

OKLAHOMA PHILHARMONIC SOCIETY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**



OKLAHOMA PHILHARMONIC SOCIETY, INC.
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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Oklahoma Philharmonic Society, Inc. (the "Philharmonic") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Philharmonic as of June 30, 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 the Philharmonic 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 discussed in Note 1 to the financial statements, the Philharmonic adopted Accounting Standards Update No. 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 the Philharmonic's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

HSPG & ASSOCIATES, PC

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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 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 the Philharmonic'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 the Philharmonic'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

HSPG & Associates, P.C.

December 13, 2023

OKLAHOMA PHILHARMONIC SOCIETY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted and undesignated	\$ 2,904,628	\$ 3,354,854
Unrestricted and designated for capital reserve	351,057	341,702
	<u>3,255,685</u>	<u>3,696,556</u>
Certificates of deposit	105,519	105,414
Accounts receivable	188,887	319,189
Annual fund pledges receivable	600,714	125,340
Endowment contributions receivable	99,939	99,941
Prepaid expenses and other	241,355	348,818
TOTAL CURRENT ASSETS	<u>4,492,099</u>	<u>4,695,258</u>
Cash restricted for endowment	19,744	114,840
Annual fund pledges receivable	100,000	200,000
Investments	9,217,472	8,767,757
Beneficial interest in assets held by the Community Foundation	4,963,450	4,819,757
Property and equipment (net of accumulated depreciation of \$1,296,084 and \$1,268,144)	90,681	105,788
Operating lease right-of-use asset	122,783	-
TOTAL ASSETS	<u>\$ 19,006,229</u>	<u>\$ 18,703,400</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 126,760	\$ 129,067
Advance ticket sales and fees	896,868	823,526
Operating lease liabilities	39,003	-
TOTAL CURRENT LIABILITIES	<u>1,062,631</u>	<u>952,593</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current	83,780	-
TOTAL LIABILITIES	<u>1,146,411</u>	<u>952,593</u>
NET ASSETS		
Without donor restrictions	3,477,464	3,316,065
With donor restrictions	14,382,354	14,434,742
TOTAL NET ASSETS	<u>17,859,818</u>	<u>17,750,807</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,006,229</u>	<u>\$ 18,703,400</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Concert tickets and fees	\$ 2,163,804	\$ -	\$ 2,163,804
Program advertising	27,425	-	27,425
TOTAL OPERATING REVENUES	<u>2,191,229</u>	<u>-</u>	<u>2,191,229</u>
DIRECT OPERATING EXPENSES			
Performance	5,163,777	-	5,163,777
Marketing	656,017	-	656,017
General and administrative	671,039	-	671,039
TOTAL DIRECT OPERATING EXPENSES	<u>6,490,833</u>	<u>-</u>	<u>6,490,833</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(4,299,604)	-	(4,299,604)
CONTRIBUTIONS, INTEREST AND OTHER NONOPERATING INCOME (EXPENSES)			
Contributions:			
Unrestricted	2,386,276	-	2,386,276
Restricted	-	1,134,886	1,134,886
In-kind	9,836	-	9,836
Government grant	100,000	-	100,000
Restrictions satisfied in current period	1,595,879	(1,595,879)	-
Distribution of beneficial interest in assets held by the Community Foundation	324,906	(324,906)	-
Special event, net	191,861	-	191,861
Fundraising expense	(317,957)	-	(317,957)
Realized and unrealized gains and losses	26,933	52,444	79,377
Interest income and other	118,125	223,446	341,571
TOTAL CONTRIBUTIONS, INTEREST, AND OTHER NONOPERATING INCOME (EXPENSES)	<u>4,435,859</u>	<u>(510,009)</u>	<u>3,925,850</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES IN BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION	136,255	(510,009)	(373,754)
Change in value of beneficial interest in assets held by the Community Foundation	25,144	457,621	482,765
CHANGE IN NET ASSETS	161,399	(52,388)	109,011
NET ASSETS AT BEGINNING OF YEAR	<u>3,316,065</u>	<u>14,434,742</u>	<u>17,750,807</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,477,464</u>	<u>\$ 14,382,354</u>	<u>\$ 17,859,818</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Concert tickets and fees	\$ 1,909,220	\$ -	\$ 1,909,220
Program advertising	29,940	-	29,940
TOTAL OPERATING REVENUES	1,939,160	-	1,939,160
DIRECT OPERATING EXPENSES			
Performance	4,154,107	-	4,154,107
Marketing	628,163	-	628,163
General and administrative	879,720	-	879,720
TOTAL DIRECT OPERATING EXPENSES	5,661,990	-	5,661,990
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(3,722,830)	-	(3,722,830)
CONTRIBUTIONS, INTEREST AND OTHER NONOPERATING INCOME (EXPENSES)			
Contributions:			
Unrestricted	1,765,998	-	1,765,998
Restricted	-	913,494	913,494
In-kind	149,109	-	149,109
COVID - Shuttered Venue Operators grant	1,093,585	-	1,093,585
COVID - Paycheck Protection Program forgiven loan	591,322	-	591,322
Restrictions satisfied in current period	982,124	(982,124)	-
Distribution of beneficial interest in assets held by the Community Foundation	206,804	(206,804)	-
Special event, net	129,303	-	129,303
Fundraising expense	(309,356)	-	(309,356)
Realized and unrealized gains and losses	(43,035)	(665,860)	(708,895)
Interest income and other	18,643	212,432	231,075
TOTAL CONTRIBUTIONS, INTEREST, AND OTHER NONOPERATING INCOME (EXPENSES)	4,584,497	(728,862)	3,855,635
CHANGES IN NET ASSETS BEFORE OTHER CHANGES IN BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION	861,667	(728,862)	132,805
Change in value of beneficial interest in assets held by the Community Foundation	(39,702)	(643,279)	(682,981)
CHANGE IN NET ASSETS	821,965	(1,372,141)	(550,176)
NET ASSETS AT BEGINNING OF YEAR	2,494,100	15,806,883	18,300,983
NET ASSETS AT END OF YEAR	\$ 3,316,065	\$ 14,434,742	\$ 17,750,807

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, 2023

	<u>Performance</u>	<u>Marketing</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 2,319,725	\$ 143,625	\$ 324,583	\$ 216,270	\$ 3,004,203
Guest artists	929,107	-	-	-	929,107
Other contract personnel	819,319	-	83,045	17,300	919,664
Advertising and newsletter	-	401,575	-	-	401,575
Donor expense	-	-	-	65,009	65,009
Music, library, and education expense	250,290	-	-	-	250,290
Office expenses	12,344	9,994	125,987	3,283	151,608
Rent, equipment, and license expense	587,994	-	79,374	-	667,368
Season campaign and printing	-	87,574	111	713	88,398
Travel	83,535	-	-	-	83,535
Depreciation expense	8,688	-	19,252	-	27,940
Sales tax	137,008	-	-	-	137,008
Other	15,767	13,249	38,687	15,382	83,085
Total	<u>\$ 5,163,777</u>	<u>\$ 656,017</u>	<u>\$ 671,039</u>	<u>\$ 317,957</u>	<u>\$ 6,808,790</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, 2022

	<u>Performance</u>	<u>Marketing</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 2,350,656	\$ 131,260	\$ 551,843	\$ 206,569	\$ 3,240,328
Guest artists	533,860	-	-	-	533,860
Other contract personnel	521,982	-	73,265	11,800	607,047
Advertising and newsletter	-	433,449	-	8,665	442,114
Donor expense	-	-	-	62,354	62,354
Music, library, and education expense	97,563	-	-	-	97,563
Office expenses	7,459	10,622	118,838	2,501	139,420
Rent, equipment, and license expense	427,499	-	76,658	-	504,157
Season campaign and printing	-	49,142	-	7,595	56,737
Travel	86,939	-	-	-	86,939
Depreciation expense	8,688	-	19,548	-	28,236
Sales tax	105,407	-	-	-	105,407
Other	14,054	3,690	39,568	9,872	67,184
Total	<u>\$ 4,154,107</u>	<u>\$ 628,163</u>	<u>\$ 879,720</u>	<u>\$ 309,356</u>	<u>\$ 5,971,346</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 109,011	\$ (550,176)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized investment (gains) losses	(79,377)	708,895
Non-cash investment income	(223,551)	(212,536)
Depreciation	27,940	28,236
Amortization of operating right-of-use asset	37,198	-
Change in value of beneficial interest in assets held by Community Foundation	(482,765)	682,981
Bad debt expense	4,704	3,000
Paycheck Protection Program loan forgiveness	-	(591,322)
Changes in operating assets and liabilities:		
Accounts receivable	130,302	(300,173)
Annual fund pledges and contributions receivable	(380,076)	(11,790)
Prepaid expenses and other	107,463	(81,147)
Accounts payable and accrued expenses	(2,307)	(183,695)
Advance ticket sales and fees	73,342	(103,210)
Lease liabilities	(37,198)	-
NET CASH USED IN OPERATING ACTIVITIES	<u>(715,314)</u>	<u>(610,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(12,833)	-
Purchases of investments	(568,940)	(140,000)
Proceeds from sales and maturities of investments	422,048	824,125
Distribution from beneficial interest in assets held by the Community Foundation	339,072	220,067
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>179,347</u>	<u>904,192</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for endowment	-	200,321
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>200,321</u>
NET CHANGE IN CASH	(535,967)	493,576
CASH AT BEGINNING OF YEAR	<u>3,811,396</u>	<u>3,317,820</u>
CASH AT END OF YEAR	<u>\$ 3,275,429</u>	<u>\$ 3,811,396</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 3,255,685	\$ 3,696,556
Cash restricted for endowment	19,744	114,840
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 3,275,429</u>	<u>\$ 3,811,396</u>
NON-CASH FINANCING AND INVESTING ACTIVITIES		
Right-of-use assets acquired via lease obligations	\$ 159,981	\$ -

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, 2023 AND 2022

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.

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, 2023, consist of concert tickets, fees, and program advertising related to the 2022-2023 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 \$179,585, \$282,178, and \$12,925, as of June 30, 2023, 2022, and 2021, 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 \$896,868, \$823,526, and \$926,736, as of June 30, 2023, 2022, and 2021, 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, 2023, 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>
2024	\$ 600,714	\$ 99,939
2025	100,000	-
	<u>\$ 700,714</u>	<u>\$ 99,939</u>

No discounts for balances due in 2024 and thereafter have been recorded as of June 30, 2023 as they are not significant. In addition, the Philharmonic has received approximately \$1,071,000 of pledged contributions through interests in donors' estates which do not yet meet the criteria for revenue recognition.

In-kind and Bartered Services – In-kind services in fiscal years 2023 and 2022, totaled approximately \$10,000 and \$149,000, respectively, which consisted principally of advertising services of the Organization's performances. Bartered transactions occurring during fiscal years 2023 and 2022, totaled approximately \$120,000 and \$159,000, respectively, which consisted primarily of exchanging various services in return for program and ticket advertising. In-kind services are presented separately in the accompanying statement of activities while bartered services are included with contributions income and program advertising revenues. In-kind services are valued at the estimated fair value of goods and services received which is typically provided by the donor. Bartered services are recorded at the estimated fair value of the goods or services 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, U.S. treasuries, corporate bonds, pooled investments managed by the 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, 2020.

Advertising Expense – All advertising costs, which approximated \$326,000 and \$404,000 for the years ended June 30, 2023 and 2022, 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, 2023, and 2022, the Philharmonic's balances with financial institutions subject to FDIC coverage exceeded such coverage by \$122,487 and \$132,883, respectively.

As of and for the year ended June 30, 2023, 53% of the Philharmonic's contribution revenue is from four donors, and 58% of the Philharmonic's contributions receivable is due from two donors. As of and for the year ended June 30, 2022, 61% of the Philharmonic's contribution revenue is from four donors, and 71% 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, 2023 or 2022.

Reclassifications – Certain reclassifications have been made to the amounts reported in 2022 for consistency with the presentation of 2023 amounts. Such reclassifications had no impact on previously reported change in net assets or net assets.

Adopted accounting pronouncements – In February 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. The Society adopted FASB ASC 842, with a date of initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Society did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 was the recognition of \$159,981 of operating lease right-of-use (“ROU”) assets and \$159,981 of operating lease liabilities. No cumulative effect adjustment to net assets as of July 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2023.

Subsequent Events –The Philharmonic has evaluated subsequent events through December 13, 2023, which is the date the financial statements were available to be issued.

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>2023</u>	<u>2022</u>
Cash and cash equivalents -		
unrestricted and undesignated	\$ 2,904,628	\$ 3,354,854
Certificates of deposit	105,519	105,414
Accounts receivable	188,887	319,189
Annual fund pledges receivable - current	600,714	125,340
Investments	9,217,472	8,767,757
Distribution from beneficial interest in		
assets held by the Community Foundation	<u>248,000</u>	<u>241,000</u>
	13,265,220	12,913,554
Less:		
Investments held for donor-restricted		
endowments	<u>(8,358,042)</u>	<u>(8,332,306)</u>
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$ 4,907,178</u>	<u>\$ 4,581,248</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, 2023 and 2022, respectively, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Computers	\$ 250,591	\$ 237,758
Music library	56,528	56,528
Office equipment	163,303	163,303
Stage equipment	531,143	531,143
Music equipment	367,104	367,104
Leasehold improvements	<u>18,096</u>	<u>18,096</u>
	1,386,765	1,373,932
Less: accumulated depreciation	<u>(1,296,084)</u>	<u>(1,268,144)</u>
Net property and equipment	<u>\$ 90,681</u>	<u>\$ 105,788</u>

Depreciation expense for the years ended June 30, 2023 and 2022, respectively, was \$27,940 and \$28,236.

4. 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.

5. BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION

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 \$339,000 and \$220,000 for the years ended June 30, 2023 and 2022, 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, 2023, and 2022, assets transferred to the Community Foundation by the Philharmonic had a fair value of approximately \$4,963,000 and \$4,820,000, 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, 2023 and 2022, the Philharmonic received distributions of approximately \$317,000 and \$205,000, respectively, which is recorded as contributions in the accompanying

statements of activities. At June 30, 2023, and 2022, the fair value of the funds originally donated by third parties was approximately \$4,784,000 and \$4,585,000, respectively. The Philharmonic has no remainder interest in the corpus of these funds.

6. NET ASSETS RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
Grants and contributions designated for the following concert season	\$ 1,218,356	\$ 1,334,219
Endowments:		
Earnings subject to appropriation for expenditure:		
Earnings on funds held by the Philharmonic Foundation	1,252,344	1,386,608
Earnings on beneficial interest in assets held by the Community Foundation	<u>1,262,495</u>	<u>1,129,836</u>
	<u>2,514,839</u>	<u>2,516,444</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	6,914,698	6,754,698
Youth series	191,000	191,000
Endowment contributions receivable and held in cash	<u>123,261</u>	<u>218,181</u>
	<u>10,649,159</u>	<u>10,584,079</u>
Total net assets with donor restrictions	<u>\$ 14,382,354</u>	<u>\$ 14,434,742</u>

The Community 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.

7. ENDOWMENT DISCLOSURES

The Philharmonic’s endowments were created through donor-restricted endowment funds and two board-designated funds 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, 2022 and 2021, 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, 2023 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 13,163,998	\$ 13,163,998
Board-designated endowment funds	<u>636,075</u>	<u>-</u>	<u>636,075</u>
Total endowment funds	<u>\$ 636,075</u>	<u>\$ 13,163,998</u>	<u>\$ 13,800,073</u>

Changes in endowment net assets for the fiscal year ended June 30, 2023 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 231,496	\$ 13,100,523	\$ 13,332,019
Investment return	7,477	733,511	740,988
Contributions	408,942	65,080	474,022
Appropriation of endowment assets for expenditure	<u>(11,840)</u>	<u>(735,116)</u>	<u>(746,956)</u>
Endowment net assets, end of year	<u>\$ 636,075</u>	<u>\$ 13,163,998</u>	<u>\$ 13,800,073</u>

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 13,100,523	\$ 13,100,523
Board-designated endowment funds	<u>231,496</u>	<u>-</u>	<u>231,496</u>
Total endowment funds	<u>\$ 231,496</u>	<u>\$ 13,100,523</u>	<u>\$ 13,332,019</u>

Changes in endowment net assets for the fiscal year ended June 30, 2022 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 255,676	\$ 14,807,479	\$ 15,063,155
Investment return	(12,775)	(1,096,707)	(1,109,482)
Contributions	-	-	-
Transfer of assets to Foundation	-	-	-
Appropriation of endowment assets for expenditure	<u>(11,405)</u>	<u>(610,249)</u>	<u>(621,654)</u>
Endowment net assets, end of year	<u>\$ 231,496</u>	<u>\$ 13,100,523</u>	<u>\$ 13,332,019</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, 2023 or 2022.

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.

8. LEASES – ASC 842

The Philharmonic adopted ASU 2016-02 *Leases (ASC 842)* as of July 1, 2022. The Philharmonic has an operating lease for its office which was evaluated to be an operating lease as of June 30, 2023. The Company assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Philharmonic's office lease has three years remaining on the contract with options to extend which are included in the lease assets and liabilities once they are determined to be likely.

The office lease includes escalation clauses or payments of executory costs such as insurance and maintenance. Rent expense escalation clauses are accounted for on a straight-line basis over the lease term.

As the office lease does not provide an implicit rate, the Philharmonic uses the risk-free borrowing rate as determined by the federal reserve based on the information available at the commencement date in determining the present value of lease payments.

The components of lease expense for the year ended June 30, 2023 were as follows:

Operating lease cost	\$	43,820
Variable lease cost		-
Short-term lease cost		60,136
Finance lease cost:		
Amortization of right-of-use assets		-
Interest on lease liabilities		-
Total lease cost	\$	<u>103,956</u>

Supplemental cash flow information related to leases for the year ended June 30, 2023 was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Finance Lease - Operating Cash Flows	\$ -
Finance Lease - Financing Cash Flows	-
Operating Lease - Operating Cash Flows	43,820
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ 159,981
Finance leases	-

Supplemental information related to leases for the year ended June 30, 2023 was as follows:

Weighted Average Remaining Lease Term	
Operating leases	3 Years
Finance leases	-
Weighted Average Discount Rate	
Operating leases	4.75%
Finance leases	-

Maturities of lease liabilities as of June 30, 2023 were as follows:

Years ending June 30:	Operating Leases
2024	\$ 43,820
2025	43,820
2026	43,820
Total lease payments	131,460
Less imputed interest	(8,677)
Total	<u>\$ 122,783</u>

9. LEASES – ASC 840

The Philharmonic has entered into non-cancelable lease agreements, primarily for office facilities, equipment and automobiles, under which rent expense approximated \$101,000 for the year ended June 30, 2022.

10. FAIR VALUE MEASUREMENTS

Assets measured at fair value consist of the following:

	As of June 30, 2023				
	Carrying Amount	Total Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Investments:					
Cash and money market funds (at cost)	\$ 190,621	\$ -	\$ -	\$ -	\$ -
Pooled investments managed by the Community Foundation	218,677	218,677	-	-	218,677
Equity securities	6,305,509	6,305,509	6,305,509	-	-
Fixed income:					
U.S. treasuries	1,673,183	1,673,183	-	1,673,183	-
Corporate bonds	767,453	767,453	-	767,453	-
Other investments	<u>62,029</u>	<u>62,029</u>	<u>62,029</u>	<u>-</u>	<u>-</u>
Total investments	9,217,472	9,026,851	6,367,538	2,440,636	218,677
Beneficial interest in assets held by others					
	<u>4,963,450</u>	<u>4,963,450</u>	<u>-</u>	<u>-</u>	<u>4,963,450</u>
	<u>\$ 14,180,922</u>	<u>\$ 13,990,301</u>	<u>\$ 6,367,538</u>	<u>\$ 2,440,636</u>	<u>\$ 5,182,127</u>
As of June 30, 2022					
	Carrying Amount	Total Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Investments:					
Cash and money market funds (at cost)	\$ 130,498	\$ -	\$ -	\$ -	\$ -
Pooled investments managed by the Community Foundation	199,388	199,388	-	-	199,388
Equity securities	6,395,605	6,395,605	6,395,605	-	-
Fixed income:					
U.S. treasuries	1,454,503	1,454,503	-	1,454,503	-
Corporate bonds	514,469	514,469	-	514,469	-
Other investments	<u>73,294</u>	<u>73,294</u>	<u>73,294</u>	<u>-</u>	<u>-</u>
Total investments	8,767,757	8,637,259	6,468,899	1,968,972	199,388
Beneficial interest in assets held by others					
	<u>4,819,757</u>	<u>4,819,757</u>	<u>-</u>	<u>-</u>	<u>4,819,757</u>
	<u>\$ 13,587,514</u>	<u>\$ 13,457,016</u>	<u>\$ 6,468,899</u>	<u>\$ 1,968,972</u>	<u>\$ 5,019,145</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 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.

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, 2025, 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 71 musicians during 2023 for the 2023-2024 concert season. Expected commitments relating to these contracts total approximately \$1,261,000 for fiscal year 2024.

Guest Artists Contracts – The Philharmonic entered into agreements with guest artists for performances to be held during fiscal year 2024. Costs of performances under these agreements totaled approximately \$495,000 as of June 30, 2023.

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 approximately \$34,000 and \$39,000 for the years ended June 30, 2023 and 2022, respectively.

13. PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN

In February 2021, 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%. Forgiveness of the principal and interest of this loan was received by the Philharmonic from the SBA in September 2021. As a result, the proceeds of this loan have been recognized as income in the accompanying statement of activities for the year ended June 30, 2022.

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SUPPLEMENTARY INFORMATION

OKLAHOMA PHILHARMONIC SOCIETY, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

	<u>Society</u>	<u>Foundation</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents:				
Unrestricted and undesignated	\$ 2,904,628	\$ -	\$ -	\$ 2,904,628
Unrestricted and designated for capital reserve	<u>351,057</u>	<u>-</u>	<u>-</u>	<u>351,057</u>
	3,255,685	-	-	3,255,685
Certificates of deposit	105,519	-	-	105,519
Accounts receivable	188,887	-	-	188,887
Annual fund pledges receivable	600,714	-	-	600,714
Endowment contributions receivable	99,939	-	-	99,939
Prepaid expenses and other	<u>216,355</u>	<u>25,000</u>	<u>-</u>	<u>241,355</u>
TOTAL CURRENT ASSETS	4,467,099	25,000	-	4,492,099
Cash restricted for endowment	19,744	-	-	19,744
Annual fund pledges receivable	100,000	-	-	100,000
Investments	218,677	8,998,795	-	9,217,472
Beneficial interest in assets held by foundations	11,924,692	-	(6,961,242)	4,963,450
Property and equipment (net of accumulated depreciation of \$1,296,084)	90,681	-	-	90,681
Operating lease right-of-use asset	122,783	-	-	122,783
Investment in subsidiary	<u>2,062,553</u>	<u>-</u>	<u>(2,062,553)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 19,006,229</u>	<u>\$ 9,023,795</u>	<u>\$ (9,023,795)</u>	<u>\$ 19,006,229</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 126,760	\$ -	\$ -	\$ 126,760
Advance ticket sales and fees	896,868	-	-	896,868
Operating lease liabilities	39,003	-	-	39,003
Funds held for others	<u>-</u>	<u>6,961,242</u>	<u>(6,961,242)</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	1,062,631	6,961,242	(6,961,242)	1,062,631
LONG-TERM LIABILITIES				
Operating lease liabilities, net of current	<u>83,780</u>	<u>-</u>	<u>-</u>	<u>83,780</u>
TOTAL LIABILITIES	<u>1,146,411</u>	<u>6,961,242</u>	<u>(6,961,242)</u>	<u>1,146,411</u>
NET ASSETS				
Without donor restrictions	3,477,464	-	-	3,477,464
With donor restrictions	<u>14,382,354</u>	<u>2,062,553</u>	<u>(2,062,553)</u>	<u>14,382,354</u>
TOTAL NET ASSETS	<u>17,859,818</u>	<u>2,062,553</u>	<u>(2,062,553)</u>	<u>17,859,818</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,006,229</u>	<u>\$ 9,023,795</u>	<u>\$ (9,023,795)</u>	<u>\$ 19,006,229</u>

See independent auditor's report.

OKLAHOMA PHILHARMONIC SOCIETY, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Society</u>	<u>Foundation</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
OPERATING REVENUES				
Concert tickets and fees	\$ 2,163,804	\$ -	\$ -	\$ 2,163,804
Program advertising	<u>27,425</u>	<u>-</u>	<u>-</u>	<u>27,425</u>
TOTAL OPERATING REVENUES	2,191,229	-	-	2,191,229
DIRECT OPERATING EXPENSES				
Performance	5,163,777	-	-	5,163,777
Marketing	656,017	-	-	656,017
General and administrative	<u>671,039</u>	<u>-</u>	<u>-</u>	<u>671,039</u>
TOTAL DIRECT OPERATING EXPENSES	<u>6,490,833</u>	<u>-</u>	<u>-</u>	<u>6,490,833</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(4,299,604)	-	-	(4,299,604)
CONTRIBUTIONS, INTEREST AND OTHER NONOPERATING INCOME (EXPENSES)				
Contributions:				
Unrestricted	2,386,276	-	-	2,386,276
Restricted	1,134,886	-	-	1,134,886
In-kind	9,836	-	-	9,836
Government grant	100,000	-	-	100,000
Transfer of assets between related entities	107,428	(107,428)	-	-
Special events, net	191,861	-	-	191,861
Fundraising expense	(317,957)	-	-	(317,957)
Earnings from investment in subsidiary	(37,996)	-	37,996	-
Realized and unrealized gains and losses	19,289	14,691	45,397	79,377
Interest income and other	<u>118,125</u>	<u>54,741</u>	<u>168,705</u>	<u>341,571</u>
TOTAL CONTRIBUTIONS, INTEREST, AND OTHER NONOPERATING INCOME (EXPENSES)	<u>3,711,748</u>	<u>(37,996)</u>	<u>252,098</u>	<u>3,925,850</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES IN BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION	(587,856)	(37,996)	252,098	(373,754)
Change in value of beneficial interest in assets held by foundations	<u>696,867</u>	<u>-</u>	<u>(214,102)</u>	<u>482,765</u>
CHANGE IN NET ASSETS	109,011	(37,996)	37,996	109,011
NET ASSETS AT BEGINNING OF YEAR	<u>17,750,807</u>	<u>2,100,549</u>	<u>(2,100,549)</u>	<u>17,750,807</u>
NET ASSETS AT END OF YEAR	<u>\$ 17,859,818</u>	<u>\$ 2,062,553</u>	<u>\$ (2,062,553)</u>	<u>\$ 17,859,818</u>

See independent auditor's report.

OKLAHOMA PHILHARMONIC SOCIETY, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

	<u>Society</u>	<u>Foundation</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents:				
Unrestricted and undesignated	\$ 3,354,854	\$ -	\$ -	\$ 3,354,854
Unrestricted and designated for capital reserve	<u>341,702</u>	<u>-</u>	<u>-</u>	<u>341,702</u>
	3,696,556	-	-	3,696,556
Certificates of deposit	105,414	-	-	105,414
Accounts receivable	319,189	-	-	319,189
Annual fund pledges receivable	125,340	-	-	125,340
Endowment contributions receivable	99,941	-	-	99,941
Prepaid expenses and other	<u>323,818</u>	<u>25,000</u>	<u>-</u>	<u>348,818</u>
TOTAL CURRENT ASSETS	4,670,258	25,000	-	4,695,258
Cash restricted for endowment	114,840	-	-	114,840
Annual fund pledges receivable	200,000	-	-	200,000
Investments	199,388	8,568,369	-	8,767,757
Beneficial interest in assets held by foundations	11,312,577	-	(6,492,820)	4,819,757
Property and equipment (net of accumulated depreciation of \$1,268,144)	105,788	-	-	105,788
Investment in subsidiary	<u>2,100,549</u>	<u>-</u>	<u>(2,100,549)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 18,703,400</u>	<u>\$ 8,593,369</u>	<u>\$ (8,593,369)</u>	<u>\$ 18,703,400</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 129,067	\$ -	\$ -	\$ 129,067
Advance ticket sales and fees	823,526	-	-	823,526
Funds held for others	<u>-</u>	<u>6,492,820</u>	<u>(6,492,820)</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	952,593	6,492,820	(6,492,820)	952,593
NET ASSETS				
Without donor restrictions	3,316,065	-	-	3,316,065
With donor restriction	<u>14,434,742</u>	<u>2,100,549</u>	<u>(2,100,549)</u>	<u>14,434,742</u>
TOTAL NET ASSETS	<u>17,750,807</u>	<u>2,100,549</u>	<u>(2,100,549)</u>	<u>17,750,807</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,703,400</u>	<u>\$ 8,593,369</u>	<u>\$ (8,593,369)</u>	<u>\$ 18,703,400</u>

See independent auditor's report.

OKLAHOMA PHILHARMONIC SOCIETY, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Society</u>	<u>Foundation</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
OPERATING REVENUES				
Concert tickets and fees	\$ 1,909,220	\$ -	\$ -	\$ 1,909,220
Program advertising	29,940	-	-	29,940
TOTAL OPERATING REVENUES	<u>1,939,160</u>	-	-	<u>1,939,160</u>
DIRECT OPERATING EXPENSES				
Performance	4,154,107	-	-	4,154,107
Marketing	628,163	-	-	628,163
General and administrative	879,720	-	-	879,720
TOTAL DIRECT OPERATING EXPENSES	<u>5,661,990</u>	-	-	<u>5,661,990</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(3,722,830)	-	-	(3,722,830)
CONTRIBUTIONS, INTEREST AND OTHER NONOPERATING INCOME (EXPENSES)				
Contributions:				
Unrestricted	1,765,998	-	-	1,765,998
Restricted	913,494	-	-	913,494
In-kind	149,109	-	-	149,109
COVID - Shuttered Venue Operators grant	1,093,585	-	-	1,093,585
COVID - Paycheck Protection Program forgiven loan	591,322	-	-	591,322
Transfer of assets between related entities	103,329	(103,329)	-	-
Special events, net	129,303	-	-	129,303
Fundraising expense	(309,356)	-	-	(309,356)
Earnings from investment in subsidiary	(219,236)	-	219,236	-
Realized and unrealized gains and losses	(30,260)	(168,622)	(510,013)	(708,895)
Interest income and other	18,643	52,715	159,717	231,075
TOTAL CONTRIBUTIONS, INTEREST, AND OTHER NONOPERATING INCOME (EXPENSES)	<u>4,205,931</u>	<u>(219,236)</u>	<u>(131,060)</u>	<u>3,855,635</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES IN BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION	483,101	(219,236)	(131,060)	132,805
Change in value of beneficial interest in assets held by foundations	(1,033,277)	-	350,296	(682,981)
CHANGE IN NET ASSETS	(550,176)	(219,236)	219,236	(550,176)
NET ASSETS AT BEGINNING OF YEAR	<u>18,300,983</u>	<u>2,319,785</u>	<u>(2,319,785)</u>	<u>18,300,983</u>
NET ASSETS AT END OF YEAR	<u>\$ 17,750,807</u>	<u>\$ 2,100,549</u>	<u>\$ (2,100,549)</u>	<u>\$ 17,750,807</u>

See independent auditor's report.