PITTSBURGH SYMPHONY, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT THEREON

for the years ended August 31, 2024 and 2023

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C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pittsburgh Symphony, Inc.
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Pittsburgh Symphony, Inc. (PSI or Organization), which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PSI as of August 31, 2024 and 2023, and the changes in its net assets, functional expenses 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 PSI 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 opinions.

Emphasis of Matter

As discussed in Note 16 to the financial statements, PSI has adopted a strategic plan to address the liquidity and financial condition of the Organization. Management's plans regarding this matter are also described in Note 16.

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 PSI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 PSI'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 PSI'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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
March 7, 2025

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PITTSBURGH SYMPHONY, INC.
STATEMENTS OF FINANCIAL POSITION AS OF AUGUST 31, 2024 AND 2023 (in thousands)

	2024	2023
ASSETS:		
Cash and cash equivalents	$ 814	$ 1,391
Accounts and interest receivable, net	1,533	-
Capital pledges, grants and contributions receivable, net	13,363	4,269
Notes receivable	104	106
Deferred expense and other assets	1,060	573
Property and equipment, net (Note 9)	22,875	21,029
Assets held in trust by others (Note 6 and 7)	4,682	4,126
Investments, at market (Note 6)	153,220	143,488
TOTAL ASSETS	$ 197,651	$ 174,982
LIABILITIES AND NET ASSETS:		
Accounts payable	$ 893	$ 2,921
Line of credit (Note 13)	3,405	1,155
Construction line of credit (Note 13)	4,476	-
Notes payable (Note 13)	700	1,000
Accrued expenses	130	672
Advance ticket sales and other	4,653	5,559
Pension benefit liability (Note 10)	9,429	7,888
TOTAL LIABILITIES	23,686	19,195
NET ASSETS WITHOUT DONOR RESTRICTIONS	6,177	3,938
NET ASSETS WITH DONOR RESTRICTIONS (Note 8)	167,788	151,849
TOTAL NET ASSETS	173,965	155,787
TOTAL LIABILITIES AND NET ASSETS	$ 197,651	$ 174,982

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

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PITTSBURGH SYMPHONY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2024 (in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Orchestra performances	$ 8,714	-	$ 8,714
Non-orchestra performances	1,281	-	1,281
Government grants	4,427	-	4,427
Other	1,225	-	1,225
Total Orchestra and Heinz Hall	15,647	-	15,647
INVESTMENT ACTIVITIES REVENUE			
Interest and dividends	-	$ 1,575	1,575
Realized gains	-	9,169	9,169
Unrealized gains	-	6,421	6,421
Endowment draw	8,580	(8,580)	-
Total Investment Activities	8,580	8,585	17,165
OPERATING EXPENSES			
Orchestra	20,131	-	20,131
Production and Heinz Hall	11,734	-	11,734
General and administrative	7,952	-	7,952
Total Operating Expenses	39,817	-	39,817
(Deficit) Surplus before contributions	(15,590)	8,585	(7,005)
CONTRIBUTIONS			
Annual fund	7,234	2,618	9,852
Endowment	-	3,008	3,008
Other contributed revenue	10,272	5,971	16,243
Fundraising expense - operating	(2,909)	-	(2,909)
Fundraising expense - endowment	(181)	-	(181)
Total Net Contributions	14,416	11,597	26,013
NET ASSETS RELEASED FROM RESTRICTIONS	4,243	(4,243)	-
Change in net assets before pension adjustment	3,069	15,939	19,008
Other changes in pension plan obligations	(830)	-	(830)
CHANGE IN NET ASSETS	2,239	15,939	18,178
BEGINNING NET ASSETS	3,938	151,849	155,787
ENDING NET ASSETS	$ 6,177	$ 167,788	$ 173,965

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

PITTSBURGH SYMPHONY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2023 (in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Orchestra performances	$ 8,091	-	$ 8,091
Non-orchestra performances	669	-	669
Government grants	4,237	-	4,237
Other	791	-	791
Total Orchestra and Heinz Hall	13,788	-	13,788
INVESTMENT ACTIVITIES REVENUE			
Interest and dividends	-	$ 1,560	1,560
Realized gains	-	3,242	3,242
Unrealized gains	-	5,295	5,295
Endowment draw	8,466	(8,466)	-
Total Investment Activities	8,466	1,631	10,097
OPERATING EXPENSES			
Orchestra	19,420	-	19,420
Production and Heinz Hall	10,462	-	10,462
General and administrative	6,893	-	6,893
Total Operating Expenses	36,775	-	36,775
(Deficit) Surplus before contributions	(14,521)	1,631	(12,890)
CONTRIBUTIONS			
Annual fund	7,894	767	8,661
Endowment	-	2,089	2,089
Other contributed revenue	203	725	928
Fundraising expense - operating	(2,437)	-	(2,437)
Fundraising expense - endowment	(80)	-	(80)
Total Net Contributions	5,580	3,581	9,161
NET ASSETS RELEASED FROM RESTRICTIONS	8,506	(8,506)	-
Change in net assets before pension adjustment	(435)	(3,294)	(3,729)
Other changes in pension plan obligations	1,312	-	1,312
CHANGE IN NET ASSETS	877	(3,294)	(2,417)
BEGINNING NET ASSETS	3,061	155,143	158,204
ENDING NET ASSETS	$ 3,938	$ 151,849	$ 155,787

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

PITTSBURGH SYMPHONY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2024
(In Thousands)

	Program Services				Management and General	Fundraising	Total Expenses
	Orchestra	Production	Marketing	Heinz Hall			
EXPENSES							
Personnel and benefits	$ 20,091	$ 1,434	$ 1,487	$ 1,384	$ 2,219	$ 1,559	$ 28,174
Guest artists	-	3,766	-	-	-	102	3,868
Production	-	1,822	-	-	-	459	2,281
Professional fees	-	53	784	166	538	476	2,017
Advertising	-	-	1,604	-	-	24	1,628
Touring	-	1,276	-	-	-	-	1,276
Depreciation	-	-	-	812	164	-	976
Office expenses, equipment and IT	22	26	209	122	191	139	709
Interest and bank fees	-	-	120	2	325	55	502
Facilities, repairs and maintenance	-	-	-	402	-	-	402
Meetings, travel and management	18	36	89	9	154	81	387
Insurance	-	-	-	231	40	-	271
Other	-	3	-	-	28	195	226
Utilities	-	-	-	190	-	-	190
Total Expenses	$ 20,131	$ 8,416	$ 4,293	$ 3,318	$ 3,659	$ 3,090	$ 42,907

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

PITTSBURGH SYMPHONY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023
(In Thousands)

	Program Services				Management and		Total
	Orchestra	Production	Marketing	Heinz Hall	General	Fundraising	Expenses
EXPENSES							
Personnel and benefits	$ 19,413	$ 1,183	$ 1,375	$ 1,223	$ 2,027	$ 1,412	$ 26,633
Guest artists	-	3,308	-	-	-	90	3,398
Production	-	1,938	-	10	-	403	2,351
Professional fees	-	1	422	279	496	347	1,545
Advertising	-	-	1,356	-	-	28	1,384
Touring	-	860	-	-	-	-	860
Depreciation	-	-	-	711	133	-	844
Office expenses, equipment and IT	-	31	247	140	285	111	814
Interest and bank fees	-	-	123	2	163	39	327
Facilities, repairs and maintenance	-	-	-	336	-	-	336
Meetings, travel and management	7	31	26	8	156	87	315
Insurance	-	-	-	173	41	-	214
Other	-	15	-	-	43	-	58
Utilities	-	-	-	213	-	-	213
Total Expenses	$ 19,420	$ 7,367	$ 3,549	$ 3,095	$ 3,344	$ 2,517	$ 39,292

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

PITTSBURGH SYMPHONY, INC.
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023
(in thousands)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 18,178	$ (2,417)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	976	844
Contributions restricted for long-term investment	(3,008)	(2,089)
Realized and unrealized gain on investment activity	(15,590)	(8,537)
Changes in assets and liabilities:		
Receivables	(10,861)	7,897
Deferred expense and other assets	(487)	145
Accounts payable and accrued expenses	(2,570)	(236)
Advance ticket sales and other	(906)	(223)
Pension obligation	1,541	(2,366)
Net cash used in operating activities	(12,727)	(6,982)
Cash flows from investing activities:		
Investment in property and equipment	(2,822)	(2,726)
Proceeds from sale of investments	57,415	36,263
Purchase of investments	(52,113)	(29,246)
Net cash provided by investing activities	2,480	4,291
Cash flows from financing activities:		
Proceeds from contributions restricted for endowment	3,244	2,463
Net proceeds from line of credit	2,250	301
Proceeds from construction line of credit	4,476	-
Payments on notes payable	(300)	(300)
Net cash provided by financing activities	9,670	2,464
Net decrease in cash and cash equivalents	(577)	(227)
Cash and cash equivalents at beginning of year	1,391	1,618
Cash and cash equivalents at end of year	$ 814	$ 1,391
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 303	$ 153

Supplemental schedule of noncash investing activity:

As of August 31, 2023, PSI acquired approximately $2,236 of property, plant and equipment that were outstanding payables at year-end.

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

1. Organization:

Pittsburgh Symphony, Inc. (PSI or Organization), a not-for-profit charitable organization located in Pittsburgh, Pennsylvania, was formed in 1895 and incorporated in 1935 for the purpose of promoting and fostering a knowledge and love of music by establishing and maintaining a symphony orchestra, by studying and performing the works of great composers, and by other means to encourage a greater appreciation of music. PSI provides a wide range of musical performances in southwestern Pennsylvania and occasional domestic and foreign musical tours.

2. Summary of Significant Accounting Policies:

Basis of Presentation:

The accounting and reporting policies of PSI conform to generally accepted accounting principles in the United States of America. The following is a description of significant accounting policies and practices consistently employed by PSI:

For accounting and reporting purposes, PSI classifies resources into separate net asset classes based on the absence or existence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories. A description of net asset categories is as follows:

Net Assets Without Donor Restrictions: Net assets not subject to donor-imposed restrictions or stipulations as to use or purpose.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions or stipulations. 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, requiring that the principal is invested in perpetuity and the income is used only to support PSI's operations.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Continued

2. Summary of Significant Accounting Policies, continued:

(Deficit) Surplus Before Contributions:

The statements of activities and changes in net assets include (deficit) surplus before contributions as a performance indicator. PSI transactions deemed by management to be ongoing, major or central to PSI's services are reported as operating revenue. Investment income and net appreciation in fair value from investments are reported as investment activities revenue.

Donor-Imposed Restrictions:

All contributions are considered to be available for operational use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are included as changes in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Certain restricted funds were received and expended during the same year. These funds are classified in the statements of activities and changes in net assets without donor restrictions.

Capital Pledges, Grants and Contributions Receivable:

Unconditional promises to give cash and other assets to PSI are reported at their estimated fair value at the date the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate and the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Contributions such as certain commitments made by local, state and federal governments that are conditioned upon PSI incurring qualifying costs are recognized as those costs are incurred within government grants within operating revenues on the statement of activities and changes in net assets. Decisions to charge off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. It is reasonably possible that PSI's estimate of the allowance for doubtful accounts will change. The total allowance for doubtful accounts was approximately $150 and $46 as of August 31, 2024 and 2023, respectively. PSI's policy is to write off uncollectible pledges. Amounts written off for 2024 and 2023 were $103 and $26, respectively.

Continued

2. Summary of Significant Accounting Policies, continued:

During 2024, PSI received a $5 million pledge from a donor. The pledge is restricted for future periods and will be received in equal installments through the fiscal year ending August 31, 2028. During 2024, PSI collected $1 million relating to the pledge commitment. Contribution revenue from the donor represented 14% of total revenue for the fiscal year ending August 31, 2024. Contributions receivable from the donor represented 29% of total capital pledges, grants and contributions receivable at August 31, 2024. There were no such concentrations at August 31, 2023.

During 2024, a Board member made a conditional pledge commitment totaling $1 million stipulated on PSI meeting their board campaign contribution goal. Subsequent to fiscal year end, PSI met the contribution goal and will receive the conditional pledge commitment in a future period.

During 2024, PSI recognized a conditional grant of $3.5 million contingent on the completion of a multiyear renovation project of Heinz Hall. Contributions receivable from the grant represented 26% of total capital pledges, grants and contributions receivable at August 31, 2024. There was no such concentration at August 31, 2023.

During the year ended August 31, 2020, PSI received significant, multiyear contributions from three foundations. The balance remaining outstanding on these contributions represented approximately 38% of total capital pledges, grants and contributions receivable at August 31, 2023. There was no such concentration at August 31, 2024.

During a prior year, PSI received a conditional grant from a foundation of $4.5 million, part contingent on both fundraising challenges and meeting agreed-upon financial benchmarks. PSI recognized $1.25 million as operating support in each of the years ended August 31, 2019 and 2018, upon meeting fundraising challenges related to attracting new donors and increased donations from existing donors. One million dollars was recognized as operating support in the year ended August 31, 2020, upon meeting the agreed-upon financial benchmarks. During the years ended August 31, 2024, 2023 and 2022, PSI recognized $333 in revenue from the foundation related to this conditional grant. All revenue relating to this grant has been recognized as of August 31, 2024.

Investments and Investment Activities:

Investments are carried at market value (as determined by quoted market prices), which approximates fair value. Limited partnerships, which may not be readily marketable, are carried at net asset value (NAV) as provided by the investment partnerships. NAV is assessed by PSI to approximate fair value. Accordingly, the change in net unrealized appreciation for the year is included in the statements of activities and changes in net assets. Investment income (including realized gains on investments and interest and dividends) is included in net assets without donor restrictions unless the income is restricted by donor or law, as is substantially all income. (See also Note 5.) Investment income is reported net of internal and external investment management expenses.

2. Summary of Significant Accounting Policies, continued:

Investment securities are exposed to various risks caused by changes in interest rates, general market volatility and credit risk. Due to the level of risk associated with certain investment securities, it is possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statements of financial position and activities and changes in net assets.

Endowments:

PSI has implemented provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) Topic Presentation of Financial Statements for Not-for-Profit Entities as they relate to the presentation of endowment funds. A portion of PSI's net assets are donor-restricted endowment funds and are governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a not-for-profit to choose to treat a percentage of the average market value of the endowment's investments as income each year. The disclosure provisions are included in Note 5 - Endowment.

Cash and Cash Equivalents:

Cash and cash equivalents include money market funds and investments in highly liquid and marketable debt instruments with an original or expected maturity of three months or less. PSI routinely invests its surplus operating funds in money market mutual funds managed by a local financial institution. The carrying amount reported in the statements of financial position approximates fair value. PSI maintains, at various financial institutions, cash that may at times exceed federally insured amounts.

Property and Equipment:

PSI includes gifts of land, buildings and equipment in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Donated assets are recorded at fair market value at the date of gift.

Equipment represents furniture, fixtures and musical instruments and is recorded at lower of cost or fair value. Expenditures for additions and improvements provided from current operations are capitalized in the period incurred.

Depreciation of these assets is computed using the straight-line method over the estimated useful lives of the assets, currently ranging from five to 50 years. Expenditures for maintenance and repairs are expensed as incurred. When assets are disposed of, cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations for the period.

Continued

2. Summary of Significant Accounting Policies, continued:

In accordance with provisions of the Codification Topic Property, Plant and Equipment, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value, as defined, of the assets. No impairment was recorded for fiscal years ended August 31, 2024 and 2023.

Pension Plan:

PSI follows the recognition and disclosure provisions of Codification Topic 715: Compensation - Retirement Benefits, which requires plan sponsors to recognize the funded status of defined benefit pension and other postretirement obligations as a net asset or liability and to recognize changes in that funded status in the year in which those changes occur, through a change in net assets without donor restrictions, apart from expenses, to the extent those changes are not included in net periodic benefit cost. PSI's policy is to fund, at a minimum, amounts as are necessary on an actuarial basis to provide assets sufficient to meet the benefits to be paid to plan members in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

Concentration Risk:

PSI's workforce is substantially, on a headcount basis, union-represented and subject to collective bargaining agreements. The individual unions may limit the Organization's flexibility in dealing with its workforce. Any work stoppage or instability within the workforce could have a negative impact on PSI, including loss of revenues and strained relationships with patrons and donors, which could adversely affect PSI's operations. The collective bargaining agreement in which the musicians of the orchestra participate is set to expire in September 2027.

Revenue Recognition:

PSI recognizes revenue in accordance with provisions of Codification Topic 606: Revenues from Contracts with Customers. PSI's revenues are derived from the sale of tickets to attend orchestra performances, either through subscription or single ticket sales. Revenue is recognized when PSI satisfies its performance obligation under the contract by transferring the promised service (performance) to the customer. Ticket sales are recognized at the point in time in which the related performance occurs. Revenue is measured as the amount of consideration PSI expects to receive in exchange for transferring the services to the customer. Payment terms are either payment in advance or immediate payment.

Continued

2. Summary of Significant Accounting Policies, continued:

Based on the nature of PSI's contracts, there were no contract assets recorded at August 31, 2024, or 2023. Contract liabilities consist of payments received before ticket sales are earned. Contract liabilities were approximately $3,614 and $4,575 and are included in advance ticket sales and other in the statements of financial position at August 31, 2024 and 2023, respectively. Contract liabilities as of September 1, 2022 were approximately $4,927.

Functional Expenses:

Costs of providing various programs have been summarized on a functional basis. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one function and require allocation. Compensation is allocated on the basis of time and effort. All other expenses are allocated based on program or actual usage. These expenses are allocated on a reasonable basis that is consistently applied.

Recent Accounting Pronouncements:

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326) (ASU 2016-13). This ASU requires organizations to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that the Organization expects to collect over the instrument's contractual life. The Organization adopted this standard in the current year with no significant impact to its financial statements and related disclosures.

3. Liquidity and Availability:

PSI strives to maintain the minimum cash on hand needed to meet immediate obligations in order to maximize investment potential and minimize interest expense. PSI monitors and evaluates cash needs on a weekly basis, and draws amounts from the endowment as necessary in accordance with policy. Additionally, PSI maintains a line of credit to help meet cash needs. As of August 31, 2024 and 2023, respectively, there was $4,395 and $6,645 of borrowing capacity remaining on this agreement. PSI receives contributions from donors each year and generates earned revenue, both of which are available to meet annual cash needs for general expenditures.

PSI has endowment assets of over $153 and $143 million at August 31, 2024 and 2023, respectively, of which 6.3% and 6.4%, respectively, was drawn to support general operations. As of the date of issue of these financial statements, the PSI Board has elected to draw a smaller percentage than the legal state maximum (7%) for the year ending August 31, 2025. See Note 5.

Continued

(All Amounts in Thousands)

3. Liquidity and Availability, continued:

The table below reflects PSI's financial assets as of August 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the date of the financial statements because of donor restrictions, legal restrictions or Board designations. Amounts not available include the entirety of the endowment less the expected annual draw for fiscal year 2025, contributions receivable for fiscal years after 2025, contributions receivable within one year that are restricted for purposes other than general operations and notes receivable whose proceeds are restricted to instrument loans. In the event the need arises to utilize the endowment draw up to the legal maximum of 7%, the difference between the maximum and the anticipated 6.2% draw from the endowment for fiscal year 2025 could be withdrawn with donor approval and Board resolution.

	2024	2023
Total Financial Assets:		
Cash and cash equivalents	$ 814	$ 1,391
Accounts and interest receivable, net	1,533	-
Capital pledges, grants and contributions receivable, net	13,363	4,269
Notes receivable	104	106
Assets held in trust by others	4,682	4,126
Investments, at market	153,220	143,488
Total financial assets	173,716	153,380
Assets not available for general operations:		
Assets held in trust by others	4,682	4,126
Investments, at market	153,220	143,488
Pledges, grants and contributions subject to donor or time restricted until after the next fiscal year	6,485	2,070
Notes receivable designated for instrument loans	104	106
Total assets not available for general operations	164,491	149,790
Total financial assets available for general operations	9,225	3,590
Liquidity resources available for general operations:		
Excess capacity on line of credit	4,395	6,645
Unspent endowment draw	114	704
Estimated endowment draw for the years ending August 2025 and 2024, respectively	8,544	8,557
Total liquidity resources	13,053	15,906
Financial assets and liquidity resources available to meet general expenditures	$ 22,278	$ 19,496

Continued

(All Amounts in Thousands)

4. Capital Pledges, Grants and Contributions Receivable, net:

PSI has received unconditional promises to give that are to be received as follows at August 31:

	2024	2023
Operating contributions	$ 5,487	$ 1,720
Contributions restricted to future periods and for specific purposes	7,895	1,743
Contributions receivable to be maintained in perpetuity	650	905
	14,032	4,368
Less: Unamortized discount (at 3.71% in 2024 and 4.23% in 2023)	669	99
Net unconditional promises to give	$ 13,363	$ 4,269
Contributions receivable due in:		
Less than one year	$ 7,939	$ 3,903
One to five years	5,924	249
More than five years	169	216
Total	$ 14,032	$ 4,368

5. Endowment:

The endowment consists of various investment funds established primarily for programming and operating needs of PSI and includes donor-restricted endowment funds.

The Board has elected to be governed by Act 141, which permits a total return policy that allows a not-for-profit to choose to treat a percentage of the average market value of the endowment's investments as income each year. Long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount; to that end, PSI has adopted a written endowment fund investment policy. On an annual basis, the Board must elect a spending rate of between 2% and 7%. This percentage is applied to the 12-quarter rolling average market value of the investments calculated at March 31 of the previous fiscal year.

Continued

(All Amounts in Thousands)

5. Endowment, continued:

PSI considers the following factors in making a determination to set a spending rate:

1. Restrictive covenants contained in endowment documents limiting spending rates;
2. Preserving the spending power of the assets; and
3. Operational considerations.

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). PSI has interpreted Act 141 to permit spending from underwater endowments in accordance with prudent measures required under law. PSI has no underwater endowment funds at August 31, 2024 or 2023.

The following represents the change in endowment funds by net asset type for the years ended August 31:

	2024	2023
Endowment net assets, beginning of year	$ 143,680	$ 142,504
Investment return:		
Investment gain	2,062	2,010
Net appreciation	14,926	8,254
Contributions	3,008	303
Appropriation of endowment assets for expenditures	(8,580)	(8,466)
Release from restriction	(885)	(391)
Transfer for donor-imposed purpose	(935)	-
General and administrative expense	(559)	(534)
Endowment net assets, end of year	$ 152,717	$ 143,680

PSI has adopted investment and spending policies for endowment assets that are designed to provide a stream of funding for programs and initiatives supported by the endowment. Policies are also intended to protect the integrity of assets and achieve the optimal return possible within specified risk parameters. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, endowment assets are invested in a manner intended to produce results that exceed the price and yield results of market indices, which are weighted to equal the allocation target for each broad asset category.

Continued

5. Endowment, continued:

To satisfy its long-term rate-of-return objectives, PSI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). PSI targets a diversified asset allocation, which features a material commitment to equities and alternative investments and allows for broad diversification both within and outside the equity markets to permit the endowment to attain its overall return objectives while taking current market conditions into account.

In 2024 and 2023, the spendable return totaled 6.3% and 6.4% or $8,580 and $8,466, respectively. This spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with PSI's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

In August 2024, the Board, subject to donor approval, adopted a resolution to approve the use of endowment assets above the approved spendable return in 2024 and 2025 (6.3% and 6.2%, respectively) up to the legal maximum of 7% in order to undertake a contemplated transaction to reduce pension liabilities. The board empowered the Investment Committee of PSI to work with actuaries to structure this transaction in a way that would reduce pension liabilities going forward while also exceeding the return on investment of the invested endowment assets. Should an option that meets all these criteria fail to be identified, the money will remain in the endowment.

6. Fair Value Measurement:

PSI applies provisions of the Codification Topic Fair Value Measurement, which defines fair value as the price that would be received to sell an asset or liability (i.e., exit price) in an orderly transaction between market participants at the measurement date. Fair Value Measurement requires disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant management judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. Fair value measurement fair value hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Continued

6. Fair Value Measurement, continued:

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

PSI's financial instruments consist primarily of cash and cash equivalents, accounts and interest receivable, notes receivable, capital pledges, grants and contributions receivable, investments, assets held in trust by others, accounts payable and accrued expenses and lines of credit and notes payable.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2024 and 2023.

The carrying amount of cash and cash equivalents, accounts and interest receivable, notes receivable and accounts payable and accrued expenses approximates their fair value due to the short-term nature of such instruments.

The carrying value of PSI's lines of credit and notes payable approximates fair value at August 31, 2024 and 2023, since the interest rates are either market-based and are generally adjusted periodically or represent rates that PSI would be able to obtain in the current market.

The methods for valuing PSI's investments, by significant category, are as follows:

Temporary Investments - Consist primarily of cash and cash equivalents.

Common Stocks - Valued at the daily closing price reported on the active market on which the individual securities are traded.

Domestic and International Equity Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by PSI are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. Mutual funds held by PSI are deemed to be actively traded.

Fixed-Income Instruments and Real Estate and Other Limited Partnerships - The fair value of investments measured at NAV includes investments in limited partnerships. As a practical expedient, the PSI relies on the NAV of certain investments in limited partnerships as their fair value. The NAVs that have been provided by the investment manager are derived from the fair values of the underlying investments as of the reporting date.

Continued

(All Amounts in Thousands)

6. Fair Value Measurement, continued:

The amounts of PSI's assets carried at fair value according to the fair value hierarchy at August 31 are as follows:

	2024			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Investments:				
Temporary investments	$ 16,629	-	-	$ 16,629
Common stocks	25,219	-	-	25,219
Domestic equity mutual funds	8,338	-	-	8,338
International equity mutual funds	15,778	-	-	15,778
Assets held in trust by others (a)	-	-	$ 4,682	4,682
Endowment assets in hierarchy	$ 65,964	-	$ 4,682	70,646
Fixed-income instruments (b)				6,254
Real estate limited partnerships (b)				4,728
Other limited partnerships (b)				76,274
Total fair value of assets				$ 157,902

	2023			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Investments:				
Temporary investments	$ 3,607	-	-	$ 3,607
Common stocks	30,342	-	-	30,342
Domestic equity mutual funds	8,192	-	-	8,192
International equity mutual funds	16,696	-	-	16,696
Assets held in trust by others (a)	-	-	$ 4,126	4,126
Endowment assets in hierarchy	$ 58,837	-	$ 4,126	62,963
Fixed-income instruments (b)				5,566
Real estate limited partnerships (b)				5,368
Other limited partnerships (b)				73,717
Total fair value of assets				$ 147,614

Continued

(All Amounts in Thousands)

6. Fair Value Measurement, continued:

(a) Investments held in trust by others are primarily invested in diversified portfolios of mutual funds and marketable equity and fixed-income securities. The underlying assets held by these trustees are measured at fair value using Level 1 inputs. PSI's ownership is represented by an undivided interest in the portfolio managed by the trustees, not the underlying assets themselves. The undivided interests in these portfolios are not themselves publicly traded nor can they be valued based on observable direct or indirect inputs. Accordingly, PSI's assets held in trust by others are reported as a Level 3 measurement.

(b) In accordance with Codification Subtopic 820-10, certain investments measured at NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. Fair value amounts presented in this table are intended to permit reconciliation of fair value hierarchy line items presented in the statements of financial position.

The following redemption table clarifies the nature and risk of PSI's investments and liquidity for investments, including alternative investments, measured using NAV:

	Fair Value		Unfunded		Redemption
Category	8/31/24	8/31/23	Commitments At 8/31/24	Redemption Frequency	Notice Period
Real estate limited partnerships (c)	$ 4,728	$ 5,368	$ 489	None permitted	N/A
Other limited partnerships (d)	76,274	73,717	13,764	None permitted	N/A
Fixed-income instruments (e)	6,254	5,566	-	Monthly	40-60 days
	$ 87,256	$ 84,651	$ 14,253		

Investment strategies employed by the funds listed above are as follows:

(c) The investment objective is to focus on both opportunistic and high-quality assets while working with local operating partners to source deals and correct asset underperformance.

(d) This fund category contains distressed debt, hedge, private equity, venture capital, international equity and natural resource funds from multiple investment companies.

(e) This fund category objective is to generate superior risk-adjusted returns by investing in short-term corporate debt securities, including convertible and nonconvertible bonds issued by U.S. and non-U.S. companies.

PSI does significant due diligence work before investing in any asset class and actively monitors investment performance of all its assets on a quarterly basis.

Continued

(All Amounts in Thousands)

7. Assets Held in Trust by Others:

The McKelvy and the Pickens Trusts are perpetual trusts created by donors under individual trust agreements, which are managed by a national bank's trust department. PSI records its proportionate share of the assets on its statements of financial position at fair market value. The fair market value of assets held in trust by others was $4,682 and $4,126 at August 31, 2024 and 2023, respectively. The trustees of both the McKelvy and Pickens Trusts have elected to adopt a 4.0% payout rate under Act 141 for both 2024 and 2023. PSI will receive a 25% share from the McKelvy Trust and a 33% share from the Pickens Trust. The remainder of the payout is distributed to other named beneficiaries.

8. Net Assets With Donor Restrictions:

Net assets with donor restrictions at August 31 are composed of the following:

	2024	2023
Subject to expenditure for specified purpose:		
Programming	$ 229	$ 354
Capital	-	775
Touring	-	76
Pension	935	1,000
	1,164	2,205
Subject to the passage of time:		
Promises to give that are unavailable for expenditure until due	8,786	1,399
Maintained in perpetuity:		
General and 1963 Endowment	152,244	142,971
Major Campaign Pledges	575	811
Bessie Morrison McKelvy Trust	3,846	3,385
Pauline Beemer Pickens Trust	836	741
Morrison Fine String Instrument Loan Fund	254	254
Instrument Loan Fund	83	83
	157,838	148,245
	$ 167,788	$ 151,849

Continued

(All Amounts in Thousands)

8. Net Assets With Donor Restrictions, continued:

Net assets were released from donor restrictions during the years ended August 31 by incurring expenses satisfying the restricted purposes, passage of time or by occurrence of other events specified by donors and grantors, as follows:

	2024	2023
Purpose of restrictions accomplished:		
Future periods	$ 1,204	$ 3,713
Programming	125	2,300
Pension	1,000	2,000
Capital	1,278	-
Hillman touring	458	315
Assets held in trust by others	178	178
	$ 4,243	$ 8,506

Assets of the General Endowment include various restricted funds to be maintained in perpetuity such as the Repair and Maintenance Fund, the Endowed Chairs, and the Education and Outreach Fund.

The Pittsburgh Symphony Endowment established in 1963 (1963) is a perpetual trust created by donors under an individual trust agreement. The 1963 endowment assets are managed by PSI together with other restricted and operating reserve assets. PSI receives only interest and dividends from the 1963 endowment.

The Morrison Fine String Instrument Loan Fund and the Instrument Loan Fund represent contributions received to provide interest-free and low-interest loans to the musicians of PSI to assist them in purchasing musical instruments. Loans outstanding are included in notes receivable on the accompanying statements of financial position.

Continued

(All Amounts in Thousands)

9. Property and Equipment:

Property and equipment, stated at cost, consisted of the following major classes of assets at August 31:

	2024	2023
Office equipment and furniture and fixtures	$ 2,833	$ 2,668
Musical and concert equipment	1,555	1,529
Original site and building	907	907
Site improvements	55,938	48,541
	61,233	53,645
Less - Accumulated depreciation	38,716	37,740
	22,517	15,905
Construction-in-process	358	5,124
	$ 22,875	$ 21,029

The construction-in-process at August 31, 2023 related to a multiyear project for renovations to Heinz Hall, which was placed into service during the year ended August 31, 2024.

10. Pension Plans:

PSI has two noncontributory defined benefit pension plans, both of which were frozen as of August 31, 2019. Accordingly, the plans were not available to new entrants, and no new benefit accruals were earned after August 31, 2019. The Musicians' Defined Benefit Pension Plan covered musicians hired on or before March 1, 2011 who had more than five years of service as of September 5, 2011. The Staff Defined Benefit Pension Plan covered substantially all staff hired before August 31, 2019. The plans were replaced by two defined contribution plans. Terms of the musician's contract stipulate that all musicians are enrolled in a defined contribution plan at 8% of the musicians' base scale wage. PSI makes supplemental retirement contributions to those musicians most affected by the pension plan freeze. For the years ended August 31, 2024 and 2023, PSI made contributions of $991 and $870, respectively, into the musician's defined contribution plan. The staff defined contribution plan provides staff with a dollar-for-dollar employer match for employee contributions to the plan, up to 4% of salary. PSI makes supplemental retirement contributions to those staff most affected by the pension plan freeze. For the years ended August 31, 2024 and 2023, PSI made contributions of $277 and $255, respectively, into the staff defined contribution plan.

Continued

(All Amounts in Thousands)

10. Pension Plans, continued:

Participant benefits from the defined benefit pension plans were earned based on salary levels and years of service. Though the plans are frozen and no new benefits are earned, the plans continue to be affected by changes in interest rates, updates to actuarial mortality tables and market returns. Contributions to the pension plans are made to pension trusts administered by PSI. PSI's funding policy for the plans is to make contributions determined by management at or between the maximum and minimum amounts as required by applicable regulations.

The Musicians' and Staff Defined Benefit Pension Plans contain 51 and 25 active participants, respectively, as of September 1, 2024.

The following sets forth the plans' funded status at August 31:

	Musician Plan		Staff Plan		Total	
	2024	2023	2024	2023	2024	2023
Accumulated benefit obligation	$ 34,104	$ 32,921	$ 13,972	$ 12,819	$ 48,076	$ 45,740
Plan assets at fair value	$ 27,013	$ 26,441	$ 11,634	$ 11,411	$ 38,647	$ 37,852
Projected benefit obligation	(34,104)	(32,921)	(13,972)	(12,819)	(48,076)	(45,740)
Total unfunded position	$ (7,091)	$ (6,480)	$ (2,338)	$ (1,408)	$ (9,429)	$ (7,888)

Included in net assets without donor restrictions at August 31 are:

	Musician Plan		Staff Plan		Total	
	2024	2023	2024	2023	2024	2023
Unrecognized actuarial loss	$ 17,671	$ 17,677	$ 5,054	$ 4,218	$ 22,725	$ 21,895

Continued

(All Amounts in Thousands)

10. Pension Plans, continued:

The components of the net periodic benefit cost for the years ended August 31 are as follows:

	Musician Plan		Staff Plan		Total	
	2024	2023	2024	2023	2024	2023
Interest cost	$ 1,885	$ 1,752	$ 831	$ 801	$ 2,716	$ 2,553
Expected return on plan assets	(1,238)	(1,323)	(538)	(573)	(1,776)	(1,896)
Recognized actuarial loss	669	686	102	105	771	791
Total net periodic benefit cost	$ 1,316	$ 1,115	$ 395	$ 333	$ 1,711	$ 1,448

The aggregated amount expected to be recognized in net periodic cost (benefit) during the period ending August 31, 2025 is $1,583.

Weighted average assumptions used to determine net periodic benefit cost for the plans as of August 31 were as follows:

	Musician Plan		Staff Plan	
	2024	2023	2024	2023
Discount rate	5.13 %	5.56 %	5.22 %	5.59 %
Expected return on plan assets	4.82	4.90	4.90	4.90

The long-term expected annual rate-of-return objective is based on a target asset allocation of 100% fixed income.

Continued

(All Amounts in Thousands)

10. Pension Plans, continued:

The primary investment objective for the plans' assets is preservation of capital and maintenance of funded status. The second major objective is capital appreciation to ensure that inflation does not erode the real purchasing power of the assets in the plans.

Plans asset allocations at August 31, by asset category, are as follows:

	Musician Plan		Staff Plan	
	2024	2023	2024	2023
Asset Category:				
Corporate bonds	75 %	76 %	75 %	78 %
U.S. government and agency securities	19	19	19	17
Cash and other	6	5	6	5
Total	100 %	100 %	100 %	100 %

The following section describes the valuation methodologies used to measure the fair value of pension plan assets, including an indication of the level in the fair value hierarchy in which each type of asset is generally classified.

The fair value of investments categorized as Level 1 includes investments in cash and cash equivalents and registered investment companies, the fair values of which are based on quoted market prices for identical securities traded in active markets that are readily and regularly available to the plans.

The fair value of investments categorized as Level 2 includes investments in corporate bonds and U.S. government and agency securities. The fair values are modeled by external pricing vendors using estimated bid prices at which a dealer would pay for a security or, in limited cases, an internal trade price, used only when a more reliable price cannot be obtained.

Continued

(All Amounts in Thousands)

10. Pension Plans, continued:

The fair value of the financial assets comprising the plans' investments excluding accrued income, in the amount of $430 and $439 at August 31, 2024 and 2023, respectively is shown in the following table:

	2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,744	-	-	$ 1,744
U.S. government and agency securities	-	$ 29,068	-	29,068
Corporate debt instruments	-	7,405	-	7,405
	$ 1,744	$ 36,473	-	$ 38,217

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,672	-	-	$ 1,672
U.S. government and agency securities	-	$ 28,964	-	28,964
Corporate debt instruments	-	6,777	-	6,777
	$ 1,672	$ 35,741	-	$ 37,413

PSI made contributions to the plans and the plans paid benefits as follows during the years ended August 31:

	Musician Plan		Staff Plan		Total	
	2024	2023	2024	2023	2024	2023
Employer contributions	$ 700	$ 1,400	$ 300	$ 600	$ 1,000	$ 2,000
Benefits paid	1,874	2,090	718	614	2,592	2,704

PSI does not expect to make any cash contributions to the Musician Plan or Staff Plan during the year ending August 31, 2025.

Continued

(All Amounts in Thousands)

10. Pension Plans, continued:

The following pension benefit payments are expected to be paid:

Fiscal Year	Musician Plan	Staff Plan	Total
2024-25	$ 2,741	$ 856	$ 3,597
2025-26	2,504	882	3,386
2026-27	2,364	887	3,251
2027-28	2,407	885	3,292
2028-29	2,454	900	3,354
2029-2034	12,359	4,514	16,873

The following changes in plan assets and benefit obligations were recognized in net assets without donor restrictions for the year ended August 31, 2024:

	Musician Plan	Staff Plan	Total
Net actuarial loss	$ 663	$ 938	$ 1,601
Recognized actuarial gain	(669)	(102)	(771)
Total (gain) loss recognized assets without donor restrictions for 2024	$ (6)	$ 836	$ 830

The Musicians' Pension Plan experienced a net actuarial loss of approximately $663, which was generated due to a loss of $1,172 from plan experience and a decrease in the discount rate from 5.56% to 5.13%. This loss was offset by the gain on assets of approximately $509 due to investment return on assets being higher than expected. The Staff Pension Plan experienced a net actuarial loss of approximately $938, which was generated due to a loss of $1,041 from plan experience and a decrease in the discount rate from 5.59% to 5.22%. This loss was offset by the gain on assets of approximately $103 due to investment return on assets being higher than expected.

Continued

11. Federal Taxes on Income:

No provision for federal taxes on income has been included in the financial statements, since PSI qualifies as a tax-exempt organization, meeting the requirements of Section 501(c)(3) of the Internal Revenue Code. PSI has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. PSI's policy is to accrue interest and penalties related to unrecognized tax benefits in general and administrative expenses. The statutory tax years of 2021, 2022 and 2023 remain open to examination.

12. Related-Party Transactions:

PSI enters into certain transactions with corporations whose officers and/or directors are also directors of PSI. These transactions are for purchases of goods and services, including banking and investment services, at an arm's-length basis, in the ordinary course of business.

13. Notes Payable and Bank Line of Credit:

PSI maintains a $7,800 line-of-credit agreement with a Pittsburgh-based commercial bank. This credit line bears interest at 50 basis points below the bank's prime interest rate (8.0% at August 31, 2024). The outstanding balance on this line of credit for 2024 and 2023 was $3,405 and $1,155, respectively. The line of credit is due on demand. It is collateralized by the value of the annual draw from the endowment and held as security in a separate trust account of the endowment.

PSI entered into a $6,000 standby line-of-credit agreement with a Pittsburgh-based commercial bank in May 2024. Payments are currently interest-only, and drawdowns are allowed until the conversion date. This credit line bears interest at the greater of 50 basis points below the bank's prime interest rate or 4.25% (8.0% at August 31, 2024) and matures in November 2030. Proceeds from this loan were used to fund the multiyear renovations to Heinz Hall. The loan is collateralized by a $3,500 grant that will be applied to the outstanding balance upon receipt. The outstanding balance of the standby line for 2024 and 2023 was $4,476 and $0, respectively.

PSI entered into a $3,000 term loan with a Pittsburgh-based commercial bank in December 2014. Payments were for interest-only the first two years. This loan bears interest at the greater of 50 basis points below the bank's prime lending rate or 3% (8.0% at August 31, 2024) and matures in December 2026. Proceeds from this loan were used to fund contributions to the musician pension plan. The loan is guaranteed by a major contributor to PSI. The outstanding balance of this loan for 2024 and 2023 was $700 and $1,000, respectively.

Continued

(All Amounts in Thousands)

13. Notes Payable and Bank Line of Credit, continued:

The aggregate annual principal payments due subsequent to August 31, 2024 are as follows:

Fiscal Year August 31	Amount
2025	$ 300
2026	300
2027	100
	$ 700

14. Contingencies:

PSI is a party to disputes arising in the normal course of business. Management believes that, at this time, the ultimate resolution of these matters will not have a material impact on the financial position, results of activities or cash flows of PSI.

Laws and regulations governing federal programs are complex and subject to interpretation. PSI believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made to PSI, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from federal programs.

15. Subsequent Events:

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through March 7, 2025, the date that the financial statements were issued, and determined that there have been no events that have occurred that would require adjustments to the disclosures in the financial statements.

Continued

16. Operating Environment:

The performing arts industry continues to evolve post pandemic. Audiences have returned to pre-pandemic levels, but consumer behavior has changed significantly. The PSI's strategic plan, which was written in 2022, focuses on our patrons' evolving needs with new strategies for growing audiences, building patron loyalty, and serving our community. The early results of the strategic plan are encouraging, and the PSI is working hard to change and adapt. Earned revenue and expenses have not kept pace with inflation, and contributed revenue is more important than ever. The ability of the PSI to meet its obligations is contingent upon the PSI's ability to restore and grow contributed revenue from our donor community. PSI has launched the quiet phase of a comprehensive fundraising campaign aimed at addressing the short- and long-term needs of the PSI. The PSI musicians had 12 years of concessionary contracts, which with the cost of inflation has amounted in a 30% pay cut over that period. A new three-year contract was negotiated last summer and includes a 12.6% increase over three years, providing organizational stability and a commitment to the talent we attract and retain in this organization.

Artistically, the PSI continues to perform at a world-class level, representing our city and region on the global stage while also providing the Pittsburgh region with "Great Music in Every Life" through impactful performances at Heinz Hall, engaging educational programs, and free concerts for the community.

Continued