

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED  
JUNE 30, 2020 AND 2019**

**TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**



**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**Table of Contents**  
**June 30, 2020 and 2019**

**AUDITED FINANCIAL STATEMENTS**

Independent Auditor's Report..... 1-2

Financial Statements

Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities.....	4-5
Consolidated Statements of Functional Expenses .....	6-7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements .....	9-22

Supplementary Information

Consolidating Statement of Financial Position – As of June 30, 2020.....	23
Consolidating Statement of Activities – For the Year Ended June 30, 2020 .....	24
Consolidating Statement of Financial Position – As of June 30, 2019.....	25
Consolidating Statement of Activities – For the Year Ended June 30, 2019 .....	26



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Oklahoma Philharmonic Society, Inc.  
Oklahoma City, Oklahoma

We have audited the accompanying consolidated financial statements of Oklahoma Philharmonic Society, Inc. (a nonprofit Society) (the "Philharmonic") which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements ("financial statements").

### **Management's Responsibility 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; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial position of Oklahoma Philharmonic Society, Inc. as of June 30, 2020 and 2019, 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.

HSPG & ASSOCIATES, PC

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### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*HSPG & Associates, P.C.*

December 1, 2020

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted and undesignated	\$ 1,813,871	\$ 1,499,694
Unrestricted and designated for capital reserve	340,723	337,104
	<u>2,154,594</u>	<u>1,836,798</u>
Certificates of deposit	418,429	517,097
Accounts receivable	117,758	96,096
Annual fund pledges receivable	411,102	216,878
Endowment contributions receivable	210,000	215,263
Prepaid expenses and other	272,153	328,004
TOTAL CURRENT ASSETS	3,584,036	3,210,136
Cash restricted for endowment	156,300	44,808
Annual fund pledges receivable	25,000	54,850
Endowment contributions receivable	100,249	205,000
Investments	8,222,495	8,789,517
Beneficial interest in assets held by the Community Foundation	4,637,577	4,728,887
Property and equipment (net of accumulated depreciation of \$1,195,129 and \$1,150,780)	169,091	172,341
TOTAL ASSETS	<u>\$ 16,894,748</u>	<u>\$ 17,205,539</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 169,098	\$ 115,659
Advance ticket sales and fees	1,137,328	1,166,703
Paycheck Protection Program forgivable loan	591,322	-
TOTAL CURRENT LIABILITIES	<u>1,897,748</u>	<u>1,282,362</u>
NET ASSETS		
Without donor restrictions	1,509,172	1,542,292
With donor restrictions	13,487,828	14,380,885
TOTAL NET ASSETS	<u>14,997,000</u>	<u>15,923,177</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,894,748</u>	<u>\$ 17,205,539</u>

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

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Concert tickets and fees	\$ 1,713,959	\$ -	\$ 1,713,959
Program advertising	71,645	-	71,645
TOTAL OPERATING REVENUES	<u>1,785,604</u>	<u>-</u>	<u>1,785,604</u>
<b>DIRECT OPERATING EXPENSES</b>			
Performance	3,757,105	-	3,757,105
Marketing	788,500	-	788,500
General and administrative	903,777	-	903,777
TOTAL DIRECT OPERATING EXPENSES	<u>5,449,382</u>	<u>-</u>	<u>5,449,382</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(3,663,778)	-	(3,663,778)
<b>CONTRIBUTIONS, INTEREST AND OTHER NONOPERATING INCOME (EXPENSES)</b>			
Contributions:			
Unrestricted	1,871,434	-	1,871,434
Restricted	-	1,023,716	1,023,716
Restrictions satisfied in current period	1,674,463	(1,674,463)	-
Distribution of beneficial interest in assets held by the Community Foundation	192,399	(192,399)	-
Fundraising expense	(189,964)	-	(189,964)
Realized and unrealized gains and losses	(10,254)	(358,143)	(368,397)
Interest income and other	87,097	199,887	286,984
TOTAL CONTRIBUTIONS, INTEREST, AND OTHER NONOPERATING INCOME (EXPENSES)	<u>3,625,175</u>	<u>(1,001,402)</u>	<u>2,623,773</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES IN BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION AND ACQUISITION CONTRIBUTION	(38,603)	(1,001,402)	(1,040,005)
Change in value of beneficial interest in assets held by the Community Foundation	<u>5,483</u>	<u>108,345</u>	<u>113,828</u>
<b>CHANGE IN NET ASSETS</b>	(33,120)	(893,057)	(926,177)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,542,292</u>	<u>14,380,885</u>	<u>15,923,177</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,509,172</u>	<u>\$ 13,487,828</u>	<u>\$ 14,997,000</u>

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

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Concert tickets and fees	\$ 2,198,739	\$ -	\$ 2,198,739
Program advertising	88,270	-	88,270
TOTAL OPERATING REVENUES	2,287,009	-	2,287,009
<b>DIRECT OPERATING EXPENSES</b>			
Performance	3,992,394	-	3,992,394
Marketing	828,970	-	828,970
General and administrative	878,429	-	878,429
TOTAL DIRECT OPERATING EXPENSES	5,699,793	-	5,699,793
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(3,412,784)	-	(3,412,784)
<b>CONTRIBUTIONS, INTEREST AND OTHER NONOPERATING INCOME (EXPENSES)</b>			
Contributions:			
Unrestricted	1,464,621	-	1,464,621
Restricted	-	1,258,154	1,258,154
Restrictions satisfied in current period	1,589,035	(1,589,035)	-
Distribution of beneficial interest in assets held by the Community Foundation	176,635	(176,635)	-
Fundraising expense	(219,242)	-	(219,242)
Realized and unrealized gains and losses	9,171	222,193	231,364
Interest income and other	34,028	194,960	228,988
TOTAL CONTRIBUTIONS, INTEREST, AND OTHER NONOPERATING INCOME (EXPENSES)	3,054,248	(90,363)	2,963,885
CHANGES IN NET ASSETS BEFORE OTHER CHANGES IN BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION AND ACQUISITION CONTRIBUTION			
	(358,536)	(90,363)	(448,899)
Change in value of beneficial interest in assets held by the Community Foundation	4,360	301,553	305,913
Contribution from acquisition of Oklahoma City Orchestra League	840,709	180,535	1,021,244
<b>CHANGE IN NET ASSETS</b>	486,533	391,725	878,258
<b>NET ASSETS AT BEGINNING OF YEAR</b>	1,055,759	13,989,160	15,044,919
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,542,292</u>	<u>\$ 14,380,885</u>	<u>\$ 15,923,177</u>

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

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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	<u>Performance</u>	<u>Marketing</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 1,951,498	\$ 169,113	\$ 586,262	\$ 86,252	\$ 2,793,125
Guest artists	549,855	-	-	-	549,855
Other contract personnel	493,470	-	56,748	15,235	565,453
Advertising and newsletter	-	470,414	-	9,089	479,503
Donor expense	-	-	-	59,739	59,739
Music, library, and education expense	129,106	-	-	-	129,106
Office expenses	7,491	5,337	115,623	10,076	138,527
Rent, equipment, and license expense	407,739	-	78,787	-	486,526
Season campaign and printing	-	140,860	3,001	3,798	147,659
Travel	73,370	-	-	-	73,370
Depreciation expense	23,448	-	20,902	-	44,350
Sales tax	106,293	-	-	-	106,293
Other	14,835	2,776	42,454	5,775	65,840
Total	<u>\$ 3,757,105</u>	<u>\$ 788,500</u>	<u>\$ 903,777</u>	<u>\$ 189,964</u>	<u>\$ 5,639,346</u>

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

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>Performance</u>	<u>Marketing</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 1,990,662	\$ 160,831	\$ 552,495	\$ 110,488	\$ 2,814,476
Guest artists	634,004	-	-	-	634,004
Other contract personnel	533,304	-	56,495	8,962	598,761
Advertising and newsletter	-	498,801	-	8,250	507,051
Donor expense	-	-	-	71,688	71,688
Music, library, and education expense	90,852	-	-	-	90,852
Office expenses	7,006	16,160	120,868	7,789	151,823
Rent, equipment, and license expense	484,660	-	75,828	-	560,488
Season campaign and printing	-	146,068	3,623	4,089	153,780
Travel	56,900	-	153	-	57,053
Depreciation expense	27,765	-	21,486	-	49,251
Sales tax	138,835	-	-	-	138,835
Other	28,406	7,110	47,481	7,976	90,973
Total	<u>\$ 3,992,394</u>	<u>\$ 828,970</u>	<u>\$ 878,429</u>	<u>\$ 219,242</u>	<u>\$ 5,919,035</u>

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

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (926,177)	\$ 878,258
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Non-cash contribution of net assets from acquisition of Oklahoma City Orchestra League	-	(854,037)
Net realized and unrealized investment gains	368,397	(231,364)
Non-cash investment income	(213,554)	(207,369)
Depreciation	44,350	49,251
Change in value of beneficial interest in assets held by Community Foundation	(113,828)	(305,913)
Bad debt expense	4,500	3,353
Contributions received for long-term purposes	(101,500)	(12,250)
Changes in operating assets and liabilities:		
Accounts receivable	(21,662)	(60,053)
Annual fund pledges and contributions receivable	(68,874)	173,371
Prepaid expenses and other	55,851	(18,385)
Accounts payable and accrued expenses	53,439	52,717
Advance ticket sales and fees	(29,375)	(69,389)
NET CASH USED IN OPERATING ACTIVITIES	<u>(948,433)</u>	<u>(601,810)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(41,100)	(39,895)
Purchases of investments	(4,020)	(100,000)
Proceeds from maturities of certificates of deposit	107,468	-
Proceeds from sales and maturities of investments	407,399	398,695
Funds transferred to the Community Foundation	-	(10,002)
Distribution from beneficial interest in assets held by the Community Foundation	205,138	176,635
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>674,885</u>	<u>425,433</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program forgivable loan	591,322	-
Proceeds from contributions restricted for endowment	111,514	27,400
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>702,836</u>	<u>27,400</u>
<b>NET CHANGE IN CASH</b>	429,288	(148,977)
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,881,606</u>	<u>2,030,583</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 2,310,894</u>	<u>\$ 1,881,606</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF FINANCIAL POSITION</b>		
Cash and cash equivalents	\$ 2,154,594	\$ 1,836,798
Cash restricted for endowment	<u>156,300</u>	<u>44,808</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 2,310,894</u>	<u>\$ 1,881,606</u>

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

# OKLAHOMA PHILHARMONIC SOCIETY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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#### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of organization** – The Oklahoma Philharmonic Society, Inc. (the “Society”) was organized in 1988 as a nonprofit organization whose mission is to provide inspiration and joy to the community through orchestral music. The Society is dependent on ticket sales and contributions to support its operations. The concert season typically extends from September through May of each year and includes performances in a classical series, pops series, and family series.

The Oklahoma City Philharmonic Foundation, Inc., (the “Foundation”) was organized on February 11, 2003. It is a supporting Foundation as defined in Section 509 of the Internal Revenue Code and was formed for the purpose of supporting the operations and activities of the Oklahoma Philharmonic Society, Inc. The Foundation manages endowment and other investment funds and operates to support the operations of the Society.

Effective April 1, 2019, Oklahoma Orchestra League, Incorporated, an Oklahoman nonprofit corporation, converted into Oklahoma City Orchestra League LLC (the “League”), an Oklahoma nonprofit limited liability company. Upon conversion, the League named the Society as its sole member and is organized exclusively for charitable and volunteer purposes which, among other purposes, supports the operations and educational mission of the Society.

**Principles of Consolidation** – The Society is the sole member of the Foundation and the League. In accordance with authoritative guidance regarding consolidations, the consolidated financial statements include the results of operations for the Society, Foundation, and League (collectively the “Philharmonic”), and all inter-company transactions between these organizations have been eliminated in the accompanying consolidated financial statements (“financial statements”).

**Basis of Accounting** – The accompanying financial statements of the Philharmonic have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

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

**Net assets without donor restrictions** – Net assets not subject to donor-imposed restrictions.

**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. Contributions restricted by donors are reported 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 consolidated statements of activities as net assets release from restrictions.

***Beneficial Interest in Assets Held by the Community Foundation*** – The Philharmonic accounts for assets that are contributed by the Philharmonic to the Oklahoma City Community Foundation (the “Community Foundation”) as an asset of the Philharmonic, if it has been specified as the beneficiary of those assets. All contributions of this type, and the activity associated with the assets held at the Community Foundation, are reported as beneficial interest in assets held by the Community Foundation in the statement of financial position, with the related changes in fair value reported in the statement of activities. Distributions to the Philharmonic from these funds reduce the Philharmonic’s beneficial interest in assets held by others.

***Cash and Cash Equivalents*** – For purposes of reporting cash flows, the Philharmonic considers all cash on hand and investments purchased with an original maturity of three months or less, when purchased, to be cash equivalents except those cash equivalents included in the Philharmonic’s investment accounts.

***Unrestricted and Undesignated Cash*** – Cash and cash equivalents available for general operations.

***Unrestricted and Designated Cash*** – Cash designated for capital reserve consists of donations received by the Philharmonic that have been set aside by the Board of Directors to establish a Capital Reserve Fund. The fund can only be accessed by the authorization of the finance or executive committees and is to be utilized for the working capital needs of the Philharmonic.

***Cash Restricted for Endowment*** – Cash restricted for endowment consists of contributions received from an endowment campaign which will be transferred to either the Foundation or the Oklahoma City Community Foundation (see Note 6).

***Certificates of Deposit*** – Certificates of deposit are recorded at cost plus accrued interest.

***Revenue Recognition*** – Revenues that have the characteristics of exchange transactions, such as concert ticket sales and fees, are not recognized until earned, which generally occurs at a point in time when the Philharmonic has completed scheduled concert performances. Operating revenues for the year ended June 30, 2020, consist of concert tickets, fees, and program advertising related to the 2019-2020 concert series. Accounts receivables from contracts with customers typically relate to fee engagements contracted by third-party organizations and program advertising. Accounts receivable from contracts with customers totaled \$103,985, \$78,132, and \$30,075 as of June 30, 2020, 2019, and 2018, respectively. Concert tickets, fees and program advertising revenues that are received prior to the concert season or other future events, are recorded in current liabilities as advance ticket sales and fees. Advance ticket sales and fees totaled \$1,137,328, \$1,166,703, and \$1,236,092 as of June 30, 2020, 2019, and 2018, respectively.

Investment and interest income are recorded when they are payable to the Philharmonic. Contributions and other non-operating income consist primarily of gifts and grants received from corporations, individuals, foundations and others. They are recorded as revenues when received or upon receipt of an unconditional promise to give, net of estimated discounts. Contributions and promises to give that are contingent upon the occurrence of the upcoming concert season are recognized as revenues upon receipt of the contribution or promise because the possibility of not proceeding with the upcoming concert season is considered remote.

At June 30, 2020, contributions receivable and annual fund pledges receivable are considered fully collectible and are expected to be collected as follows:

<u>Fiscal Year</u>	<u>Annual Fund</u>	<u>Endowment Campaign</u>
2021	\$ 411,102	\$ 210,000
2022	25,000	100,249
	<u>\$ 436,102</u>	<u>\$ 310,249</u>

No discounts for balances due in 2021 and thereafter have been recorded as of June 30, 2020 as they are not significant. In addition, the Philharmonic has received approximately \$1,146,000 of pledged contributions through interests in donors' estates which do not yet meet the criteria for revenue recognition.

***Donated and Bartered Services*** – Donated services in fiscal years 2020 and 2019, totaled approximately \$168,000 and \$202,000, respectively, which consisted principally of advertising services. Bartered transactions occurring during fiscal years 2020 and 2019, totaled approximately \$159,000 and \$146,000, respectively, which consisted primarily of exchanging various services in return for program and ticket advertising. These amounts are included in the accompanying statement of activities as contributions income, program advertising revenues and a corresponding charge to related expenses, at the estimated fair value of the goods or services received or exchanged.

Additionally, the Philharmonic's Board of Directors serves on a volunteer basis, and no amounts have been recognized in the accompanying financial statements for these services.

***Receivables and Credit Policies*** – Accounts receivable are primarily uncollateralized customer obligations due in accordance with the Philharmonic's ticketing and program advertising policies. Receivables are recorded based on the face value of tickets or program advertising sold. Interest and delinquency fees are not assessed. Payments of accounts receivable are specifically allocated to the purchaser's account. The Philharmonic considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded. If amounts are subsequently determined to be uncollectible, they will be charged to operations when that determination is made.

***Investments*** – Investments consist of cash and cash equivalent funds, equity securities, mutual funds, U.S. treasuries, corporate bonds, pooled investments managed by the Community Foundation, and other investments. Investments are stated at fair value as determined by the fund and/or investment manager. Realized gains and losses on sales of investments are computed on the average cost basis.

***Property and Equipment*** – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for major additions and improvements are capitalized as determined on a case-by-case basis by the Executive Director with minor replacements, maintenance, and repairs charged to expense as incurred. The Philharmonic reports gifts of property and equipment as unrestricted support unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor restrictions about how long those long-lived assets must be maintained, the Philharmonic reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Depreciation is computed using the

straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment range from three to ten years.

**Functional Allocation of Expenses** – Costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Costs are allocated between performance, marketing, general and administrative, and fundraising based on evaluations of the related activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Philharmonic.

**Income Taxes** – The Society, Foundation, and League are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for any income that the Philharmonic generates from an unrelated trade or business which is subject to federal corporate taxes on income. With few exceptions, the Philharmonic is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years beginning before June 30, 2017.

**Advertising Expense** – All advertising costs, which approximated \$435,000 and \$471,000 for the years ended June 30, 2020 and 2019, respectively, are expensed the first-time advertising takes place and are recorded as marketing expenses in the statement of activities.

**Concentration of Credit Risk** – The Philharmonic maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. As of June 30, 2020, and 2019, the Philharmonic's balances with financial institutions subject to FDIC coverage exceeded such coverage by \$90,723 and \$87,104, respectively. The Philharmonic has not experienced any losses in such accounts and does not believe that it is exposed to any significant credit risk on cash.

As of and for the year ended June 30, 2020, 30% of the Philharmonic's contribution revenue is from three donors, and 60% of the Philharmonic's contributions receivable is due from one donor. As of and for the year ended June 30, 2019, 34% of the Philharmonic's contribution revenue is from four donors, and 64% of the Philharmonic's contributions receivable is due from two donors.

**Use of Estimates** – The preparation of 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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Accounting Estimates** – Estimates that are particularly susceptible to significant change include the valuation of investments and beneficial interest in assets held by others. Investments and beneficial interest in assets held by others are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these financial instruments, it is reasonably possible that changes in the values of these assets will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position. Significant fluctuations in fair values could occur from year to year and the amounts the Philharmonic will ultimately realize could differ materially.

**Fair Value Measurements** – The Philharmonic follows Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Philharmonic has the ability to access.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to 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: Unobservable and significant to the fair value measurement.

Financial assets subject to fair value measurement disclosure requirements include investments and beneficial interest in assets held by others (see Note 10). The Philharmonic has no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a non-recurring basis at June 30, 2020 or 2019.

***Change in accounting guidance*** – The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09 “Revenue from Contracts with Customers (Topic 606).” This authoritative guidance includes a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Philharmonic has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented with no effect on net assets.

The FASB also issued ASU No. 2018-08 “Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”. The new guidance clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The Philharmonic has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with implementation.

***Recent accounting pronouncements*** – In February 2016, the FASB issued ASU No. 2016-02 “Leases (Topic 842).” The purpose of the guidance is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position as well as providing additional disclosure requirements related to leasing arrangements. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, though early adoption is permitted.

In September 2020, the FASB issued ASU No. 2020-07 “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets” which increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (“NFP”) organizations including transparency on how those assets are used and how they are valued. The ASU requires an NFP to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires an NFP to disclose certain information related to the types of contributed nonfinancial assets received, whether they were

utilized or monetized, the NFP's policy, if any, about monetizing rather than utilizing such assets, and valuation techniques used to determine the valuation of such contributed assets. The amendments for this ASU are to be applied retrospectively and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted.

Management is currently evaluating the impact adopting the above recent accounting pronouncements will have on the Philharmonic's financial statements in future reporting periods.

**Subsequent Events** –The Philharmonic has evaluated subsequent events through December 1, 2020, which is the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2020 financial statements other than the continuing effects of COVID-19 (see Note 13).

## 2. LIQUIDITY AND AVAILABILITY

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents -		
unrestricted and undesignated	\$ 1,813,871	\$ 1,499,694
Certificates of deposit	418,429	517,097
Accounts receivable	117,758	96,096
Annual fund pledges receivable - current	411,102	216,878
Investments	8,222,496	8,789,517
Distribution from beneficial interest in		
assets held by the Community Foundation	<u>183,830</u>	<u>123,676</u>
	11,167,486	11,242,958
Less:		
Investments held for donor-restricted		
endowments	(7,414,254)	(7,968,459)
League purpose restricted bequest	<u>-</u>	<u>(176,183)</u>
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$ 3,753,232</u>	<u>\$ 3,098,316</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Philharmonic operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Philharmonic receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Philharmonic manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Board designated funds are set aside for operational reserve and program expansion to enhance long-term organizational growth. This reserve amount is reviewed and approved by the board of directors.

### 3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2020 and 2019, respectively, are summarized as follows:

	2020	2019
Computers	\$ 228,046	\$ 226,812
Music library	56,528	56,528
Office equipment	163,303	163,303
Stage equipment	531,143	526,118
Music equipment	367,104	334,604
Leasehold improvements	18,096	15,756
	<u>1,364,220</u>	<u>1,323,121</u>
Less: accumulated depreciation	<u>(1,195,129)</u>	<u>(1,150,780)</u>
Net property and equipment	<u>\$ 169,091</u>	<u>\$ 172,341</u>

Depreciation expense for the years ended June 30, 2020 and 2019, respectively, was \$44,349 and \$49,251.

### 4. DEFERRED REVENUE

As of June 30, 2020 and 2019, respectively, the Philharmonic has recorded deferred revenue for advance ticket sales and fee engagements totaling approximately \$1,137,000 and \$1,144,000. As of June 30, 2020 and 2019, respectively, \$0 and \$23,000 was recorded as deferred revenue for advertising relating to the next concert season.

### 5. RELATED PARTY TRANSACTIONS

The Philharmonic receives the services of volunteers for various activities. In the opinion of management, it is not possible to determine a fair market value attributable to the services received by the Philharmonic from the volunteers. Therefore, the accompanying financial statements do not include any amounts attributable to these services.

### 6. BENEFICIAL INTEREST IN ASSETS

In prior years, the Philharmonic transferred funds to the Community Foundation and specified itself as the beneficiary of the funds. Annually, distributions from the funds are paid to the Philharmonic according to the Community Foundation's distribution policy. The Community Foundation maintains variance power over these assets. Variance power assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. Distributions in the amount of approximately \$205,000 and \$177,000 for the years ended June 30, 2020 and 2019, respectively, were received by the Philharmonic from these funds and have been reflected as net assets released from restrictions in the statements of activities.

The Community Foundation maintains legal ownership of the funds. However, accounting principles generally accepted in the United States of America require that the Philharmonic reflect its beneficial interest in these assets in its financial statements. At June 30, 2020, and 2019, assets transferred to the Community Foundation by the Philharmonic had a fair value of \$4,637,577 and \$4,728,887, respectively.

In addition to the funds discussed above, the Community Foundation maintains other funds that have been contributed by various donors to the Community Foundation for the benefit of the Philharmonic. These funds are not included as assets of the Philharmonic. The earnings from these funds are paid to the Philharmonic each year in accordance with the Community Foundation's distribution policy. For the years ended June 30, 2020 and 2019, the Philharmonic received distributions of approximately \$192,000 and \$124,000, respectively, which is recorded as contributions in the accompanying statements of activities. At June 30, 2020, and 2019, the fair value of the funds originally donated by third parties was approximately \$4,972,000 and \$4,479,000, respectively. The Philharmonic has no remainder interest in the corpus of these funds.

## 7. NET ASSETS RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Subject to the passage of time:		
Grants and contributions designated for the following concert season	\$ 1,232,895	\$ 1,247,153
Subject to expenditure for specified purposes:		
Property and equipment	-	64,375
Music education and competition	-	177,683
	<u>-</u>	<u>242,058</u>
Endowments:		
Earnings subject to appropriation for expenditure:		
Earnings on funds held by the Philharmonic Foundation	720,056	1,274,261
Earnings on beneficial interest in assets held by the Community Foundation	950,957	1,034,993
	<u>1,671,013</u>	<u>2,309,254</u>
Subject to endowment spending policy and appropriation:		
Beneficial interest in assets held by Community Foundation:		
General operations	1,887,500	1,887,500
Collaborative fund	1,532,700	1,532,700
Invested by the Philharmonic Foundation:		
General operations	6,503,198	6,503,198
Youth series	191,000	191,000
Endowment contributions receivable and held in cash	469,522	468,022
	<u>10,583,920</u>	<u>10,582,420</u>
Total net assets with donor restrictions	<u>\$ 13,487,828</u>	<u>\$ 14,380,885</u>

The Foundation maintains an endowment account that contains restrictions that the earnings be used to subsidize Oklahoma City Ballet and Canterbury Voices for orchestral services provided by the Philharmonic. These restricted funds are maintained in a segregated Collaborative Fund which is managed in accordance with an Endowment Fund Account Instructions Agreement entered into among the Philharmonic, Oklahoma City Ballet, and Canterbury Voices.

## 8. ENDOWMENT DISCLOSURES

The Philharmonic’s endowments were created through donor-restricted endowment funds and one board-designated fund to provide annual funding for the Society’s operations. 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 Philharmonic follows the ASC’s guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). The Board of Directors of the Philharmonic has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, the Philharmonic retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Philharmonic in a manner consistent with the standard of prudence prescribed by UPMIFA. The Philharmonic 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 Philharmonic 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 Philharmonic; and
- (7) The investment policies of the Philharmonic.

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 12,254,933	\$ 12,254,933
Board-designated endowment funds	<u>212,704</u>	<u>-</u>	<u>212,704</u>
Total endowment funds	<u>\$ 212,704</u>	<u>\$ 12,254,933</u>	<u>\$ 12,467,637</u>

Changes in endowment net assets for the fiscal year ended June 30, 2020 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 228,755	\$ 12,891,674	\$ 13,120,429
Investment return	(4,646)	(49,858)	(54,504)
Contributions	-	101,500	101,500
Donor release of restrictions	-	(100,000)	(100,000)
Appropriation of endowment assets for expenditure	<u>(11,405)</u>	<u>(588,383)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 212,704</u>	<u>\$ 12,254,933</u>	<u>\$ 12,467,637</u>

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 12,891,674	\$ 12,891,674
Board-designated endowment funds	<u>228,755</u>	<u>-</u>	<u>228,755</u>
Total endowment funds	<u>\$ 228,755</u>	<u>\$ 12,891,674</u>	<u>\$ 13,120,429</u>

Changes in endowment net assets for the fiscal year ended June 30, 2019 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 227,915	\$ 12,724,798	\$ 12,952,713
Investment return	12,102	718,706	730,808
Contributions	-	12,250	12,250
Appropriation of endowment assets for expenditure	<u>(11,262)</u>	<u>(564,080)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 228,755</u>	<u>\$ 12,891,674</u>	<u>\$ 13,120,429</u>

### **Funds with Deficiencies**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Philharmonic has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of June 30, 2020 or 2019.

### **Return Objectives and Risk Parameters**

The Philharmonic 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 Philharmonic must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested with investment policies which emphasize preservation of capital, protection against inflation and a continuing source of income.

### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

The endowment earnings are distributed based on a distribution policy whereby the Philharmonic receives five percent of the average market value of the endowment fund, which is calculated on a rolling quarter average of the previous twelve quarters. The Philharmonic allocates distributions received to be available for use in the Philharmonic's operations.

## **9. LEASES**

The Philharmonic has entered into non-cancelable lease agreements, primarily for office facilities, equipment and automobiles, under which rent expense approximated \$92,000 and \$99,000 for the years ended June 30, 2020 and 2019, respectively. Approximate minimum annual rentals as required by these leases at June 30, 2020 are as follows:

<u>Year Ended</u>	
2021	\$ 53,788
2022	41,340
2023	41,340
2024	41,340
2025	41,340
Thereafter	<u>41,340</u>
	<u>\$ 260,488</u>

## 10. FAIR VALUE MEASUREMENTS

Assets measured at fair value consist of the following:

	As of June 30, 2020				
	Carrying Amount	Total Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Investments:					
Cash and money market funds (at cost)	\$ 587,724	\$ -	\$ -	\$ -	\$ -
Pooled investments managed by the Community Foundation	181,728	181,728	-	-	181,728
Equity securities	4,520,462	4,520,462	4,520,462	-	-
Fixed income:					
U.S. treasuries	2,374,174	2,374,174	-	2,374,174	-
Corporate bonds	532,338	532,338	-	532,338	-
Other investments	<u>26,069</u>	<u>26,069</u>	<u>26,069</u>	<u>-</u>	<u>-</u>
Total investments	8,222,495	7,634,771	4,546,531	2,906,512	181,728
Beneficial interest in assets held by others					
	<u>4,637,577</u>	<u>4,637,577</u>	<u>-</u>	<u>-</u>	<u>4,637,577</u>
	<u>\$ 12,860,072</u>	<u>\$ 12,272,348</u>	<u>\$ 4,546,531</u>	<u>\$ 2,906,512</u>	<u>\$ 4,819,305</u>

	As of June 30, 2019				
	Carrying Amount	Total Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Investments:					
Cash and money market funds (at cost)	\$ 693,293	\$ -	\$ -	\$ -	\$ -
Pooled investments managed by the Community Foundation	178,896	178,896	-	-	178,896
Equity securities	4,732,093	4,732,093	4,732,093	-	-
Fixed income:					
U.S. treasuries	2,261,144	2,261,144	-	2,261,144	-
Corporate bonds	515,746	515,746	-	515,746	-
Mutual funds - equity	270,277	270,277	270,277	-	-
Other investments	<u>138,068</u>	<u>138,068</u>	<u>138,068</u>	<u>-</u>	<u>-</u>
Total investments	8,789,517	8,096,224	5,140,438	2,776,890	178,896
Beneficial interest in assets held by others					
	<u>4,728,887</u>	<u>4,728,887</u>	<u>-</u>	<u>-</u>	<u>4,728,887</u>
	<u>\$ 13,518,404</u>	<u>\$ 12,825,111</u>	<u>\$ 5,140,438</u>	<u>\$ 2,776,890</u>	<u>\$ 4,907,783</u>

Following is a description of methodologies used for valuing assets at fair value.

*Investments:* When quoted prices are available in an active market, securities are classified within Level 1 of the hierarchy. Investments classified as Level 1 include equity securities, mutual funds and other investments. U.S. treasuries and corporate bonds are classified within level 2 of the hierarchy due to their proprietary nature and are independently valued by the fund manager or quoted market prices in nonactive markets.

*Beneficial interest in assets held by others and pooled investments managed by the Community Foundation:* The fair value of the Philharmonic’s beneficial interest in assets held by others and pooled investments managed by the Community Foundation are based on the fair value of fund investments as reported by the Community Foundation. These are considered to be level 3.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant observable inputs (level 3) for the years ended June 30, 2020 and 2019.

	2020	2019
Balance at beginning of year	\$ 4,907,783	\$ 4,320,275
Purchases / contributions	-	455,501
Investment return, net	116,668	308,642
Distributions	<u>(205,146)</u>	<u>(176,635)</u>
Balance at end of year	<u>\$ 4,819,305</u>	<u>\$ 4,907,783</u>

The summary of changes in fair value of level 3 assets has been prepared to reflect the activity in the same categories as those provided by the Community Foundation. Net investment performance includes realized and unrealized gains (losses) on investments, investment income, and administrative fees and is included in change in value of beneficial interest in assets held by the Community Foundation and realized and unrealized gains and losses in the accompanying statements of activities. Typically, distributions decrease the Philharmonic’s respective financial asset and increase cash at the time of distribution.

## 11. COMMITMENTS AND CONTINGENCIES

*Musicians Contracts* – The Philharmonic has entered into an agreement with the American Federation of Musicians, Local 375/703 (the “Musicians’ Union”) extending through August 31, 2021, which specifies minimum amounts of compensation and an expected, but not guaranteed, number of services during concert seasons which is included in contracts entered into between the Philharmonic and the musicians. A service may include a concert, rehearsal or education program, among other services. Under the agreement, the musicians are not allowed to strike, slow-down or otherwise cause a reduction in work. In accordance with the agreement, the Philharmonic entered into contracts with 66 musicians during 2020 for the 2020-2021 concert season. Expected commitments relating to these contracts total approximately \$792,000 for fiscal year 2020.

*Guest Artists Contracts* – The Philharmonic entered into agreements with guest artists for performances to be held during fiscal year 2021. Costs of performances under these agreements totaled approximately \$114,650 as of June 30, 2020.

## **12. RETIREMENT PLANS**

The Philharmonic adopted a Safe-Harbor 403(b) Thrift Plan (the “Plan”) for which all employees are eligible to participate. Employees are allowed to contribute up to 100% of their compensation (limited by regulatory requirements). The Philharmonic matches 100% of participants’ contributions up to three percent (3%) of their compensation and 50% of participants’ contributions that exceed three percent (3%) but does not exceed seven percent (7%) of their compensation. Both participant and Philharmonic contributions vest to the benefit of the participant immediately. The Philharmonic’s contributions totaled \$27,794 and \$37,497 for the years ended June 30, 2020 and 2019, respectively.

## **13. COVID-19**

In March 2020, the pandemic outbreak of a novel coronavirus known as COVID-19 began to spread throughout the United States, resulting in emergency declarations by national, state and local governments and municipalities. As a result, many industries are experiencing disruption to business operations and reduced consumer spending. While disruptions are expected to be temporary, there is uncertainty surrounding the duration. The Philharmonic acknowledges the spread of COVID-19 has negatively impacted its operations and financial statements including cancellations of concerts; however, any related financial impact cannot be reasonably estimated at this time.

## **14. PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN**

In April 2020, the Philharmonic applied for and received a forgivable loan from the federal government as part of the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$591,322 bearing annual interest of 1.00%. Principal and interest of this loan can be fully forgiven based on the Philharmonic incurring qualifying expenses during the defined Covered Period as well as meeting other criteria related to employee retention. Management expects to receive full forgiveness within the provisions of the loan program. The Philharmonic has ten months from the end of the Covered Period to apply for forgiveness. If any portion of the loan is not forgiven, repayment of the loan will commence with principal and interest payments to be repaid over a two-year period.

\* \* \* \* \*

## **SUPPLEMENTARY INFORMATION**

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020**

	<u>Society</u>	<u>Foundation</u>	<u>Orchestra League</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
<b>ASSETS</b>					
CURRENT ASSETS					
Cash and cash equivalents:					
Unrestricted and undesignated	\$ 1,689,509	\$ -	\$ 124,362	\$ -	\$ 1,813,871
Unrestricted and designated for capital reserve	340,723	-	-	-	340,723
	<u>2,030,232</u>	<u>-</u>	<u>124,362</u>	<u>-</u>	<u>2,154,594</u>
Certificates of deposit	418,429	-	-	-	418,429
Accounts receivable	117,758	-	-	-	117,758
Annual fund pledges receivable	371,169	-	99,933	(60,000)	411,102
Endowment contributions receivable	210,000	-	-	-	210,000
Prepaid expenses and other	240,782	25,000	6,371	-	272,153
TOTAL CURRENT ASSETS	<u>3,388,370</u>	<u>25,000</u>	<u>230,666</u>	<u>(60,000)</u>	<u>3,584,036</u>
Cash restricted for endowment	156,300	-	-	-	156,300
Annual fund pledges receivable	25,000	-	-	-	25,000
Endowment contributions receivable	100,249	-	-	-	100,249
Investments	-	7,631,530	590,965	-	8,222,495
Beneficial interest in assets held by foundations	10,097,974	-	266,436	(5,726,833)	4,637,577
Property and equipment (net of accumulated depreciation of \$1,195,129)	169,091	-	-	-	169,091
Investment in subsidiary	2,930,127	-	-	(2,930,127)	-
TOTAL ASSETS	<u>\$ 16,867,111</u>	<u>\$ 7,656,530</u>	<u>\$ 1,088,067</u>	<u>\$ (8,716,960)</u>	<u>\$ 16,894,748</u>
<b>LIABILITIES AND NET ASSETS</b>					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 141,461	\$ -	\$ 87,637	\$ (60,000)	\$ 169,098
Advance ticket sales and fees	1,137,328	-	-	-	1,137,328
Paycheck Protection Program forgivable loan	591,322	-	-	-	591,322
Funds held for others	-	5,726,833	-	(5,726,833)	-
TOTAL CURRENT LIABILITIES	<u>1,870,111</u>	<u>5,726,833</u>	<u>87,637</u>	<u>(5,786,833)</u>	<u>1,897,748</u>
NET ASSETS					
Without donor restrictions	1,509,172	-	961,080	(961,080)	1,509,172
With donor restrictions	13,487,828	1,929,697	39,350	(1,969,047)	13,487,828
TOTAL NET ASSETS	<u>14,997,000</u>	<u>1,929,697</u>	<u>1,000,430</u>	<u>(2,930,127)</u>	<u>14,997,000</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,867,111</u>	<u>\$ 7,656,530</u>	<u>\$ 1,088,067</u>	<u>\$ (8,716,960)</u>	<u>\$ 16,894,748</u>

See independent auditor's report.

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Society</u>	<u>Foundation</u>	<u>Orchestra League</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
<b>OPERATING REVENUES</b>					
Concert tickets and fees	\$ 1,683,592	\$ -	\$ 30,367	\$ -	\$ 1,713,959
Program advertising	71,645	-	-	-	71,645
TOTAL OPERATING REVENUES	<u>1,755,237</u>	<u>-</u>	<u>30,367</u>	<u>-</u>	<u>1,785,604</u>
<b>DIRECT OPERATING EXPENSES</b>					
Performance	3,719,235	-	37,870	-	3,757,105
Marketing	766,364	-	22,136	-	788,500
General and administrative	811,603	-	92,174	-	903,777
TOTAL DIRECT OPERATING EXPENSES	<u>5,297,202</u>	<u>-</u>	<u>152,180</u>	<u>-</u>	<u>5,449,382</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(3,541,965)	-	(121,813)	-	(3,663,778)
<b>CONTRIBUTIONS, INTEREST AND OTHER NONOPERATING INCOME (EXPENSES)</b>					
Contributions:					
Unrestricted	1,697,908	-	173,526	-	1,871,434
Restricted	981,616	-	42,100	-	1,023,716
Transfer of assets between related entities	163,257	(103,257)	(60,000)	-	-
Fundraising expense	(137,031)	-	(52,933)	-	(189,964)
Earnings from investment in subsidiary	(134,375)	-	-	134,375	-
Realized and unrealized gains and losses	-	(93,008)	-	(275,389)	(368,397)
Interest income and other	60,820	54,910	20,617	150,637	286,984
TOTAL CONTRIBUTIONS, INTEREST, AND OTHER NONOPERATING INCOME (EXPENSES)	<u>2,632,195</u>	<u>(141,355)</u>	<u>123,310</u>	<u>9,623</u>	<u>2,623,773</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES IN BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION	(909,770)	(141,355)	1,497	9,623	(1,040,005)
Change in value of beneficial interest in assets held by foundations	(16,407)	-	5,483	124,752	113,828
<b>CHANGE IN NET ASSETS</b>	(926,177)	(141,355)	6,980	134,375	(926,177)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>15,923,177</u>	<u>2,071,052</u>	<u>993,450</u>	<u>(3,064,502)</u>	<u>15,923,177</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 14,997,000</u>	<u>\$ 1,929,697</u>	<u>\$ 1,000,430</u>	<u>\$ (2,930,127)</u>	<u>\$ 14,997,000</u>

See independent auditor's report.

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2019**

	<u>Society</u>	<u>Foundation</u>	<u>Orchestra League</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
<b>ASSETS</b>					
CURRENT ASSETS					
Cash and cash equivalents:					
Unrestricted and undesignated	\$ 1,224,966	\$ -	\$ 274,728	\$ -	\$ 1,499,694
Unrestricted and designated for capital reserve	337,104	-	-	-	337,104
	1,562,070	-	274,728	-	1,836,798
Certificates of deposit	517,097	-	-	-	517,097
Accounts receivable	96,096	-	-	-	96,096
Annual fund pledges receivable	377,978	-	38,900	(200,000)	216,878
Endowment contributions receivable	215,263	-	-	-	215,263
Prepaid expenses and other	301,339	25,000	1,665	-	328,004
TOTAL CURRENT ASSETS	3,069,843	25,000	315,293	(200,000)	3,210,136
Cash restricted for endowment	44,808	-	-	-	44,808
Annual fund pledges receivable	21,500	-	33,350	-	54,850
Endowment contributions receivable	205,000	-	-	-	205,000
Investments	-	8,201,779	587,738	-	8,789,517
Beneficial interest in assets held by foundations	10,610,922	-	273,692	(6,155,727)	4,728,887
Property and equipment (net of accumulated depreciation of \$1,150,780)	172,341	-	-	-	172,341
Investment in subsidiary	3,064,502	-	-	(3,064,502)	-
TOTAL ASSETS	\$ 17,188,916	\$ 8,226,779	\$ 1,210,073	\$ (9,420,229)	\$ 17,205,539
<b>LIABILITIES AND NET ASSETS</b>					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 99,036	\$ -	\$ 216,623	\$ (200,000)	\$ 115,659
Advance ticket sales and fees	1,166,703	-	-	-	1,166,703
Funds held for others	-	6,155,727	-	(6,155,727)	-
TOTAL CURRENT LIABILITIES	1,265,739	6,155,727	216,623	(6,355,727)	1,282,362
NET ASSETS					
Without donor restrictions	1,542,292	-	749,067	(749,067)	1,542,292
With donor restriction	14,380,885	2,071,052	244,383	(2,315,435)	14,380,885
TOTAL NET ASSETS	15,923,177	2,071,052	993,450	(3,064,502)	15,923,177
TOTAL LIABILITIES AND NET ASSETS	\$ 17,188,916	\$ 8,226,779	\$ 1,210,073	\$ (9,420,229)	\$ 17,205,539

See independent auditor's report.

**OKLAHOMA PHILHARMONIC SOCIETY, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Society</u>	<u>Foundation</u>	<u>Orchestra League</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
<b>OPERATING REVENUES</b>					
Concert tickets and fees	\$ 2,184,879	\$ -	\$ 13,860	\$ -	\$ 2,198,739
Program advertising	88,270	-	-	-	88,270
TOTAL OPERATING REVENUES	<u>2,273,149</u>	<u>-</u>	<u>13,860</u>	<u>-</u>	<u>2,287,009</u>
<b>DIRECT OPERATING EXPENSES</b>					
Performance	3,970,041	-	22,353	-	3,992,394
Marketing	825,414	-	3,556	-	828,970
General and administrative	854,043	-	24,386	-	878,429
TOTAL DIRECT OPERATING EXPENSES	<u>5,649,498</u>	<u>-</u>	<u>50,295</u>	<u>-</u>	<u>5,699,793</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(3,376,349)	-	(36,435)	-	(3,412,784)
<b>CONTRIBUTIONS, INTEREST AND OTHER NONOPERATING INCOME (EXPENSES)</b>					
Contributions:					
Unrestricted	1,304,096	-	160,525	-	1,464,621
Restricted	1,191,454	-	66,700	-	1,258,154
Transfer of assets between related entities	301,268	(101,268)	(200,000)	-	-
Fundraising expense	(186,242)	-	(33,000)	-	(219,242)
Earnings from investment in subsidiary	(20,147)	-	-	20,147	-
Realized and unrealized gains and losses	-	57,983	2,729	170,652	231,364
Interest income and other	21,041	50,932	7,327	149,688	228,988
TOTAL CONTRIBUTIONS, INTEREST, AND OTHER NONOPERATING INCOME (EXPENSES)	<u>2,611,470</u>	<u>7,647</u>	<u>4,281</u>	<u>340,487</u>	<u>2,963,885</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES IN BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION AND ACQUISITION CONTRIBUTION	(764,879)	7,647	(32,154)	340,487	(448,899)
Change in value of beneficial interest in assets held by foundations	621,893	-	4,360	(320,340)	305,913
Contribution from acquisition of Oklahoma City Orchestra League	<u>1,021,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,021,244</u>
<b>CHANGE IN NET ASSETS</b>	878,258	7,647	(27,794)	20,147	878,258
<b>NET ASSETS CONTRIBUTED</b>	-	-	1,021,244	(1,021,244)	-
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>15,044,919</u>	<u>2,063,405</u>	<u>-</u>	<u>(2,063,405)</u>	<u>15,044,919</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 15,923,177</u>	<u>\$ 2,071,052</u>	<u>\$ 993,450</u>	<u>\$ (3,064,502)</u>	<u>\$ 15,923,177</u>

See independent auditor's report.