowment funds that are not required to be maintained in perpetuity, until such funds are appropriated for expenditure by the Symphony. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from net assets with donor restrictions. Contributions with donor-imposed restrictions whose restriction are satisfied in the same reporting period as received are reported as net assets without donor restrictions.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, cash equivalents and restricted cash

The Symphony maintains cash and cash equivalents with major financial institutions. The Symphony considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents, except for such assets included as amounts held in perpetuity for endowment. Restricted cash is cash held for instrument loans and the Instrument Fund. See Note 11.

Beneficial interests in trusts

The Symphony has been named as an irrevocable beneficiary of perpetual trusts held and administered by an independent trustee. Perpetual trusts provide for the distribution of the trust's net income to the Symphony, however, the Symphony has not 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 statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Investments

Investments are recorded at fair value. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor restriction or by law.

All investment gains and losses are included in the accompanying statements of activities. Interest and dividend income is presented net of investment management fees.

Fair value measurements

The Symphony applies the U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. U.S. GAAP describes three levels of inputs that may be used to measure fair value:

- *Level 1* - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2* - Significant other observable inputs (other than Level 1 prices) such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 3* - Unobservable inputs that are supported by little or no market activity, are significant to the fair value of the assets or liabilities and reflect management's assumptions and best estimates based on available data.

During the year ended July 31, 2022 the Symphony held alternative investments which were reported at Net Asset Value ("NAV") per share (or its equivalent) as a practical expedient, to determine the fair value of investments in investment funds which (a) did not have a readily determinable fair value and (b) either had the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund. These alternatives investments were liquidated and sold during the year ended July 31, 2023.

The underlying assets of the beneficial interests in trusts are all actively traded as of July 31, 2023 and 2022. 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 reported using level 3 investments.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

Property and equipment

The Symphony capitalizes all expenditures for property and equipment in excess of \$1,000 with an estimated useful life greater than one year. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property, buildings and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Symphony reports expirations of donor restrictions when the donated or acquired assets are placed in service. Minor repairs and maintenance are expensed as incurred. Major repairs and maintenance that extend the useful life of the respective asset are capitalized.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	3 - 7 years
Acoustical equipment	3 - 7 years
Computer software	3 - 5 years
Leasehold improvements	3 - 5 years

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the Symphony, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. The Symphony will record impairment losses when determined. No indicators of impairment existed at July 31, 2023 and 2022.

Revenue recognition and deferred revenue

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 benefits to donors.

Contributions and promises to give

Contributions received are reported as net assets with or without donor restrictions, depending upon the presence or absence of any donor restrictions.

Contributions, including unconditional promises to give, are recognized as support in the period the unconditional promise is received. Contributions that are promised in one year but are not expected to be collected until after the end of the fiscal year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based on management's judgment including factors such as prior collection history, type of contribution and current aging of contributions receivable. Management believes that all outstanding amounts are fully collectible. As such there is no allowance for doubtful accounts at July 31, 2023 and 2022.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of July 31, 2023 and 2022, there were no conditional promises to give. The Symphony has been notified that it has been included in various wills. A receivable has not been recorded as the amounts from the estates are not known as of the date of the financial statements.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed goods and services

Contributed materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. The Symphony received contributed materials for the annual gala of \$63,890 and \$67,150 for the years ended July 31, 2023 and 2022, respectively, from items contributed and monetized through an auction. The contributed items are reflected at the monetized amount within fundraising events in the accompanying statement of activities. Contributions of services are recognized if the services received (a) create or enhance nonfinancial 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. No amounts have been recognized in the accompanying statements of activities because the criteria for the recognition of such volunteer efforts as contributed services have not been satisfied.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Expenses, such as salaries and wages, employee benefits, occupancy, professional services, and depreciation and amortization, have been allocated among program services and supporting services based upon employee head count.

Advertising costs

The Symphony expenses advertising cost in the year which the related production is performed. Advertising expense of \$557,217 and \$556,100 for the years ended July 31, 2023 and 2022, respectively, are recorded in the accompanying statements of functional expenses within the advertising and promotions.

Leases

The Symphony leases office space under operating leases. The Symphony determines if an arrangement is a lease at inception. Operating leases are included in right-of-use assets and lease liabilities on the statement of financial position. Right-of-use assets represent the Symphony's right to use an underlying asset for the lease term and lease liabilities represent the Symphony's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Symphony's leases do not provide an implicit rate, the Symphony uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Symphony's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Symphony is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. The Symphony's estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Symphony uses a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. To the extent that the Symphony's assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made. The Symphony reports tax-related interest and penalties, if applicable, as a component of income tax expense, as incurred. As of July 31, 2023 and 2022, no uncertain tax positions have been identified by management and, therefore, no amounts have been recognized in the accompanying financial statements.

Use of estimates

The preparation of financial statements, in accordance 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Uses of estimates include, but are not limited to, the estimated useful lives for property and equipment, allocation of expenses by function, and the fair value of investments measured at net asset value as a practical expedient. Actual results could differ from those estimates.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncement

In February 2016, FASB issued ASC 842, Leases, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Symphony adopted the standard effective August 1, 2022, and recognized and measured leases existing at, or entered into after, August 1, 2022, with certain practical expedients available. The Symphony elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. As a result of the adoption of the new lease accounting guidance, the Symphony recognized on August 1, 2022, an initial lease liability of \$721,308 which represents the present value of the remaining operating lease payments of \$753,978, discounted at a weighted-average risk-free rate of 2.6%, and a right-of-use asset of \$721,308. The standard had an impact on the Symphony's statement of financial position and statement of cash flows as of and for the year ended July 31, 2023, but did not have an impact on the Symphony's statement of activities for the year then ended. The most significant impact was the recognition of a right-of-use asset and a lease liability for an operating lease on the statement of financial position as of July 31, 2023.

Subsequent events

The Symphony has evaluated subsequent events through March 29, 2024, the date the financial statements were available to be issued.

On March 5, 2024, the Symphony renewed their line of credit agreement with a financial institution extending the maturity date to March 4, 2025 and the maximum borrowings to \$1,200,000.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
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4. LIQUIDITY AND FUNDS AVAILABLE

As part of the Symphony's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

In the event of an unanticipated liquidity need, the Symphony could draw up to an additional \$1,050,000 on its line of credit, as discussed in notes 3 and 17.

The following is a quantitative disclosure which describes financial assets that are available within one year of July 31, 2023 to fund general expenditures and other obligations as they become due:

Financial assets	
Restricted cash	\$ 76,659
Accounts receivable	42,788
Contributions receivable	2,630,525
Instrument Loan receivable	10,526
Beneficial interests in trusts	1,451,017
Investments held for endowment	<u>29,391,128</u>
	<u>33,602,643</u>
Less: amounts unavailable for general expenditures within one year	
Restricted cash	(76,659)
Instrument Loan receivable	(10,526)
Time restricted contributions receivable due beyond one year	(1,250,000)
Beneficial interests in trusts	(1,451,017)
Donor-restricted investments held for endowment	(29,391,128)
Purpose restricted net assets	<u>(946,115)</u>
	<u>(33,125,445)</u>
	<u>\$ 477,198</u>

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following:

	<u>2023</u>	<u>2022</u>
Contributions receivable	\$ 2,630,525	\$ 554,250
Contributions receivable for endowment	<u>-</u>	<u>725,000</u>
	<u>\$ 2,630,525</u>	<u>\$ 1,279,250</u>

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

5. CONTRIBUTIONS RECEIVABLE (continued)

A summary of contributions receivables as of July 31 is as follows:

	<u>2023</u>	<u>2022</u>
Receivables due in less than one year	\$ 1,380,525	\$ 278,500
Receivables due in one to five years	<u>1,250,000</u>	<u>20,000</u>
	<u><u>\$ 2,630,525</u></u>	<u><u>\$ 298,500</u></u>

6. INVESTMENTS

Investments consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,550,265	\$ 1,824,297
Equity securities	20,049,059	20,148,985
Fixed income securities	6,791,804	5,644,973
Alternative investments	<u>-</u>	<u>1,339,754</u>
	<u><u>\$ 29,391,128</u></u>	<u><u>\$ 28,958,009</u></u>

7. BENEFICIAL INTERESTS IN TRUSTS

The Symphony has four beneficial interests in trusts for which separate third parties are the trustees. The change in fair value of the beneficial interest in trusts resulted in an unrealized losses of \$19,791 and \$239,027 for the years ended July 31, 2023 and 2022, respectively, on the accompanying statements of activities. The underlying assets of the agreements are invested in cash and equivalents, fixed income, and equities.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

8. FAIR VALUE MEASUREMENT

The following table sets forth by level, within the fair value hierarchy, the Symphony's assets at fair value as of July 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 2,550,265	\$ -	\$ -	\$ 2,550,265
Equity securities	20,049,059	-	-	20,049,059
Fixed income securities	6,791,804	-	-	6,791,804
Beneficial interests in trusts	<u>-</u>	<u>-</u>	<u>1,451,017</u>	<u>1,451,017</u>
	<u>\$ 29,391,128</u>	<u>\$ -</u>	<u>\$ 1,451,017</u>	<u>\$ 30,842,145</u>

The following table sets forth by level, within the fair value hierarchy, the Symphony's assets at fair value as of July 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 1,824,297	\$ -	\$ -	\$ 1,824,297
Equity securities	20,148,985	-	-	20,148,985
Fixed income securities	5,644,973	-	-	5,644,973
Beneficial interests in trusts	<u>-</u>	<u>-</u>	<u>1,470,808</u>	<u>1,470,808</u>
	<u>\$ 27,618,255</u>	<u>\$ -</u>	<u>\$ 1,470,808</u>	29,089,063

Investments measured at net asset value

1,339,754
\$ 30,428,817

The following table sets forth a summary of changes in the fair value of Level 3 investments for the year ended July 31, 2023:

Balance, July 31, 2022	\$ 1,470,808
Change in value	<u>(19,791)</u>
Balance, July 31, 2023	<u>\$ 1,451,017</u>

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

8. FAIR VALUE MEASUREMENT (continued)

The following table sets forth a summary of changes in the fair value of Level 3 investments for the year ended July 31, 2022:

Balance, July 31, 2021	\$ 1,709,835
Change in value	<u>(239,027)</u>
Balance, July 31, 2022	<u><u>\$ 1,470,808</u></u>

As of July 31, 2023 and 2022, there were no restrictions on redemptions or unfunded commitments for any of the major types of assets.

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at July 31, 2022:

<u>Product</u>	<u>NAV in Funds</u>	<u># of Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Hedge funds	\$ 1,339,754	1	N.A.	Quarterly with 65-day notice	None

Hedge funds - Fund managers may invest in value, growth, or event-driven opportunities and typically are not restricted by market capitalization, industry sector, or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.

9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of July 31:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 986,032	\$ 956,436
Acoustical equipment	709,805	494,743
Computer software	311,867	311,867
Leasehold improvements	16,138	16,138
Vehicles	<u>43,656</u>	<u>-</u>
	2,067,498	1,779,184
Less: accumulated depreciation and amortization	<u>(1,616,821)</u>	<u>(1,480,958)</u>
	<u><u>\$ 450,677</u></u>	<u><u>\$ 298,226</u></u>

Depreciation and amortization expense was \$135,863 and \$113,825 for the years ended July 31, 2023 and 2022, respectively.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
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10. 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.

Interpretation of relevant law

The Symphony's Board has interpreted Texas Uniform Prudent Management of Institutional Funds Act ("Texas UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Symphony classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is also classified within net assets with donor restrictions until those amounts are appropriated for expenditure by the Symphony in a manner consistent with the standard of prudence prescribed by Texas UPMIFA.

In accordance with Texas UPMIFA, the Symphony considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund,
- (2) The purposes of the Symphony and the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the Symphony, and
- (7) The investment policies of the Symphony.

Return objectives and risk parameters

The Symphony has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Symphony must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, the Symphony diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

10. ENDOWMENT (continued)

Strategies employed for achieving objectives

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 that places a greater emphasis on equity and fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Symphony has a policy of appropriating for distribution each year up to 6% of the average fair value of endowment assets for the 3-years preceding 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 endowment to grow at an annual rate equal to or greater than the consumer price index. This is consistent with the Symphony's objective to maintain 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 returns.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Texas UPMIFA requires the Symphony to retain as a fund of perpetual duration. No deficiencies of this nature exist in donor-restricted endowment funds as of July 31, 2023 and 2022.

Endowment composition

Endowment net asset composition by type of fund as of July 31, 2023 is as follows:

	<u>With Donor Restrictions</u>
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 25,583,115
Accumulated endowment earnings	<u>3,808,013</u>
	<u>\$ 29,391,128</u>

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

10. ENDOWMENT (continued)

Endowment composition (continued)

Endowment net asset composition by type of fund as of July 31, 2022 is as follows:

	<u>With Donor Restrictions</u>
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 25,581,015
Accumulated endowment earnings	<u>3,376,994</u>
	<u>\$ 28,958,009</u>

Changes in endowment net assets for the fiscal years ended July 31, 2023 and 2022 is as follows:

	<u>With Donor Restrictions</u>
Balance, July 31, 2021	<u>\$ 32,708,721</u>
Net realized and unrealized loss	(2,958,080)
Interest and dividends, net	727,517
Contributions	9,851
Change in donor restriction	(250,000)
Appropriation of endowment earnings for expenditure	<u>(1,280,000)</u>
	<u>(3,750,712)</u>
Balance, July 31, 2022	<u>\$ 28,958,009</u>
Net realized and unrealized gain	1,541,124
Interest and dividends, net	551,895
Contributions	2,100
Appropriation of endowment earnings for expenditure	<u>(1,662,000)</u>
	<u>433,119</u>
Balance, July 31, 2023	<u>\$ 29,391,128</u>

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Instrument Fund	\$ 5,589	\$ 79,552
Instrument Fund receivable	10,526	7,333
Musician and staff salaries	375,000	-
2024 Annual Gala	200,000	-
Recordings	50,000	-
Artistic initiatives fund	250,000	-
Newly commissioned work	<u>55,000</u>	<u>-</u>
	<u>946,115</u>	<u>86,885</u>
Subject to the passage of time:		
Subscription contributions for 2024 performance year	51,247	-
Subscription contributions for 2023 performance year	-	526,364
Beneficial interests in trusts	268,086	287,877
Time restricted for specific use in future years	<u>1,216,000</u>	<u>270,000</u>
	<u>1,535,333</u>	<u>1,084,241</u>
Subject to perpetuity:		
Beneficial interests in trusts	<u>1,182,931</u>	<u>1,182,931</u>
	<u>1,182,931</u>	<u>1,182,931</u>
Subject to spending policy and appropriations:		
Endowments invested in perpetuity (including amounts above original gift amount of \$25,583,115 and \$25,581,015 for the years ended July 31, 2023 and 2022), the income from which is expendable to support		
General endowment fund	<u>29,391,128</u>	<u>28,958,009</u>
	<u>29,391,128</u>	<u>28,958,009</u>
	<u>\$ 33,055,507</u>	<u>\$ 31,312,066</u>

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

11. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year were as follows:

	<u>2023</u>	<u>2022</u>
Appropriation of endowment earnings	\$ 1,662,000	\$ 1,280,000
Purpose restriction accomplished and/or time restriction expired	847,417	1,340,830
Change in donor restriction - endowment	<u>-</u>	<u>250,000</u>
	<u>\$ 2,509,417</u>	<u>\$ 2,870,830</u>

12. COMMITMENTS AND CONTINGENCIES

As of July 31, 2023, the Symphony has three lease agreements for offices, a warehouse, and a recital hall. The remaining lease terms range from 2 to 3 years.

Rent expense amounted to approximately \$245,000 and \$506,000 for the years ended July 31, 2023 and 2022, respectively, and is included in occupancy expense on the schedule of functional expenses.

The weighted-average for the remaining lease terms is 3.25 years using a weighted-average lease discount rate of 2.6%.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending July 31,</u>	
2024	\$ 245,797
2025	240,218
2026	<u>30,790</u>
	516,805
Less: imputed interest	<u>(14,427)</u>
	<u>\$ 502,378</u>

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

13. COVID-19 RELIEF FUNDS

Employee Retention Credit

During the year ended July 31, 2022, the Symphony qualified for federal government assistance through employee retention credit ("ERC") provisions of the Coronavirus Response and Relief Supplemental Appropriations ("CRRSA") Act, respectively. The purpose of the ERC is to encourage employers to keep employees on the payroll, even if they are not working during the covered period due to the effects of COVID-19. The Symphony determined it was eligible to apply for the ERC and calculated a total of \$221,148 of eligible wages for the year ended July 31, 2022. As the ERC refund relates to salaries and wages paid during 2022 and as conditions have been met and the collection of the refund was considered probable, the Symphony recognized revenue and a corresponding receivable for the calculated ERC as of July 31, 2022.

Shuttered Venue Operators Grant

During the year ended July 31, 2022, the Symphony was granted and received \$2,291,289 under the Shuttered Venue Operators Grant ("SVOG") program implemented by the SBA under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The SVOG program was created to prevent widespread closures of venues that were devastated by the loss of revenue due to the COVID-19 pandemic. The SVOG program provides eligible applicants with grants equal to 45% of their gross earned revenue, up to a maximum of \$10,000,000. SVOG recipients had until June 30, 2022 to use grant funds to reimburse themselves for allowable expenses of the program. The Symphony has recorded the funds received as grant revenue in the statement of activities as the qualifying expenditures have been met.

14. CREDIT RISKS, CONCENTRATIONS, AND UNCERTAINTIES

At times, the Symphony may maintain cash and cash equivalents balances in financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits. The Symphony invests with financial institutions with strong credit ratings and has not experienced any such losses. Management believes the Symphony is not exposed to any significant credit risk related to cash and cash equivalent balances.

The Symphony has investments in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Symphony's account balances and the amounts reported in the statements of financial position.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
July 31, 2023 and 2022

14. CREDIT RISKS, CONCENTRATIONS, AND UNCERTAINTIES (continued)

Contributions and contributions receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources. For the year ended July 31, 2023, contributions from three donors represent approximately 50% of total contribution revenue. For the year ended July 31, 2022, contributions from two donors represent approximately 29% of total contribution revenue. At July 31, 2023, approximately 94% of contribution receivables is due from four donors. At July 31, 2022, approximately 54% of contribution receivables is from one donor.

15. EMPLOYEE BENEFIT PLAN

The Symphony sponsors a defined contribution retirement plan (the "Plan"). This 401(k) plan is available to all qualified employees who are age twenty-one or older at the first day of employment. The Symphony contributes a discretionary match to all eligible employees who have met certain length of service requirements. The Symphony made contributions of \$- and \$30,692 to the plan for the years ended July 31, 2023 and 2022, respectively.

The Symphony participates in the Volume Submitter Profit Sharing/401(k) Plan of Fort Worth Symphony Orchestra 401(k) Plan & Trust ("the Profit Sharing Plan"), identified as Plan 001 and Employer Identification Number 75-6004761. The Profit Sharing Plan is a multi-employer pension plan for union-represented employees of the Symphony. The risks of participating in a multi-employer plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Symphony chooses to stop participating in some of its multi-employer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Symphony is required to make minimum contributions according to the actuarial requirements pursuant to a collective bargaining agreement.

The Symphony made contributions of \$369,589 and \$303,281 to these plans during the years ended July 31, 2023 and 2022, respectively.

16. RELATED PARTIES

The Symphony received contributions totaling approximately \$2,640,000 and \$1,760,000 from employees and members of the Board for the years ended July 31, 2023 and 2022, respectively.

A member of the Board is an owner at an investment management company where the Symphony holds their investments.

Fort Worth Symphony Orchestra Association
Notes to Financial Statements
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17. LINE OF CREDIT

During the year ended July 31, 2023, the Symphony entered into a line of credit (LOC) agreement with a financial institution. The LOC had a maximum of \$1,000,000 with a variable prime rate as quoted by the Wall Street Journal (8.50% at July 31, 2023). The LOC was scheduled to mature on March 27, 2024, and at July 31, 2023, the LOC had a balance outstanding of \$150,000.

As discussed in note 3, the Symphony extended the term under the line of credit agreement to March 4, 2025 and the maximum borrowing amount was increased to \$1,200,000.