




Kansas City Symphony

Independent Auditor's Report and Financial Statements

June 30, 2024 and 2023



Kansas City Symphony
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June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Kansas City Symphony
Kansas City, Missouri

Qualified Opinion

We have audited the financial statements of Kansas City Symphony (the Symphony), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects on the accompanying 2023 financial statements described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Symphony as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

The Symphony, during years prior to 2024, had excluded from the accompany financial statements its beneficial interest in the net assets held by a third-party foundation, as described in *Note 1*. The practice was discontinued during 2023; however, the fair value of its beneficial interests in the net assets and the related income of the third-party foundation related to the 2023 financial statements are set forth in *Note 1*.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Symphony 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 qualified audit opinion on the 2023 financial statements and for our opinion on the 2024 financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Symphony's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Symphony'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 Symphony'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating revenues without donor restrictions listed in the table of contents is presented for purposes of additional analysis and is 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 audits 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, except for the effects on the 2023 supplementary information of excluding the beneficial interest of the net assets held by a third-party foundation described in the "Basis for Qualified Opinion" paragraph, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Forvis Mazars, LLP

**Kansas City, Missouri
February 11, 2025**

Kansas City Symphony
Statement of Financial Position
June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,527,465	\$ 3,885,716	\$ 5,413,181
Cash and cash equivalents - board designated	7,859,187	-	7,859,187
Accounts receivable	424,460	-	424,460
Contributions receivable, net of allowance of \$45,000	669,756	559,586	1,229,342
Prepaid and other assets	1,190,555	-	1,190,555
Amounts due from (to) other funds	(358,328)	358,328	-
Total current assets	11,313,095	4,803,630	16,116,725
Contributions Receivable	-	1,036,854	1,036,854
Board Designated Operating Reserve			
Investments	4,258,782	-	4,258,782
Investments Held at Community Foundation			
Endowment	7,426,632	49,576,020	57,002,652
Other	4,958,000	-	4,958,000
	12,384,632	49,576,020	61,960,652
Operating Lease Right-of-Use Assets	3,291,364	-	3,291,364
Property and Equipment, at Cost			
Office and computer equipment	961,656	-	961,656
Theatrical equipment, instruments and music	1,173,854	-	1,173,854
Leasehold improvements	2,041,111	-	2,041,111
	4,176,621	-	4,176,621
Less accumulated depreciation	(1,689,014)	-	(1,689,014)
	2,487,607	-	2,487,607
Total assets	\$ 33,735,480	\$ 55,416,504	\$ 89,151,984

See Notes to Financial Statements

	Without Donor Restrictions	With Donor Restrictions	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 949,040	\$ -	\$ 949,040
Accrued expenses	547,666	-	547,666
Deferred revenue	3,441,517	-	3,441,517
Current portion of operating leases	291,626	-	291,626
	<hr/>	<hr/>	<hr/>
Total current liabilities	5,229,849	-	5,229,849
Operating Leases, Less Current Portion	<hr/>	<hr/>	<hr/>
	3,105,182	-	3,105,182
	<hr/>	<hr/>	<hr/>
Total liabilities	8,335,031	-	8,335,031
	<hr/>	<hr/>	<hr/>
Net Assets			
Without donor restrictions	25,400,449	-	25,400,449
With donor restrictions	-	55,416,504	55,416,504
	<hr/>	<hr/>	<hr/>
Total net assets	25,400,449	55,416,504	80,816,953
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 33,735,480</u>	<u>\$ 55,416,504</u>	<u>\$ 89,151,984</u>

Kansas City Symphony
Statement of Financial Position
June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,322,227	\$ 2,360,513	\$ 3,682,740
Cash and cash equivalents - board designated	10,672,155	-	10,672,155
Accounts receivable	479,110	-	479,110
Contributions receivable, net of allowance of \$45,000	568,916	960,106	1,529,022
Prepaid and other assets	737,097	-	737,097
Amounts due from (to) other funds	(778,412)	778,412	-
Total current assets	13,001,093	4,099,031	17,100,124
Contributions Receivable	-	488,528	488,528
Board Designated Operating Reserve			
Investments	4,252,161	-	4,252,161
Investments Held at Community Foundation			
Endowment	6,780,008	44,960,682	51,740,690
Board designated - operating reserve	1,076	-	1,076
Other	4,550,144	-	4,550,144
	11,331,228	44,960,682	56,291,910
Operating Lease Right-of-Use Assets	3,520,736	-	3,520,736
Property and Equipment, at Cost			
Office and computer equipment	957,560	-	957,560
Theatrical equipment, instruments and music	1,034,607	-	1,034,607
Leasehold improvements	1,968,860	-	1,968,860
	3,961,027	-	3,961,027
Less accumulated depreciation	(1,387,027)	-	(1,387,027)
	2,574,000	-	2,574,000
Total assets	\$ 34,679,218	\$ 49,548,241	\$ 84,227,459

See Notes to Financial Statements

	Without Donor Restrictions	With Donor Restrictions	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 863,234	\$ -	\$ 863,234
Accrued expenses	1,058,771	-	1,058,771
Deferred revenue	3,539,933	-	3,539,933
Current portion of operating leases	259,692	-	259,692
	<hr/>	<hr/>	<hr/>
Total current liabilities	5,721,630	-	5,721,630
Operating Leases, Less Current Portion	<hr/>	<hr/>	<hr/>
	3,318,516	-	3,318,516
	<hr/>	<hr/>	<hr/>
Total liabilities	9,040,146	-	9,040,146
	<hr/>	<hr/>	<hr/>
Net Assets			
Without donor restrictions	25,639,072	-	25,639,072
With donor restrictions	-	49,548,241	49,548,241
	<hr/>	<hr/>	<hr/>
Total net assets	25,639,072	49,548,241	75,187,313
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 34,679,218</u>	<u>\$ 49,548,241</u>	<u>\$ 84,227,459</u>

Kansas City Symphony
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Designated Other	Total		
Revenues, Gains and Other Support					
Operating revenues provided by					
Concerts and fees	\$ 8,681,450	\$ -	\$ 8,681,450	\$ -	\$ 8,681,450
Contributions and grants	6,387,792	-	6,387,792	3,317,750	9,705,542
Contributions from foundations	2,257,566	-	2,257,566	-	2,257,566
Auxiliary organizations	-	1,522,730	1,522,730	-	1,522,730
Investment return	666,284	1,729,493	2,395,777	-	2,395,777
Other revenue	42,352	-	42,352	-	42,352
Net assets released from designations and restrictions	4,843,219	(878,646)	3,964,573	(3,964,573)	-
	<u>22,878,663</u>	<u>2,373,577</u>	<u>25,252,240</u>	<u>(646,823)</u>	<u>24,605,417</u>
Expenses					
Artistic personnel and concert production	16,781,003	-	16,781,003	-	16,781,003
Education	161,311	-	161,311	-	161,311
Advertising, marketing and promotion	3,225,821	-	3,225,821	-	3,225,821
Development	2,175,015	-	2,175,015	-	2,175,015
Auxiliary organizations	-	642,641	642,641	-	642,641
General administration	2,332,118	12,889	2,345,007	-	2,345,007
	<u>24,675,268</u>	<u>655,530</u>	<u>25,330,798</u>	<u>-</u>	<u>25,330,798</u>
Operating Gains (Losses)	(1,796,605)	1,718,047	(78,558)	(646,823)	(725,381)
Net Asset Transfer	1,502,971	(1,502,971)	-	-	-
Depreciation - Symphony House	(160,065)	-	(160,065)	-	(160,065)
Investment Return - Endowment	-	-	-	6,515,086	6,515,086
Change in Net Assets	(453,699)	215,076	(238,623)	5,868,263	5,629,640
Net Assets, Beginning of Year	4,473,988	21,165,084	25,639,072	49,548,241	75,187,313
Net Assets, End of Year	<u>\$ 4,020,289</u>	<u>\$ 21,380,160</u>	<u>\$ 25,400,449</u>	<u>\$ 55,416,504</u>	<u>\$ 80,816,953</u>

Kansas City Symphony
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions			With Donor Restrictions	
	Operating	Designated Other	Total		Total
Revenues, Gains and Other Support					
Operating revenues provided by					
Concerts and fees	\$ 7,537,309	\$ -	\$ 7,537,309	\$ -	\$ 7,537,309
Contributions and grants	4,772,185	-	4,772,185	1,572,569	6,344,754
Contributions from foundations	2,104,713	-	2,104,713	-	2,104,713
Auxiliary organizations	-	2,739,222	2,739,222	-	2,739,222
Investment return	524,480	1,347,710	1,872,190	-	1,872,190
Other revenue	20,661	-	20,661	-	20,661
Net assets released from designations and restrictions	5,095,061	(505,943)	4,589,118	(4,589,118)	-
	<u>20,054,409</u>	<u>3,580,989</u>	<u>23,635,398</u>	<u>(3,016,549)</u>	<u>20,618,849</u>
Expenses					
Artistic personnel and concert production	15,136,597	-	15,136,597	-	15,136,597
Education	143,327	-	143,327	-	143,327
Advertising, marketing and promotion	2,420,161	-	2,420,161	-	2,420,161
Development	1,540,315	-	1,540,315	-	1,540,315
Auxiliary organizations	-	1,431,420	1,431,420	-	1,431,420
General administration	2,379,096	7,912	2,387,008	-	2,387,008
	<u>21,619,496</u>	<u>1,439,332</u>	<u>23,058,828</u>	<u>-</u>	<u>23,058,828</u>
Operating Gains (Losses)	(1,565,087)	2,141,657	576,570	(3,016,549)	(2,439,979)
Net Asset Transfer	(1,528,721)	1,528,721	-	-	-
COVID-19 Relief Funding	2,000,000	-	2,000,000	-	2,000,000
Depreciation - Symphony House	(157,065)	-	(157,065)	-	(157,065)
Investment Return - Endowment	-	-	-	4,745,078	4,745,078
Change in Net Assets	(1,250,873)	3,670,378	2,419,505	1,728,529	4,148,034
Net Assets, Beginning of Year	5,724,861	17,494,706	23,219,567	47,819,712	71,039,279
Net Assets, End of Year	<u>\$ 4,473,988</u>	<u>\$ 21,165,084</u>	<u>\$ 25,639,072</u>	<u>\$ 49,548,241</u>	<u>\$ 75,187,313</u>

Kansas City Symphony
Statement of Functional Expenses
Year Ended June 30, 2024

	Programming		Supporting				
	Artistic Personnel and Concert Production	Education	Advertising, Marketing and Promotion	Development	Auxiliary Organizations	General Administration	Total Expenses
Artistic personnel, salaries and benefits	\$ 10,730,309	\$ -	\$ 30	\$ 11,871	\$ -	\$ -	\$ 10,742,210
Staff, salaries and benefits	899,866	140,678	509,207	753,357	-	1,033,256	3,336,364
Guest artists, conductors and composers	1,587,965	-	-	-	-	-	1,587,965
Stagehands, salaries and benefits	278,548	-	5,078	135	-	-	283,761
Concert production expenses	1,810,118	653	37,493	-	-	-	1,848,264
Professional fees	507,538	-	738,551	756,457	-	571,892	2,574,438
Office rent, utilities and maintenance	115,939	8,588	127,104	23,188	-	137,410	412,229
Office supplies and other expenses	114,244	953	54,047	381,387	-	143,345	693,976
Printing, art and photography	60,272	868	244,652	26,024	-	3,975	335,791
Advertising and promotion	8,091	-	1,085,349	316	-	-	1,093,756
Postage	34,896	400	235,584	13,449	-	2,106	286,435
Telephone	20,608	585	3,685	4,407	-	5,113	34,398
Travel and per diem	375,013	-	68,991	11,477	-	103,464	558,945
Insurance	129,219	1,360	6,801	8,161	-	8,162	153,703
Sales tax and users' fees on tickets sold	-	-	32,911	-	-	-	32,911
Depreciation	74,122	4,715	23,115	35,528	-	19,409	156,889
Interest, bank fees and credit card fees	-	-	-	-	15,631	248,429	264,060
Other expenses	34,255	2,511	53,223	149,258	-	68,446	307,693
Auxiliary expenses	-	-	-	-	627,010	-	627,010
Total expenses included in the operating section on the statement of activities	16,781,003	161,311	3,225,821	2,175,015	642,641	2,345,007	25,330,798
Depreciation - Symphony House	44,175	3,272	48,428	8,835	-	55,355	160,065
Total expenses	<u>\$ 16,825,178</u>	<u>\$ 164,583</u>	<u>\$ 3,274,249</u>	<u>\$ 2,183,850</u>	<u>\$ 642,641</u>	<u>\$ 2,400,362</u>	<u>\$ 25,490,863</u>

Kansas City Symphony
Statement of Functional Expenses
Year Ended June 30, 2023

	Programming		Supporting				
	Artistic Personnel and Concert Production	Education	Advertising, Marketing and Promotion	Development	Auxiliary Organizations	General Administration	Total Expenses
Artistic personnel, salaries and benefits	\$ 10,210,204	\$ -	\$ 30	\$ 12,414	\$ -	\$ -	\$ 10,222,648
Staff, salaries and benefits	857,844	123,002	329,540	805,384	-	1,006,336	3,122,106
Guest artists, conductors and composers	1,275,733	-	-	-	-	-	1,275,733
Stagehands, salaries and benefits	236,429	-	-	-	-	-	236,429
Concert production expenses	1,519,578	-	-	-	-	-	1,519,578
Professional fees	260,651	-	395,413	274,080	-	663,595	1,593,739
Office rent, utilities and maintenance	121,479	8,998	133,177	24,296	-	143,974	431,924
Office supplies and other expenses	88,640	1,642	53,546	274,761	-	128,377	546,966
Printing, art and photography	8,453	1,275	269,686	28,459	-	258	308,131
Advertising and promotion	6,800	-	862,111	1,298	-	-	870,209
Postage	12,305	301	173,734	12,281	-	2,589	201,210
Telephone	21,036	638	1,422	4,674	-	5,054	32,824
Travel and per diem	301,064	339	77,541	9,152	-	103,894	491,990
Insurance	113,249	1,258	6,292	7,550	-	7,550	135,899
Sales tax and users' fees on tickets sold	-	-	18,239	-	-	-	18,239
Depreciation	62,156	3,608	15,933	28,050	-	15,437	125,184
Interest, bank fees and credit card fees	-	-	-	-	13,399	228,832	242,231
Other expenses	40,976	2,266	83,497	57,916	-	81,112	265,767
Contribution to Nelson-Atkins Museum of Art	-	-	-	-	170,000	-	170,000
Auxiliary expenses	-	-	-	-	1,248,021	-	1,248,021
Total expenses included in the operating section on the statement of activities	15,136,597	143,327	2,420,161	1,540,315	1,431,420	2,387,008	23,058,828
Depreciation - Symphony House	44,175	3,272	48,428	8,835	-	52,355	157,065
Total expenses	<u>\$ 15,180,772</u>	<u>\$ 146,599</u>	<u>\$ 2,468,589</u>	<u>\$ 1,549,150</u>	<u>\$ 1,431,420</u>	<u>\$ 2,439,363</u>	<u>\$ 23,215,893</u>

Kansas City Symphony
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 5,629,640	\$ 4,148,034
Items not requiring (providing) cash		
Depreciation	316,954	282,249
Net realized and unrealized gains on investments held at Community Foundation and other investments	(6,749,891)	(4,927,290)
Contributions received restricted for long-term investment	(999,559)	(267,076)
Non-cash operating lease expense	329,583	324,327
Forgiveness of note payable	-	(2,000,000)
Changes in		
Accounts receivable	54,650	2,754,262
Contributions receivable	514,368	869,643
Prepaid expenses and other assets	(453,458)	(288,781)
Operating lease liability	(281,611)	(266,855)
Accounts payable and accrued expenses	(425,299)	106,512
Deferred revenue	(98,416)	70,064
Net cash provided by (used in) operating activities	(2,163,039)	805,089
Investing Activities		
Purchase of investments	(1,906,566)	(6,626,772)
Proceeds from sale of investments	2,981,094	3,926,876
Purchase of property and equipment	(230,561)	(207,823)
Net cash provided by (used in) investing activities	843,967	(2,907,719)
Financing Activities		
Proceeds from contributions restricted for long-term investment	236,545	1,330,056
Net cash provided by financing activities	236,545	1,330,056
Decrease in Cash and Cash Equivalents	(1,082,527)	(772,574)
Cash and Cash Equivalents, Beginning of Year	14,354,895	15,127,469
Cash and Cash Equivalents, End of Year	\$ 13,272,368	\$ 14,354,895
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 5,413,181	\$ 3,682,740
Cash and cash equivalents - board designated	7,859,187	10,672,155
Cash and Cash Equivalents, End of Year	\$ 13,272,368	\$ 14,354,895
Additional Cash Flows Information		
ROU assets obtained in exchange for new operating lease liabilities	\$ 100,211	\$ 36,225

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Kansas City Symphony (the Symphony) was incorporated in May 1983 as a Missouri not-for-profit corporation. Its vision is to transform hearts, minds and communities through the power of symphonic music. The Kansas City Symphony is recognized as one of the top 25 orchestras in the U.S. In addition to its 80 full-time musicians and music director, there are 31 full-time and five part-time production, marketing, fund development and administrative staff, under the direction of President and CEO Danny Beckley.

For the 2023/24 season, the Symphony's 20-member board of directors was led by Chair Linda Gill Taylor. This was the final year of Michael Stern's 19-year tenure as music director, with renowned conductor and composer Matthias Pintscher succeeding him in the post beginning July 2024. The vast majority of performances take place at the Symphony's home in Helzberg Hall, in the Kauffman Center for the Performing Arts, one of the best concert halls in America.

During the 2024 fiscal year, the Kansas City Symphony offered 124 performances of 44 different programs across the full range of classical, pops, film, and other repertoire. In addition, the Symphony served as the pit orchestra in 64 performances of eight different programs for the Kansas City Ballet and the Lyric Opera of Kansas City. Symphony audiences hailed from 1,373 communities in all 50 states plus the District of Columbia, Puerto Rico and 10 foreign countries. In total, the Kansas City Symphony reached more than 220,000 people in person during the 2023/24 season. The final concert of the season on June 23, 2024 achieved exceptional reach as it was livestreamed worldwide on Medici.tv, viewed by more than 30,000 people in 1,357 cities in 80 countries.

Classical audiences numbered 52,348, Pops totaled 19,615 and Family drew 5,134. Holiday programs attracted 11,056 to nine performances of Christmas Festival and Handel's Messiah. Film + Live Orchestra and special programs were especially popular with 32,544 attending 24 performances of 12 programs, including a concert featuring Yo-Yo Ma and films from the "Harry Potter" series. Especially notable was a sold-out concert with the popular hip-hop artist Tech N9ne, a Kansas City, Missouri, native. The Happy Hour series of informal chamber music programs had enthusiastic crowds totaling 4,051 at the four free concerts.

Free outdoor Mobile Music Box neighborhood concerts introduced new audiences to the artistry of Symphony musicians, with 49 concerts reaching 12,930 people in 30 ZIP codes across Greater Kansas City. A Memorial Day weekend civic tradition, Bank of America Celebration at the Station delighted the crowd of 30,000 drawn from 26 states as they gathered between Kansas City's Union Station and Liberty Memorial. The program was broadcast live on Kansas City PBS and later rebroadcast on public television stations throughout the region. In addition, the Symphony served as the featured orchestra for Symphony in the Flint Hills, an annual outdoor concert on the Kansas plains.

With an ongoing commitment to education, the Symphony's youth concerts served 26,644 students and teachers from 214 schools in 36 districts across 78 communities as they participated in Young People's Concerts, Link Up, and KinderKonzerts. Numerous other Symphony education programs also helped meet the community need for high quality music education experiences, reaching nearly 37,000 young people overall.

Beneficial Interest in Kansas City Symphony Foundation

The Symphony receives income earned from the investments of the Kansas City Symphony Foundation (KCSF). During the years ended June 30, 2024 and 2023, contributions recognized from KCSF were \$703,890 and \$851,735, respectively, and are included within the contributions from foundations revenue line item in the statements of activities.

Kansas City Symphony
Notes to Financial Statements
June 30, 2024 and 2023

Prior to amendments noted below, the Articles of Incorporation of the KCSF stated that upon the KCSF's liquidation or dissolution, the KCSF's board of directors has the power to direct the KCSF's remaining funds to religious, charitable, scientific, literacy or educational trust as specified in a plan of distribution adopted pursuant to the laws of the State of Missouri. The Articles of Incorporation did not require the KCSF to distribute its assets to the Symphony. However, the Articles of Incorporation of the KCSF limited its activities to supporting the Kansas City Symphony as long as the Symphony continues to satisfy the Symphony's mission.

Accounting Standards Codification (ASC) 958-810, *Not-for-Profit Entities and Consolidation*, requires not-for-profit organizations to recognize their beneficial interest in the net assets held by such foundations as assets and to recognize subsequent changes therein as changes in their net assets. The KCSF has requested the Symphony not apply these provisions, resulting in omission of its beneficial interests in the net assets of the KCSF from its assets and omission of changes in its beneficial interests from its change in net assets. The fair value of these funds was \$40,492,658 as of June 30, 2022.

In December 2022, KCSF became a Type I Supporting Organization described in IRS code section 509(a)(3). KCSF is now controlled by the Supported Organization and the Articles of Incorporation were amended and restated to state the KCSF's purpose is to aid, benefit and promote symphonic music in the Kansas City community and to advance the purpose of a symphony orchestra as an important cultural civic and educational institution in the Kansas City Community. As a result of the change, the Symphony no longer is eligible under ASC 958-810, *Not-for-Profit Entities and Consolidation*, to recognize a beneficial interest in the net assets held by KCSF.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Symphony considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts are not considered to be cash and cash equivalents. Deposit accounts restricted internally by the Board are considered to be cash and cash equivalents. At June 30, 2024 and 2023, cash equivalents consisted primarily of deposit accounts, money market accounts with brokers and repurchase agreements.

At June 30, 2024, the Symphony's cash accounts exceeded federally insured limits by approximately \$13,309,000, of which approximately \$1,900,000 is held in money market mutual funds.

Investments and Investment Return

The Symphony measures securities, other than investments that qualify for the equity method of accounting at fair value. The Symphony is invested in various pooled investment funds managed by the Greater Kansas City Community Foundation (GKCCF). The pooled investments are valued at net asset value which approximates fair value.

Investment return and endowment appreciation includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment returns and gains that are initially restricted by donor stipulation and for which the restriction will be satisfied in the same year are included in net assets with donor restrictions and then released from restriction. Other investment returns, gains and losses are reflected in the statements of activities as net assets without donor restrictions and net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restriction.

The Symphony maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers, grantors and others of which the Symphony has an unconditional right to receive. The Symphony provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer or grantor.

Contributions Receivable

Contributions receivable consist of written commitments to give from donors. Delinquent contributions are written off based on historical collections and specific circumstances of the donor.

Prepaid Assets

Prepaid assets include production and marketing costs applicable to upcoming subscription series that are recognized as expense on a matching basis in the period of the applicable production.

Property and Equipment

Property and equipment acquisitions over \$2,500 are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life of the asset. Certain sheet music, scores and software content are accounted for as inexhaustible assets and, therefore, are not depreciated.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Office and computer equipment	3 to 10 years
Theatrical equipment, instruments and music	2 to 20 years
Leasehold improvements	5 to 20 years

Long-lived Asset Impairment

The Symphony evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2024 and 2023.

COVID-19 Relief Funding

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act* (CARES) which was subsequently amended by the *Families First Coronavirus Response Act*, *Consolidated Appropriations Act* and the *American Rescue Plan Act*.

In March 2021, the Symphony received a loan through the Small Business Administration (SBA) Paycheck Protection Program (PPP) established by the CARES Act and amended by the *Consolidated Appropriations Act*. The Symphony elected to account for the funding as loans in accordance with ASC Topic 470, *Debt*. Interest was accrued in accordance with the loan agreement. Any forgiveness of the loans is recognized as a gain in the financial statements in the period the debt is legally released. The Symphony received notification from the SBA that the forgiveness application for the PPP loan had been approved in August 2022. Forgiveness of the PPP loan in the amount of \$2,000,000 is included within the COVID-19 Relief Funding revenue line item in the statement of activities for the year ended June 30, 2023. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration; as a result of such audit, adjustments could be required to any gain recognized.

Deferred Revenue

Income from ticket sales is recorded as deferred revenue and is recognized as revenue when earned. The Symphony has recorded \$2,882,187 and \$2,975,803 in deferred ticket sale revenue as of June 30, 2024 and 2023, respectively.

Contributions associated with special events are considered conditional and recorded as deferred revenue until the occurrence of the event, in which the contribution becomes unconditional and is recognized within the statements of activities. Conditional contributions received and recorded to deferred revenue as of June 30, 2024 and 2023, was \$559,329 and \$564,130, respectively.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing body has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Net assets with donor restrictions for a matter of purpose or time are those whose use by the Symphony has been limited by donors to a specific time period or purpose. Net assets with donor restrictions in perpetuity have been restricted by donors to be maintained by the Symphony in perpetuity.

Contributions

Contributions are provided to the Symphony either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts-with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Symphony overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value

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Nature of the Gift	Value Recognized
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Income Taxes

The Symphony is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Symphony is subject to federal income tax on any unrelated business taxable income.

Auxiliary Organizations

At June 30, 2023, the Symphony had four unincorporated volunteer auxiliary organizations, which have the primary purpose of raising funds for the Symphony through special event activities. These auxiliaries are: The Symphony League, the Jewel Ball, the Kansas City Symphony Alliance and the Symphony Guild. The Jewel Ball, raises funds for both the Symphony and the Nelson-Atkins Museum of Art. The portion of the special event revenue that relates to the commensurate value the donor received in return is recognized when the related events are held and performance obligations are met. The transaction price is determined based on the value of direct benefits provided to the donors, which was approximately \$612,000 and \$1,235,000 for the years ended June 30, 2024 and 2023, respectively. All special event revenue is recognized at the point in time the event is held and the benefits are provided to the donor, which is when the performance obligations are met. The portion of special event revenue considered to be a contribution is recognized in accordance with the Symphony’s contribution revenue policies. All four organizations fall under the tax-exempt status of the Symphony and are operating within its legal auspices and, therefore, have been incorporated on a gross basis within the accompanying financial statements.

During the year ended June 30, 2024, the Jewel Ball formed a legally separate entity, which resulted in the decrease in direct benefits for the year ended June 30, 2024. At June 30, 2024, the Symphony’s unincorporated volunteer organizations consisted of The Symphony League, the Kansas City Symphony Alliance and the Symphony Guild.

Amounts Due From (To) Other Funds

Certain assets are required to be transferred from one fund to another fund to satisfy donor-imposed and board-imposed restriction on net assets.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on time expended, usage and other methods.

Operating Gains and Losses

The statements of activities include operating gains and losses. Changes in net assets that are excluded from operating gains and losses are investment return on endowments, depreciation on leasehold improvements and equipment at the Symphony House and COVID-19 relief funding.

Note 2. Contributions Receivable

Contributions receivable consist of the following unconditional promises to give:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ 1,274,342	\$ 1,574,022
Due in one to five years	765,000	182,780
Due in five to ten years	200,000	200,000
Due beyond ten years	240,000	280,000
	<u>2,479,342</u>	<u>2,236,802</u>
Less allowance for uncollectible contributions	45,000	45,000
Less unamortized discount	168,146	174,252
	<u><u>\$ 2,266,196</u></u>	<u><u>\$ 2,017,550</u></u>

A discount rate of 3.25% was used for the years ended June 30, 2024 and 2023.

As of June 30, 2024 and 2023, two of the Symphony's donors represented 58% and 64% of the total contributions receivable, respectively.

Note 3. Investments and Disclosures About Fair Value of Assets

The Symphony has investments held at the Greater Kansas City Community Foundation and holds a beneficial interest in those assets. Certain investments are considered board designated and net assets with donor restrictions within the financial statements.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
June 30, 2024				
Pooled investment funds held at Community Foundation	\$ 61,960,652	\$ -	\$ 61,960,652	\$ -
Money market mutual funds included in cash and cash equivalents	1,898,773	1,898,773	-	-
Investments - board designated operating reserve				
Money market mutual fund	1,838,260	1,838,260	-	-
Mutual funds	570,446	570,446	-	-
U.S. Treasuries	843,172	-	843,172	-
Corporate bonds	1,006,904	-	1,006,904	-
	<u>\$ 68,118,207</u>	<u>\$ 4,307,479</u>	<u>\$ 63,810,728</u>	<u>\$ -</u>

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		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
June 30, 2023				
Pooled investment funds held at Community Foundation	\$ 56,291,910	\$ -	\$ 56,291,910	\$ -
Money market mutual funds included in cash and cash equivalents	1,272,561	1,272,561	-	-
Investments - board designated operating reserve				
Mutual funds	697,066	697,066	-	-
U.S. Treasuries	2,761,665	-	2,761,665	-
Corporate bonds	793,430	-	793,430	-
	<u>\$ 61,816,632</u>	<u>\$ 1,969,627</u>	<u>\$ 59,847,005</u>	<u>\$ -</u>

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2024.

Note 4. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30 have been designated for the following purposes:

	2024	2023
Undesignated operations	\$ 972,334	\$ 726,847
Designated operations	3,047,955	3,747,141
Designated auxiliary	89,652	164,006
Designated Masterpiece	7,426,632	6,780,008
Designated other	13,863,876	14,221,070
	<u>\$ 25,400,449</u>	<u>\$ 25,639,072</u>
Total net assets without donor restrictions		

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Net Assets With Donor Restrictions

Net assets with donor restrictions for a matter of purpose or time are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose		
Employee professional development	\$ -	\$ 40,000
Audience development	2,411,117	2,950,254
European tour	1,379,883	-
Other	45,000	100,000
Subject to the passage of time		
Restricted for future fiscal years	502,997	827,023
Contributions receivable that are not restricted by donor but are unavailable for expenditure until due	738,473	670,282
Contributions receivable restricted for endowment	763,014	-
Endowments		
Restricted by donors for investment income		
Available for general use	49,487,207	44,879,715
Educational programs	88,813	80,967
Total net assets with donor restrictions	<u>\$ 55,416,504</u>	<u>\$ 49,548,241</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2024</u>	<u>2023</u>
Expiration of time restrictions	\$ 927,992	\$ 712,157
Satisfaction or purpose restrictions		
Employee professional development	40,000	40,000
Audience development	610,290	322,002
Other	250,000	55,000
Restricted-purpose spending-rate distributions and appropriations		
General use	2,136,291	3,459,959
Total net assets released	<u>\$ 3,964,573</u>	<u>\$ 4,589,118</u>

Note 5. Endowment

The Symphony's endowment consists of various funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Donor Designated Funds at Community Foundation

The Symphony has various donor-restricted endowment funds that are under the investment management of the Greater Kansas City Community Foundation (GKCCF). Three of these funds are donor-designated funds that are not recorded in the Symphony's financial statements because the board of directors of GKCCF holds variance power over these funds. The Symphony's board of directors has recommended the asset allocation for these funds, consistent with one of the recommended allocation models of the investment committee of the GKCCF. These funds are invested in various pooled funds at the GKCCF with approximately 70% in equities and 30% in fixed income at June 30, 2024 and 2023. Draws from two of the funds are calculated annually to be 5% of the 12 quarter average market value of the fund at March 31st and are distributed to the Symphony in annual or quarterly allotments. In May 2023, the Symphony amended their spending policy. The amended spending policy has two components. Seventy percent of the distribution will be based on inflation-components taking the prior year distribution and increasing by an inflation factor. Thirty percent of the distribution is based on the average asset value of prior 12 quarters as of March 31st of the current fiscal year multiplied by the spending rate of each fund. The minimum and maximum distributions allowed under the amended policy, respectively, are 4% and 6% of the endowment fund's average fair value over the prior twelve quarter average as of March 31st of the current fiscal year. For the other fund, draws are distributed on a reimbursement basis to recover costs expended based on intended purpose of the fund. The fair value of these funds was \$25,891,697 and \$23,535,619 as of June 30, 2024 and 2023, respectively. During the years ended June 30, 2024 and 2023, contributions recognized from these funds were \$1,264,785 and \$1,242,978, respectively, and is included within the contributions from foundations revenue line item in the statements of activities.

Investments Held at Community Foundation

Additionally, the Symphony has seven donor-restricted and one board-designated endowment funds at the GKCCF which are considered agency funds by the GKCCF. As the GKCCF does not retain variance power for these funds, they are recorded in the financial statements of the Symphony. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Symphony's board of directors has interpreted the *State of Missouri Prudent Management of Institutional Funds Act* (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Symphony classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the perpetually-restricted endowment, (b) the original value of subsequent gifts to the perpetually-restricted endowment and (c) accumulations to the perpetually-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets restricted for a matter of purpose or time until those amounts are appropriated for expenditure by the Symphony in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Symphony considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Symphony and the fund
3. General economic conditions

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4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Symphony
7. Investment policies of the Symphony

The composition of the endowment investments included in the net asset types at June 30, 2024 and 2023 was:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 7,426,632		\$ 7,426,632
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	\$ 36,103,609	36,103,609
Accumulated investment gains	-	13,472,411	13,472,411
Total endowment funds	<u>\$ 7,426,632</u>	<u>\$ 49,576,020</u>	<u>\$ 57,002,652</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 6,780,008		\$ 6,780,008
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	\$ 35,867,064	35,867,064
Accumulated investment gains	-	9,093,618	9,093,618
Total endowment funds	<u>\$ 6,780,008</u>	<u>\$ 44,960,682</u>	<u>\$ 51,740,690</u>

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Changes in endowment funds for the years ended June 30, 2024 and 2023 were:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 6,780,008	\$ 44,960,682	\$ 51,740,690
Investment return, net	990,610	6,515,086	7,505,696
Contributions	-	236,543	236,543
Appropriation of endowment assets for expenditure	(343,986)	(2,136,291)	(2,480,277)
Endowment net assets, end of year	<u>\$ 7,426,632</u>	<u>\$ 49,576,020</u>	<u>\$ 57,002,652</u>
2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 6,366,135	\$ 42,358,402	\$ 48,724,537
Investment return, net	734,670	4,745,078	5,479,748
Contributions	-	1,317,161	1,317,161
Appropriation of earnings from term endowment	-	(1,513,378)	(1,513,378)
Appropriation of endowment assets for expenditure	(320,797)	(1,946,581)	(2,267,378)
Endowment net assets, end of year	<u>\$ 6,780,008</u>	<u>\$ 44,960,682</u>	<u>\$ 51,740,690</u>

Investment and Spending Policies

The Symphony has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Symphony must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Symphony's policies, endowment assets are invested in a manner that is intended to produce results that exceed its spending while assuming a reasonable level of investment risk. The Symphony expects its endowment funds to provide an average rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Symphony relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Symphony targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Each of these funds is invested in various pooled funds at the GKCCF with approximately 70% in equities and 30% in fixed income at June 30, 2024 and 2023.

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The Symphony has a spending policy which allows it to draw up to 4.5% or 5% of its endowment fund's average fair value over the prior 12 quarters as of March 31st of the current fiscal year. Draws are distributable to the Symphony in quarterly allotments. In May 2023, the Symphony amended their spending policy. The amended spending policy has two components. Seventy percent of the distribution will be based on inflation-components taking the prior year distribution and increasing by an inflation factor. Thirty percent of the distribution is based on the average asset value of prior 12 quarters as of March 31st of the current fiscal year multiplied by the spending rate of each fund. The minimum and maximum distributions allowed under the amended policy, respectively, are 4% and 6% of the endowment fund's average fair value over the prior 12 quarter average as of March 31st of the current fiscal year.

In establishing this policy, the Symphony considered the long-term expected return on its endowment. Accordingly, over the long term, the Symphony expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Symphony's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Underwater Endowments

The governing body of the Symphony has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Symphony considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

Deficiencies of this nature are reported in net assets with donor restrictions. There were no underwater endowments at June 30, 2024 and 2023.

Note 6. Masterpiece Campaign

In 2012, the Symphony commenced a campaign to increase the Symphony's endowment. The Masterpiece Campaign is designed to solidify the future of the Symphony through deepening artistic excellence, strengthening commitment to education and community, and building a presence as a civic asset. The board has determined the total funds committed towards the campaign at June 30, 2024 and 2023 were approximately \$55,331,000 and \$55,294,000, respectively.

During June 30, 2024 and 2023, the Masterpiece Campaign contributions included within the Symphony's accompanying financial statements were approximately \$37,000 and \$280,000, respectively. These contributions were recorded at fair value, less the related discount. The difference between the total funds committed and those contributions included in the accompanying financial statements relate to verbal commitments and amounts held at the Kansas City Symphony Foundation, all of which are not recorded in the Symphony's accompanying financial statements (see *Note 1*).

Note 7. Revenue from Contracts with Customers

Performance Obligations

Revenue from contracts with customers are reported at the amount that reflects the consideration to which the Symphony expects to be entitled in exchange for performing concerts or other musical performances.

Ticket Sales – Revenues are generated either from single concert tickets or from season tickets and are recognized as performance obligations are satisfied, which is as the concert or performance takes place. Season tickets cover a period of ten months and the number of concerts vary based on the series purchased. Payment for ticket sales are due at the time the customer enters into the contract resulting in an unfulfilled performance liability or deferred revenue. These are excluded from revenues and are recorded as liabilities until the performance obligation is satisfied. As of June 30, 2024 and 2023, the Symphony had recorded a liability for unfulfilled performances of \$2,882,187 and \$2,975,803, respectively. Tickets are generally nonrefundable, however, may be refunded or deferred at the Symphony's discretion. The Symphony determines the refund liability at year-end based on historical experience. At June 30, 2024 and 2023, the Symphony has not recorded a refund liability.

Performance Fees – Performance obligations are determined based on the nature of the service provided by the Symphony in accordance with the contract. Performance fees include revenue earned for concerts performed by the Symphony for other organizations and is recognized at the point in time when the performance is completed.

Transaction Price and Recognition

The Symphony determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with the Symphony's policy. The Symphony's payment terms are explicitly stated in the contract with all customers.

From time to time the Symphony will receive overpayments of customer balances resulting in amounts owed back to the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2024 and 2023, the Symphony did not have a liability for refunds to customers recorded.

Disaggregation of Revenue

The composition of revenue by service type and timing of revenue recognition for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Concerts and fees		
Ticket sales	\$ 7,444,988	\$ 6,449,553
Performance fees	1,236,462	1,087,756
Timing of revenue recognition		
At a point in time	\$ 8,681,450	\$ 7,537,309

Contract Balances

The following table provides information about the Symphony's receivables and contract liabilities from contracts with customers:

	<u>2024</u>	<u>2023</u>
Accounts receivable, beginning of year	\$ 111,489	\$ 25,606
Accounts receivable, end of year	32,797	111,489
Contract liabilities, beginning of year	2,975,803	2,679,514
Contract liabilities, end of year	2,882,187	2,975,803

Note 8. Government Grants

The Missouri Arts Council, a state agency, provided program assistance funds of \$241,794 and \$152,888 for the years ended June 30, 2024 and 2023, respectively.

Note 9. Employee Benefit Plans

Kansas City Symphony 403(b) Retirement Plan

The Symphony maintains a 403(b) retirement plan covering employees. The Symphony's contributions to the Plan for administrative employees consist of a discretionary contribution of 3% of compensation and a matching contribution of 50% of the staff's 403(b) deferral up to a maximum of 4% of compensation paid to participants during the year. The Symphony's contributions to the Plan were \$77,275 and \$69,870 for the years ended June 30, 2024 and 2023, respectively.

The Symphony's full-time musicians also participate in the 403(b) retirement plan. The employer contribution to the Plan in 2024 and 2023 was 2% of compensation paid to musicians during the year and there was a matching component for musicians which is a maximum Symphony contribution of 1.5% if the musician defers 0.75%. The Symphony's contribution to the Plan was \$217,218 and \$222,778 for the years ended June 30, 2024 and 2023, respectively.

Multiemployer Pension Plans

The Symphony contributes to a multiemployer defined benefit pension plan and a multiemployer defined contribution pension plan under the terms of the collective-bargaining agreement that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

1. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

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Notes to Financial Statements
June 30, 2024 and 2023

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

The Symphony's participation in these plans for the annual periods ended June 30, 2024 and 2023, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent *Pension Protection Act* (PPA) zone status available in 2024 and 2023 is for the plan's year end at December 31, 2023 and March 31, 2023, respectively. The zone status is based on information the Symphony received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject. The Symphony contributes 5.995% of compensation to the American Federation of Musicians Employer Pension Fund for musicians and 10% of compensation to the International Alliance of Theatrical Stage Employees Local 31 Retirement Trust for theater and stagehand employees.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions of Organization			Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2024	2023		2024	2023	2022		
American Federation of Musicians Employer Pension Fund	51-6120204	Red	Red	Implemented	\$ 376,477	\$ 398,539	\$ 336,570	Yes	6/30/2028
International Alliance of Theatrical Stage Employees Local 31 Retirement Trust	44-0459340	N/A	N/A	N/A	\$ 58,999	\$ 38,782	\$ 26,395	N/A	7/31/2025

The contributions above did not exceed 5% of total contributions to the Funds in any of the years listed above.

Note 10. Operating Leases

Accounting Policies

The Symphony determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Symphony determines lease classification as operating or finance at the lease commencement date. The Symphony combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office and storage space.

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Notes to Financial Statements
June 30, 2024 and 2023

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Symphony has made a policy election to use the risk-free rate for similar durations the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Symphony is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Nature of Leases

The Symphony has entered into the following lease arrangements:

Operating Leases

The Symphony has leases for office space, storage space and various small equipment that expire in various years through 2034. The Symphony's lease for office space contains renewal options and provisions that require the Symphony to pay a portion of operating costs. Lease payments have an escalating fee schedule, which approximate a 3% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Quantitative Disclosures

The lease cost and other required information for the years ended June 30, 2024 and 2023 are:

	2024	2023
Lease Cost		
Operating lease cost	\$ 430,841	\$ 430,584
Variable lease cost	(5,685)	11,354
	<u>\$ 425,156</u>	<u>\$ 441,938</u>
	2024	2023
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 382,869	\$ 373,113
Right-of-use assets obtained in exchange for new operating lease liabilities	100,211	36,225
Weighted-average remaining lease term		
Operating leases	8.76 years	10.85 years
Weighted-average discount rate		
Operating leases	2.92%	2.88%

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June 30, 2024 and 2023

Further minimum lease payments and reconciliation to the statement of financial position at June 30, 2024 are as follows:

	Operating Leases
2025	\$ 386,242
2026	380,848
2027	370,510
2028	364,440
2029	375,084
Thereafter	<u>2,051,508</u>
Total future undiscounted lease payments	3,928,632
Less interest	<u>(531,824)</u>
Lease liabilities	<u><u>\$ 3,396,808</u></u>

Note 11. Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities were approximately \$244,000 and \$224,000, respectively. The nonfinancial assets consisted of miscellaneous goods and services that were used in the Symphony's program activities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Symphony approximated the fair value on the basis of what the underlying services would cost if otherwise purchased from these vendors, based on the vendors' normal billing rates. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Note 12. Licensing Agreement

The Symphony has entered into a Licensing Agreement with the Kauffman Center for the Performing Arts. The initial license term is 20 years with the right to extend that initial term for three subsequent 10-year terms. Under the Licensing Agreement, the Symphony is required to pay to the Kauffman Center a license fee for each day a performance or rehearsal is held in the concert hall or theatre. Licensing expense was \$604,160 and \$568,025 for the years ended June 30, 2024 and 2023, respectively.

Licensing fees are predicated upon maintaining "Resident Arts Organization" (RAO) status. In order to be considered an RAO, the Symphony has agreed to use the facility for at least 90 days per year, including performances and rehearsals. The licensing fee will be subjected to an annual increase by the percentage the Consumer Price Index (CPI) has increased during the preceding season. Also, following the third year of operations in the Kauffman Center, and each five years subsequently, the fee may also be increased by Operating Period Adjustments to capture increases in operating costs in excess of the CPI adjustment, but capped at 5% for each operating period. The Symphony has determined that the Licensing Agreement does not meet the definition of a lease under ASU 2016-02, *Leases* (Topic 842) due to inability to control the underlying asset associated with the agreement.

Note 13. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Total financial assets	\$ 82,182,458	\$ 77,395,626
Contributions receivable due in more than one year	1,036,854	488,528
Donor restricted endowments		
Accumulated investment gains	13,472,411	9,093,618
Endowments	36,103,609	35,867,064
	<u>49,576,020</u>	<u>44,960,682</u>
Net financial assets after donor-imposed restrictions	<u>31,569,584</u>	<u>31,946,416</u>
Internal designations		
Board-advised funds	17,075,969	19,475,536
Quasi-endowments	7,426,632	6,780,008
	<u>24,502,601</u>	<u>26,255,544</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,066,983</u>	<u>\$ 5,690,872</u>

The Symphony's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. For the years ended June 30, 2024 and 2023, restricted contributions of \$6,370,602 and \$4,587,559, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

The board-designated endowment of \$7,426,632 and \$6,780,008 at June 30, 2024 and 2023, respectively, is subject to an annual spending rate of 4.5% as described in *Note 5*. Although the Symphony does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Symphony 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. The Symphony has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Symphony has a policy to target a year-end balance of reserves without donor restriction and which are undesignated by the board to meet 90 to 120 days of expected expenditures. To achieve these targets, the Symphony forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the years ended June 30, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

Note 14. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Symphony is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Symphony. Events could occur that would change this estimate materially in the near term.

Labor Agreement

Substantially all of the Symphony's stagehands and musicians are covered by collective-bargaining agreements. The stagehands agreement is set to expire in 2025. The musicians agreement is set to expire in 2028.

Contributions

During 2024, one of the Symphony's donors represented 18% of the total contribution and grant revenue.

Investments Held at Community Foundation

Estimates related to valuation of beneficial interests in assets held by others are described in *Note 3* and *Note 5*.

Contributions Receivable

Significant estimates relating to the allowance of contributions receivable are described in *Note 1*.

Functional Expense Allocation

Significant estimates relating to the allocation of expense on a functional basis are described in *Note 1*.

Depreciation

As discussed in *Note 1*, depreciation is charged to expense using the straight-line method over the estimated life of each asset, which ranges from three to 20 years.

Note 15. Related Party Transactions

Contributions received from members of the Board of Directors and organizations related to the Symphony totaled approximately \$1,836,000 and \$845,000 for the years ended June 30, 2024 and 2023, respectively.

Note 16. Subsequent Events

Subsequent events have been evaluated through February 11, 2025, which is the date the financial statements were available to be issued.

Supplementary Information

Kansas City Symphony
Schedules of Operating Revenues Without Donor Restrictions
June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Ticket sales	\$ 7,444,988	\$ 6,449,553
Performance fees	1,236,462	1,087,756
Individual, corporate and foundation donations	5,998,498	4,496,797
Contributions from foundations	2,257,566	2,104,713
Government grants	389,294	275,388
Auxiliary contributions	1,522,730	2,739,222
Investments and other sources	2,438,129	1,892,851
Net assets released from designations and restrictions	3,964,573	4,589,118
	<u>\$ 25,252,240</u>	<u>\$ 23,635,398</u>