



**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Years Ended August 31, 2025 and 2024

A grayscale architectural photograph of a modern building with a complex, angular facade, overlaid with a semi-transparent geometric pattern of triangles and lines.

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MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Milwaukee Symphony Orchestra, Inc. and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Milwaukee Symphony Orchestra, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of August 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Milwaukee Symphony Orchestra, Inc. and Subsidiaries (Organization) as of August 31, 2025 and 2024, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the

consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Sikich CPA LLC

Brookfield, Wisconsin
December 9, 2025

CONSOLIDATED FINANCIAL STATEMENTS

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of August 31, 2025 and 2024

	2025	2024
ASSETS		
Cash	\$ 1,376,081	\$ 3,873,748
Receivables		
Accounts and other receivable	86,307	195,496
Contributions receivable, net	4,508,317	4,927,101
Total receivables, net	4,594,624	5,122,597
Prepaid expenses	596,783	538,117
Operating right-of-use assets	75,578	297,181
Property and equipment, net	83,478,181	87,080,318
Beneficial interest in net assets in perpetual trust	50,005,909	32,889,714
TOTAL ASSETS	\$ 140,127,156	\$ 129,801,675
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,059,242	\$ 1,572,010
Line of credit	300,000	1,350,000
Deferred revenue, net of prepaid sales tax of \$187,066 in 2025 and \$155,772 in 2024	3,567,481	2,844,834
Operating lease liability	71,634	294,025
Notes payable, net	2,092,849	3,387,789
Liability for pension benefits	227,277	850,009
Total liabilities	7,318,483	10,298,667
NET ASSETS		
Without donor restrictions	67,727,186	71,287,069
Non-controlling interest in for profit entities	9,305,543	9,305,543
Total net assets without donor restrictions	77,032,729	80,592,612
With donor restrictions	55,775,944	38,910,396
Total net assets	132,808,673	119,503,008
TOTAL LIABILITIES AND NET ASSETS	\$ 140,127,156	\$ 129,801,675

See accompanying notes to consolidated financial statements.

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Performance revenue, net of sales tax of \$360,332 (Schedule I)	\$ 4,221,283	\$ -	\$ 4,221,283
Other revenues (Schedule II)	1,446,180	-	1,446,180
Contributions (Schedule III)	11,071,082	2,695,009	13,766,091
Special event revenues, net of costs of direct benefit to donors of \$105,025 (Schedule III)	91,851	-	91,851
In-kind contributions (Schedule III)	264,416	-	264,416
Increase in the beneficial interest in net assets in perpetual trusts - distributions (Schedule III)	1,222,716	-	1,222,716
Gain on barter transactions (Schedule II)	56,826	-	56,826
Interest and dividend income (Schedule II)	46,146	-	46,146
Total operating revenues	18,420,500	2,695,009	21,115,509
NET ASSETS RELEASED FROM RESTRICTIONS (SCHEDULE III)			
	2,945,656	(2,945,656)	-
Total operating revenues and net assets released from restrictions	21,366,156	(250,647)	21,115,509
EXPENSES			
Program services			
Concerts	20,779,297	-	20,779,297
Education	516,556	-	516,556
Total program expenses	21,295,853	-	21,295,853

(This statement is continued on the following page.)

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)

For the Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES (Continued)			
Management and general	\$ 2,763,164	\$ -	\$ 2,763,164
Fundraising	1,227,566	-	1,227,566
Total operating expenses	25,286,583	-	25,286,583
Operating expenses in excess of revenues and net assets released from restrictions	(3,920,427)	(250,647)	(4,171,074)
OTHER CHANGES IN NET ASSETS			
Increase in the beneficial interest in net assets in perpetual trusts	-	17,116,195	17,116,195
Pension-related items other than net periodic pension costs	360,544	-	360,544
CHANGE IN NET ASSETS	(3,559,883)	16,865,548	13,305,665
NET ASSETS, BEGINNING OF YEAR	80,592,612	38,910,396	119,503,008
NET ASSETS, END OF YEAR	\$ 77,032,729	\$ 55,775,944	\$ 132,808,673

See accompanying notes to consolidated financial statements.

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Performance revenue, net of sales tax of \$283,693 (Schedule I)	\$ 4,310,703	\$ -	\$ 4,310,703
Other revenues (Schedule II)	1,976,596	-	1,976,596
Contributions (Schedule III)	11,132,828	2,763,793	13,896,621
Special event revenues, net of costs of direct benefits to donors of \$100,811 (Schedule III)	(6,161)	-	(6,161)
In-kind contributions (Schedule III)	160,859	-	160,859
Increase in the beneficial interest in net assets in perpetual trusts - distributions (Schedule III)	1,281,393	-	1,281,393
Interest and dividend income (Schedule II)	63,617	-	63,617
Total operating revenues	18,919,835	2,763,793	21,683,628
NET ASSETS RELEASED FROM RESTRICTIONS (SCHEDULE III)			
	3,909,665	(3,909,665)	-
Total operating revenues and net assets released from restrictions	22,829,500	(1,145,872)	21,683,628
EXPENSES			
Program services			
Concerts	20,327,399	-	20,327,399
Education	494,990	-	494,990
Total program expenses	20,822,389	-	20,822,389

(This statement is continued on the following page.)

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)

For the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES (Continued)			
Management and general	\$ 2,970,745	\$ -	\$ 2,970,745
Fundraising	1,640,096	-	1,640,096
Total operating expenses	25,433,230	-	25,433,230
Operating revenues and net assets released from restrictions in excess of operating expenses	(2,603,730)	(1,145,872)	(3,749,602)
OTHER CHANGES IN NET ASSETS			
Gain on disposal of fixed assets	11,436	-	11,436
Increase in the beneficial interest in net assets in perpetual trusts	-	6,671,198	6,671,198
Pension-related items other than net periodic pension costs	225,224	-	225,224
CHANGE IN NET ASSETS	(2,367,070)	5,525,326	3,158,256
NET ASSETS, BEGINNING OF YEAR	82,959,682	33,385,070	116,344,752
NET ASSETS, END OF YEAR	\$ 80,592,612	\$ 38,910,396	\$ 119,503,008

See accompanying notes to consolidated financial statements.

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2025

	Program Services			Supporting Services				
	Concerts	Education	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total Supporting Services	Total
Salaries and benefits	\$ 11,485,114	\$ 231,552	\$ 11,716,666	\$ 1,212,729	\$ 797,933	\$ -	\$ 2,010,662	\$ 13,727,328
Payroll taxes	682,010	12,572	694,582	58,677	49,019	-	107,696	802,278
Contracted fees and services	1,479,162	146,926	1,626,088	271,257	190,973	-	462,230	2,088,318
Printing and postage	19,496	9,209	28,705	9,275	29,411	-	38,686	67,391
Office supplies	12,040	-	12,040	18,213	159	-	18,372	30,412
Travel	17,798	-	17,798	770	-	-	770	18,568
Telephone and internet	27,210	-	27,210	2,421	-	-	2,421	29,631
Meeting, meals and entertainment	25,814	4,120	29,934	11,935	11,017	105,025	127,977	157,911
Occupancy	1,880,139	379	1,880,518	387,972	23,965	-	411,937	2,292,455
Depreciation	3,062,703	67,211	3,129,914	482,798	33,605	-	516,403	3,646,317
Insurance	52,617	-	52,617	34,350	-	-	34,350	86,967
Theater rental and production equipment rental	660,457	18,091	678,548	-	135	-	135	678,683
Music and royalty fees	140,422	-	140,422	138	9,477	-	9,615	150,037
Credit card fees	(6)	-	(6)	757	74,203	-	74,960	74,954
Subscriber event catering and entertainment	7,107	-	7,107	-	-	-	-	7,107
Advertising, promotions and sales	1,203,690	-	1,203,690	40,581	6,212	-	46,793	1,250,483
Dues, subscriptions, publications	770	-	770	9,374	-	-	9,374	10,144
Interest expense	-	-	-	134,943	-	-	134,943	134,943
Bad debt expense	-	-	-	40,852	-	-	40,852	40,852
Miscellaneous	22,754	26,496	49,250	46,122	1,457	-	47,579	96,829
TOTAL	\$ 20,779,297	\$ 516,556	\$ 21,295,853	\$ 2,763,164	\$ 1,227,566	\$ 105,025	\$ 4,095,755	\$ 25,391,608

See accompanying notes to consolidated financial statements.

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2024

	<u>Program services</u>			<u>Supporting Services</u>				
			Total Program	Management		Cost of Direct	Total	
	Concerts	Education	Services	and General	Fundraising	Benefit to Donors	Supporting Services	Total
Salaries and benefits	\$ 11,230,859	\$ 219,354	\$ 11,450,213	\$ 1,226,503	\$ 914,492	\$ -	\$ 2,140,995	\$ 13,591,208
Payroll taxes	659,786	11,718	671,504	58,986	54,843	-	113,829	785,333
Contracted fees and services	1,652,906	155,631	1,808,537	305,731	208,016	-	513,747	2,322,284
Printing and postage	40,372	4,212	44,584	15,868	46,043	-	61,911	106,495
Office supplies	38,559	-	38,559	10,740	66	-	10,806	49,365
Travel	20,926	-	20,926	5,116	583	-	5,699	26,625
Telephone and internet	27,267	-	27,267	2,119	-	-	2,119	29,386
Meeting, meals and entertainment	10,784	3,449	14,233	26,694	24,996	100,811	152,501	166,734
Occupancy	1,782,879	-	1,782,879	385,330	356	-	385,686	2,168,565
Depreciation	2,900,615	63,519	2,964,134	459,635	255,908	-	715,543	3,679,677
Insurance	50,838	-	50,838	51,395	-	-	51,395	102,233
Theater rental and production equipment rental	760,217	12,016	772,233	-	618	-	618	772,851
Music and royalty fees	139,159	-	139,159	-	7,565	-	7,565	146,724
Credit card fees	1,093	-	1,093	-	112,234	-	112,234	113,327
Subscriber event catering and entertainment	3,205	-	3,205	500	703	-	1,203	4,408
Advertising, promotions and sales	956,829	-	956,829	56,095	10,118	-	66,213	1,023,042
Dues, subscriptions, publications	249	-	249	3,065	-	-	3,065	3,314
Interest expense	-	-	-	191,090	-	-	191,090	191,090
Miscellaneous	50,856	25,091	75,947	171,878	3,555	-	175,433	251,380
TOTAL	\$ 20,327,399	\$ 494,990	\$ 20,822,389	\$ 2,970,745	\$ 1,640,096	\$ 100,811	\$ 4,711,652	\$ 25,534,041

See accompanying notes to consolidated financial statements.

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,305,665	\$ 3,158,256
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	3,646,317	3,679,677
Amortization of loan fees to interest	5,060	5,060
(Gain) loss on disposal of fixed assets	-	(11,436)
Bad debt expense	40,852	393
Non-cash operating lease expense	(788)	(1,578)
Change in liability for pension benefits	(622,732)	(562,727)
Decrease (increase) in:		
Prepaid expenses	(58,666)	114,313
Receivables	(120,412)	(1,939,449)
Increase (decrease) in:		
Accounts payable and accrued expenses	(512,768)	(969,795)
Deferred revenue, net of prepaid sales tax	722,647	354,320
Net cash provided by operating activities	<u>16,405,175</u>	<u>3,827,034</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions from beneficial interest in net assets of perpetual trusts	1,222,716	1,281,393
Change in beneficial interest in net assets in perpetual trusts	(18,338,911)	(7,952,591)
Purchase of property and equipment	<u>(44,180)</u>	<u>(112,048)</u>
Net cash (used in) investing activities	<u>(17,160,375)</u>	<u>(6,783,246)</u>

(This statement is continued on the following page.)

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended August 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for long term purposes	\$ 607,533	\$ 3,584,230
Repayments on notes payable	(1,300,000)	(1,600,000)
Repayments of bank line of credit	(4,620,000)	(1,720,200)
Proceeds from bank line of credit	3,570,000	2,500,000
Net cash (used in) provided by financing activities	<u>(1,742,467)</u>	<u>2,764,030</u>
NET DECREASE IN CASH	(2,497,667)	(192,182)
CASH, BEGINNING OF YEAR	<u>3,873,748</u>	<u>4,065,930</u>
CASH, END OF YEAR	<u><u>\$ 1,376,081</u></u>	<u><u>\$ 3,873,748</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u><u>\$ 129,883</u></u>	<u><u>\$ 186,030</u></u>

See accompanying notes to consolidated financial statements.

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2025 and 2024

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Milwaukee Symphony Orchestra, Inc. and Subsidiaries (collectively the Organization) consists of not-for-profit and for-profit entities organized to maintain a symphony orchestra and to present orchestral performances in the City of Milwaukee and elsewhere in order to further the cultivation and appreciation of the art of music.

Principles of Consolidation

The accompanying consolidated financial statements of the Organization include the accounts of the Milwaukee Symphony Orchestra, Inc. (the Orchestra) and the Orchestra's wholly owned subsidiary: TNSH Manager, LLC (Manager) and Manager's subsidiaries: TNSH Landlord, LLC (Landlord) and TNSH Master Tenant, LLC (Tenant), which the Orchestra has both control and economic interest in. All significant inter-organizational transactions have been eliminated.

TNSH Manager, LLC, a Wisconsin limited liability company, is wholly owned by the Milwaukee Symphony Orchestra, Inc. and was formed to provide management services to Landlord and Tenant.

TNSH Landlord, LLC, a Wisconsin limited liability company, is owned 1% by the Orchestra and 99% by Manager and was formed to acquire, own and develop the new symphony hall, which serves as the performance venue and offices of the Orchestra.

TNSH Master Tenant, LLC, a Wisconsin limited liability company, pursuant to the new amended and restated operating agreement dated December 31, 2018, is owned 1% by Manager, general partner, and 99% by a third party, limited partner, and was formed to serve as sub-landlord of the Warner Grand Theatre.

The non-controlling interest represents the 99% limited-partner ownership by a third party in TNSH Master Tenant, LLC. This includes capital investment contributions, the proportionate share of income, gains and losses as well as distributions, if any.

Measure of Operations

Transactions deemed by management to be directly related to the programs of the Organization are reported as operating revenues and expenses. Nonoperating activities consist of pension related costs and the change in value of the beneficial interest in perpetual trusts.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method of Accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Organization maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. All interfund activity has been eliminated upon consolidation.

The consolidated financial statements focus on the Organization as a whole, and net assets, revenues, grants, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and are not subject to donor-imposed restrictions or Board-imposed stipulations.

With Donor Restrictions: Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those restrictions or are required to be held in perpetuity. Revenue that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets with donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions in the period in which the restriction has been met.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash includes bank depository account balances and money market funds not held by external investment managers.

The Organization maintains its cash at one financial institution which, at times, may exceed federally insured limits. At August 31, 2025 and 2024, the balance of deposits exceeded FDIC limits by approximately \$791,000 and \$3,193,000, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Accounts and Other Receivables

Accounts and other receivables consist of ticket receivables, employee receivables, and related party receivables.

Allowance for Credit Losses on Accounts and Other Receivables

The Organization recognizes an allowance for expected credit losses at each consolidated statement of financial position date. The allowance is an estimate based on the analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and its reasonable and supportable expectation of future conditions. Receivables with similar risk characteristics are pooled for estimation of expected credit losses. At each reporting date, the Organization updates its estimation of expected credit losses to reflect any changes in credit risk since the receivable was initially recorded.

After all attempts to collect have failed, the receivable is written off against the allowance. If recoveries are made from accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. There were no write-offs during the years ending August 31, 2025 and 2024. An allowance for credit losses was not deemed necessary by management for August 31, 2025 and 2024. However, actual write-offs may occur.

Contributions Receivable

Contributions receivable due in less than one year are recorded at their net realizable value. Contributions receivable due in more than one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any. Conditional contributions are recognized only when the conditions on which they depend are substantially met and the contribution becomes unconditional.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the time or use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. There were no conditional contributions as of August 31, 2025 and 2024.

Contributions In-Kind

The Organization recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Donated assets are recorded in the consolidated financial statements as assets or expenses and revenue at their estimated fair market value on the date the assets are contributed. The Organization's policy is to sell all donated securities as soon as administratively feasible after they are received.

Special Event Revenue

Special event revenue is made up of sponsorships and ticket sales. The portion that relates to the commensurate value the sponsor and attendee receives in return is recognized when the related events are held, and performance obligations are met. The excess amounts over commensurate value are considered a contribution that is recognized when the related events are held.

Revenue from Contracts with Customers

Performance Revenue

Revenue from Orchestra performances consist of ticket sales, which are non-refundable. Payment for ticket sales are due at the time of purchase. All single tickets, subscriptions and sponsorships are paid in advance of the event.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance obligations associated with the Orchestra performances are satisfied upon execution of the performance which is at a point in time. Advance sales are deferred until the execution of the associated performance and are included in the consolidated statements of financial position as deferred revenue.

Contract Assets and Liabilities

Contract liabilities consist of deferred performance revenue which consist of advanced ticket sales and are liquidated when the performances are executed. Contract liabilities are included on the consolidated statements of financial position as deferred revenue. Contract liabilities were \$3,567,481, \$2,844,834, and \$2,490,514 for the years ended August 31, 2025, 2024, and 2023, respectively. Contract assets were \$68,048, \$95,496, and \$197,447 for the years ended August 31, 2025, 2024 and 2023, respectively, and represent receivables on ticket subscriptions and other miscellaneous receivables. Contract assets are included in accounts and other receivables on the consolidated statements of financial position.

All revenue from contracts with customers are recognized at a point in time. There are no significant judgments in the recognition of revenue from contracts with customers. Various economic factors could affect the recognition of revenues and cash flows, including the demand for services, ability to provide services and availability of labor.

Furniture, Equipment, and Computer Hardware and Software

Fixed assets are stated at cost. The Organization capitalizes all assets greater than \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Leases

The Organization leases a parking lot. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated 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. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to apply the short-term lease exemption to two classes of underlying assets: music and rehearsal rentals. The short-term lease cost recognized and disclosed for those leases for the years ending August 31, 2025 and 2024 is approximately \$62,000 and \$92,000, respectively. There are no future payments due under the agreements as of August 31, 2025.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain classes of leases, such as real estate, the Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance and utilities that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Prepaid Expenses

Expenditures related to future performances, including direct response advertising costs and expenses related to telemarketing, are deferred and charged to expense in the fiscal year in which the related performances occur (which generally is the succeeding year). Prepaid advertising costs related to future performances were approximately \$214,000 and \$360,000 in 2025 and 2024, respectively.

Advertising Cost

Advertising expense for the years ended August 31, 2025 and 2024 was \$830,956 and \$741,427, respectively.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expense. Expenses that can be identified with a specific program or supporting service are directly charged to the program or supporting service. Accordingly, certain costs which apply to more than one functional category have been allocated based on estimates made by management. Salaries and benefits and payroll taxes are allocated to the programs based on time and effort. Indirect administrative expenses such as printing and postage, office supplies, telephone and internet, and insurance are charged to the programs according to a cost allocation plan based on a percentage of total expenses. Depreciation and occupancy are allocated to the appropriate functional areas based on square footage.

Income Taxes

The Orchestra is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code as other than a private foundation and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code.

The Organization files various federal or state non-profit tax returns. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2021.

TNSH Landlord, LLC, TNSH Manager, LLC and TNSH Master Tenant, LLC were each formed as Limited Liability Companies (LLC). TNSH Landlord is treated as a partnership and TNSH Manager, LLC and TNSH Master Tenant, LLC are treated as corporations for income tax purposes. Under this election, profits and losses are passed directly to the members for inclusion in their income tax returns. The LLC's do not pay corporate income taxes on their income, although they may be subject to certain local taxes and other state fees. Accordingly, no liability or provision for federal or state income taxes is included in the accompanying consolidated financial statements. Management has evaluated the LLC's tax positions and concluded that no reserve for uncertain tax positions was considered necessary as any additional tax asset or liability is passed through to the members. The LLC's each file income tax returns in federal and state jurisdictions.

Concentration of Business Risks

For the years ended August 31, 2025 and 2024, approximately 46% and 47%, respectively, of the Orchestra's labor force is under collective bargaining agreements, whose contract ends on August 31, 2028.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. LIQUIDITY AND AVAILABILITY

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

	2025	2024
Cash	\$ 1,376,081	\$ 3,873,748
Accounts and other receivable	86,307	195,496
Contribution receivable	4,508,317	4,927,101
Beneficial interest in net assets in perpetual trust	50,005,909	32,889,714
Total financial assets and liquid resources	55,976,614	41,886,059
Less: Donor imposed restrictions	(55,775,944)	(38,910,396)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 200,670</u>	<u>\$ 2,975,663</u>

The Organization maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary.

As of August 31, 2025, the Orchestra also has available a \$1,500,000 line of credit for operating expenses. See Note 7.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of pledges from private foundations, corporations, and individual donors. Net contributions receivable are summarized as follows:

	2025	2024
Total contributions receivable	\$ 4,745,302	\$ 5,270,403
Less: Allowance for doubtful contributions receivable	(35,000)	(35,000)
Net contributions receivable	4,710,302	5,235,403
Less: Adjustment to present value for future cash flows from contributions receivable	(201,985)	(308,302)
PRESENT VALUE OF NET CONTRIBUTIONS RECEIVABLE	<u>\$ 4,508,317</u>	<u>\$ 4,927,101</u>

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. CONTRIBUTIONS RECEIVABLE (Continued)

The discount rate used to determine the present value of contributions receivable is a risk adjusted rate between 2.40% and 6.54%. The Orchestra wrote off uncollectible contributions of approximately \$41,000 and \$209,000 in 2025 and 2024, respectively.

Payments on contributions receivable outstanding as of August 31, 2025 are estimated to be received as follows:

2026	\$ 2,377,111
2027	1,496,000
2028	490,000
2029	240,000
2030	112,191
Thereafter	30,000
TOTAL CONTRIBUTIONS RECEIVABLE	<u>\$ 4,745,302</u>

4. PROPERTY AND EQUIPMENT

Major classes of fixed assets as of August 31 and estimated useful lives are as follows:

	2025	2024	Years
Buildings	\$ 93,331,338	\$ 93,331,338	39
Furniture and equipment	4,782,597	4,782,597	5
Hardware and software	665,562	656,004	3-5
Leasehold improvements	18,518	18,518	10
Depreciable instruments	660,615	624,355	5-25
Non-depreciable instruments	4,626	4,626	
Land	1,500,000	1,500,000	
Total property and equipment	100,963,256	100,917,438	
Less: Accumulated depreciation	(17,485,075)	(13,837,120)	
NET PROPERTY AND EQUIPMENT	<u>\$ 83,478,181</u>	<u>\$ 87,080,318</u>	

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. BENEFICIAL INTEREST IN NET ASSETS IN PERPETUAL TRUSTS

Endowment Trust

The Milwaukee Symphony Orchestra Endowment Trust (the Endowment) was established to hold and invest funds and to contribute the income for the benefit of the Orchestra while retaining the buying power of the principal. The board of trustees of the Endowment is independent of and separate from the board of directors of the Orchestra. The assets of the Endowment are invested in various securities.

The amount distributed to the Orchestra is based on the total return concept. Using this concept, the Endowment makes distributions based on a three-year average investment balance determined on a market value basis.

The specified distribution rate for 2025 and 2024 was 5% of this average. The amount distributed from the Endowment for 2025 and 2024 was \$1,139,688 and \$1,198,365, respectively, and is recorded separately in the accompanying consolidated statements of activities.

Long-Term Fund

The Milwaukee Symphony Orchestra Long-Term Fund (Long-Term Fund) was established for the sole purpose of providing support to the Orchestra. The board of trustees of the Long-Term Fund is independent of and separate from the board of directors of the Orchestra. The assets of the Long-Term Fund are invested in various securities. In accordance with the Long-Term Fund Indenture, the net assets without donor restrictions available for distribution to the Orchestra are at the sole and absolute discretion of the trustees of the Long-Term Fund. The Long-Term Fund made a discretionary distribution to the Orchestra of \$83,028 during both 2025 and 2024.

The Endowment and Long-Term Fund hold financial instruments which are carried at fair value in accordance with US GAAP, which establishes a hierarchy used to measure fair value (see Note 6).

The Orchestra has recognized its interest in the Endowment and Long-Term Fund based on the underlying net assets with donor restrictions of the trusts, as follows:

	<u>2025</u>	<u>2024</u>
Endowment net assets	\$ 47,856,513	\$ 30,833,538
Long-term fund net assets	2,149,396	2,056,176
NET ASSETS RESTRICTED IN PERPETUITY	<u><u>\$ 50,005,909</u></u>	<u><u>\$ 32,889,714</u></u>

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. BENEFICIAL INTEREST IN NET ASSETS IN PERPETUAL TRUSTS (Continued)

Greater Milwaukee Foundation

The Orchestra is the sole income beneficiary of an agency endowment fund held by the Greater Milwaukee Foundation, a community foundation unrelated to the Orchestra. As of August 31, 2025 and 2024, the fair value of the net assets held by the Greater Milwaukee Foundation in the agency endowment fund has been reported by the Greater Milwaukee Foundation to be \$14,947,619 and \$13,055,405, respectively. Distribution of investment income to the Orchestra is made on a quarterly basis. The Orchestra's interest in the agency endowment fund at the Greater Milwaukee Foundation is not recognized on the Orchestra's consolidated financial statements because the board of directors of the Greater Milwaukee Foundation has variance power over substantially all of these assets.

The amount distributed from the assets held by the Greater Milwaukee Foundation for which the Orchestra is the designated beneficiary for the years ended August 31, 2025 and 2024 was \$472,672 and \$303,436, respectively, and is reported as a component of contribution revenue in the accompanying consolidated statements of activities.

6. FAIR VALUE MEASUREMENTS

US GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. US GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quotes prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. FAIR VALUE MEASUREMENT (Continued)

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments without readily determined fair values measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the years ended August 31, 2025 and 2024.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended August 31, 2025 and 2024.

Beneficial Interest in Perpetual Trusts: Valued using the fair value of the assets held in the trust reported by the trustee as of August 31, 2025 and 2024. The Organization considers the measurement of its beneficial interest in the perpetual charitable trusts to be Level 3 measurements within the hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

Recurring Measurements

Assets measured at fair value on a recurring basis as of August 31, 2025 are as follows:

		2025							
		Level 1		Level 2		Level 3		Total	
ASSETS									
Beneficial interest in perpetual trusts									
Endowment trust	\$	-	\$	-	\$	47,856,513	\$	47,856,513	
Long-term fund		-		-		2,149,396		2,149,396	
TOTAL ASSETS AT FAIR VALUE									
	\$	-	\$	-	\$	50,005,909	\$	50,005,909	

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. FAIR VALUE MEASUREMENT (Continued)

	2024			
	Level 1	Level 2	Level 3	Total
ASSETS				
Beneficial interest in perpetual trusts				
Endowment trust	\$ -	\$ -	\$ 30,833,538	\$ 30,833,538
Long-term fund	-	-	2,056,176	2,056,176
TOTAL ASSETS AT FAIR VALUE	\$ -	\$ -	\$ 32,889,714	\$ 32,889,714

Unobservable (Level 3) Inputs

The activity for the beneficial interest in perpetual trusts, which is measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs), is as follows:

	2025	2024
BALANCE, BEGINNING OF YEAR	\$ 32,889,714	\$ 26,218,516
Distribution from beneficial interest	(1,222,716)	(1,281,393)
Change in beneficial interest	18,338,911	7,952,591
BALANCE, END OF YEAR	\$ 50,005,909	\$ 32,889,714

The change in value of the beneficial interest is included as a separate line in the consolidated statements of activities.

7. BANK LINE OF CREDIT

The Orchestra has a line of credit with a bank for borrowings up to \$1,500,000 secured by a general business security agreement. The agreement is due on demand. Interest is at the bank's prime rate (7.50% and 8.50% at August 31, 2025 and 2024, respectively) plus 0.25%. As of August 31, 2025 and 2024, the outstanding balance was \$300,000 and \$1,350,000, respectively. The agreement contains various reporting covenants. As of August 31, 2025, the Orchestra believes it is in compliance with these covenants.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. CONSTRUCTION LOAN AND NOTES PAYABLE

Construction Loan and Note Payable

TNSH Landlord entered into a Construction Loan Agreement in the principal amount of \$30,000,000 secured by the new symphony hall. Semi-annual principal payments are due according to the payment schedule below. The note bears interest at 3.50% with interest payments due monthly and will mature on December 17, 2025. The outstanding balance on the note as of August 31, 2025 was \$2,093,692, net of unamortized loan acquisition costs of \$843. The outstanding balance as of August 31, 2024 was \$3,393,692, net of unamortized loan costs of \$5,903. The agreement contains various loan covenants. The Organization believes it is in compliance with these covenants as of August 31, 2025.

Future maturities of notes payable as of August 31, 2025 are as follows:

2025	\$ 2,093,692
TOTAL	<u>\$ 2,093,692</u>

The Organization has the intention and ability to refinance the notes payable prior to it becoming due in December 2025.

9. NET ASSETS

As of August 31, 2025 and 2024 net assets with donor restrictions comprise contributions held for the following:

<u>Fund</u>	<u>2025</u>	<u>2024</u>
Restricted for time or purpose		
ACE	\$ 56,000	\$ 12,000
Capital campaign	2,976,697	3,584,230
Concert sponsorship	38,000	-
Education	-	30,000
General operating	735,408	1,019,482
Special projects	1,892,000	1,400,000
United Performing Arts Fund	273,915	283,272
Less: Pledge receivable discount	(201,985)	(308,302)
Total restricted for time or purpose	5,770,035	6,020,682
Restricted in perpetuity	50,005,909	32,889,714
TOTAL	<u>\$ 55,775,944</u>	<u>\$ 38,910,396</u>

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. IN-KIND CONTRIBUTIONS AND CONTRIBUTED SERVICES

In-kind contributions as of August 31, 2025 and 2024 consisted of the following:

	2025	2024
Donated legal fees	\$ 68,628	\$ 22,856
Other	195,788	138,003
TOTAL IN-KIND CONTRIBUTIONS AND CONTRIBUTED SERVICES	\$ 264,416	\$ 160,859

The Organization receives contributed services without donor restrictions in the form of legal services. The contributed services are monetized and reported using the billing rates and hours as provided by the individuals and third-party organizations providing those services. Legal fees are utilized in the management and general function.

The Organization receives contributions without donor restrictions in the form of discounts on services or assets purchased as well as donated materials and supplies. The donated materials and supplies are utilized and valued at the wholesale prices that would be received for selling similar products with any discount recognized as an in-kind contribution. The donated assets, materials and supplies are utilized in the Organization's program services and fundraising.

11. LEASES

The Organization has an operating lease for a parking lot. The lease has a remaining lease term of less than 1 year.

The components of lease expense were as follows for the years ending August 31:

	2025	2024
Operating lease cost	\$ 239,212	\$ 318,192
Short-term lease cost	81,338	39,288
Variable lease cost	-	255
TOTAL	\$ 320,550	\$ 357,735

Other information related to leases was as follows as of August 31:

	2025	2024
Operating cash flows from operating leases	\$ 240,000	\$ 344,576

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. LEASES (Continued)

Weighted average remaining lease term	0.3	1.3
Weighted average discount rate	3.36%	3.60%

Future minimum lease payments under non-cancellable leases as of August 31, 2025 were as follows:

2026	\$	80,000
Total future minimum lease payments		80,000
Less: Imputed interest		(8,366)
TOTAL	\$	71,634

12. COMMITMENTS

Labor Agreement Commitment

The Orchestra entered into a three-year agreement with the Milwaukee Musician's Association Local #8 for the period from September 1, 2025 to August 31, 2028. Under the terms of this agreement, the Orchestra is committed to pay base wages of approximately \$5,358,000 for the 2025-26 season, approximately \$5,518,000 for the 2026-27 season and approximately \$5,712,000 for the 2027-28 season.

Employment Agreements

The Orchestra has executed an employment agreement for the executive director to perform services including management of personnel, fund raising, growth, performance and operations as well as all other duties assigned by the Chair of the Board of Directors. The term of the contract runs for 6 years ending in 2027 with an aggregated commitment of approximately \$2,500,000 of which approximately \$772,000 is outstanding as of August 31, 2025, with approximately \$382,000 relating to the 2025-26 season.

As part of this agreement and included in the total commitment above, the key employee is eligible for a retention bonus. Each pay period the Orchestra will invest a percentage of the employee's base compensation. The employee will have the option of receiving a payout at the end of years 4 and 6. Should employment terminate prior to the end of either year, the employee terminates their eligibility to receive the funds.

The Orchestra has an employment agreement set to expire August 31, 2026 for the music director to perform services for the Orchestra. The agreement has an aggregated commitment of approximately \$1,003,000 of which approximately \$341,000 is outstanding as of August 31, 2025 relating to the 2025-26 season.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. COMMITMENTS (Continued)

Food Service Commitment

The Orchestra had executed an agreement for the operations of the food and beverage concessions and catering services at the Bradley Symphony Center. The Term of the contract was to run for ten years (through fiscal year 2030) from the date of the first ticketed event. The aggregate commitment was approximately \$750,000.

During 2025, the Orchestra terminated its previous food and beverage agreement resulting in an early termination fee of \$100,000.

13. RETIREMENT PLANS

Pension Plans

The Orchestra has separate noncontributory defined benefit pension plans for musicians and administrative staff (Pension Plans). Both plans provide for monthly pension benefits per participant of \$52 for each year of service and 100% vesting after five years of service. The Orchestra's funding policy is to contribute annually the minimum amount required under the Employee Retirement Income Security Act of 1974 (ERISA) or more. Plan assets are invested in a group annuity contract which invests primarily in U.S. government securities, money market funds, and marketable equity securities.

The musicians' and administrative staff's defined benefit pension plans are frozen; therefore, no new participants have been admitted to the plans, no additional years of service have been credited to any participant, no further benefits have been accrued, and each participant's accrued benefit is considered fully vested and non-forfeitable. All retirement benefits earned under the plan through August 31, 1996 for the musicians' plan and August 31, 1999 for the administrative staff's plan are payable to participants upon retirement.

The Orchestra is obligated to make additional contributions for both Defined Benefit Pension Plans in future years, if necessary, to meet ERISA funding requirements.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLANS (Continued)

Pension Plans (Continued)

The following table sets forth the plans' funded status as of August 31, the actuarial valuation date:

	Measurement Date August 31, 2025		
	Musicians	Staff	Total
Actuarial present value of benefit obligations			
Accumulated benefit obligation	\$ 7,121,658	\$ 1,600,256	\$ 8,721,914
Change in projected benefit obligation			
Projected benefit obligation at beginning of year	7,703,441	1,679,179	9,382,620
Interest costs	361,418	79,999	441,417
Actuarial loss*	(102,066)	(32,055)	(134,121)
Benefits paid	(841,135)	(126,867)	(968,002)
Projected benefit obligation at end of year	7,121,658	1,600,256	8,721,914
Change in plan assets			
Fair value of plan assets at beginning of year	6,678,608	1,854,003	8,532,611
Actual return on plan assets	464,601	75,427	540,028
Employer contributions	365,000	25,000	390,000
Benefits paid	(841,135)	(126,867)	(968,002)
Fair value of plan assets at end of year	6,667,074	1,827,563	8,494,637
(LIABILITY) ASSET FOR PENSION BENEFITS	\$ (454,584)	\$ 227,307	\$ (227,277)
Assumption used			
Discount rate	4.93%	4.93%	

*The actuarial loss is a result of increasing the discount rate from 4.93% to 5.23%

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLANS (Continued)

Pension Plans (Continued)

	Measurement Date August 31, 2025	
	Musicians	Staff
Net periodic pension cost comprised the following		
Interest cost on projected benefit obligation	\$ 361,418	\$ 79,999
Return on plan assets	(337,536)	(101,408)
Amortization of net loss	97,059	28,280
NET PERIODIC PENSION COST	\$ 120,941	\$ 6,871
Assumption used		
Discount rate	5.23 %	5.23 %
Expected long-term rate of return on assets	5.25 %	5.25 %

	Measurement Date August 31, 2024		
	Musicians	Staff	Total
Actuarial present value of benefit obligations			
Accumulated benefit obligation	\$ 7,703,441	\$ 1,679,179	\$ 9,382,620
Change in projected benefit obligation			
Projected benefit obligation at beginning of year	7,771,966	1,642,693	9,414,659
Interest costs	399,740	85,263	485,003
Actuarial gain*	381,576	84,889	466,465
Benefits paid	(849,841)	(133,666)	(983,507)
Projected benefit obligation at end of year	7,703,441	1,679,179	9,382,620
Change in plan assets			
Fair value of plan assets at beginning of year	6,455,431	1,546,492	8,001,923
Actual return on plan assets	810,018	220,177	1,030,195
Employer contributions	263,000	221,000	484,000
Benefits paid	(849,841)	(133,666)	(983,507)
Fair value of plan assets at end of year	6,678,608	1,854,003	8,532,611
(LIABILITY) ASSET FOR PENSION BENEFITS	\$ (1,024,833)	\$ 174,824	\$ (850,009)
Assumption used			
Discount rate	5.30%	5.30%	

*The actuarial gain is a result of decreasing the discount rate from 5.30% to 4.93%

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLANS (Continued)

Pension Plans (Continued)

	Measurement Date	
	August 31, 2024	
	Musicians	Staff
Net periodic pension cost comprised the following		
Interest cost on projected benefit obligation	\$ 399,740	\$ 85,263
Return on plan assets	(351,647)	(94,288)
Amortization of net loss	81,744	25,685
NET PERIODIC PENSION COST	\$ 129,837	\$ 16,660
Assumption used		
Discount rate	4.93 %	4.93 %
Expected long-term rate of return on assets	5.25 %	5.25 %

Net periodic pension costs are included in program and management and general expenses on the consolidated statements of activities. Other changes in plan assets and benefit obligation recognized on the consolidated statements of activities are as follows for the years ending:

	August 31, 2025		
	Musicians	Staff	Total
Net actuarial (gain)/loss	\$ (229,131)	\$ (6,074)	\$ (235,205)
Amortization of			
Actuarial gain/(loss)	(97,059)	(28,280)	(125,339)
TOTAL OTHER PENSION RELATED COSTS	\$ (326,190)	\$ (34,354)	\$ (360,544)
	August 31, 2024		
	Musicians	Staff	Total
Net actuarial (gain)/loss	\$ (76,795)	\$ (41,000)	\$ (117,795)
Amortization of			
Actuarial gain/(loss)	(81,744)	(25,685)	(107,429)
TOTAL OTHER PENSION RELATED COSTS	\$ (158,539)	\$ (66,685)	\$ (225,224)

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLANS (Continued)

Pension Plans (Continued)

As of August 31, 2025, the actuarial loss for the plan was \$2,545,940 of which \$125,339 is expected to be amortized in the following fiscal year. As of August 31, 2024, the actuarial loss for the plan was \$2,906,484.

The expected long-term rate of return on the Pension Plans' assets was 5.25% for the musician's plan and the staff's plan for 2025 and 2024. Current market factors such as inflation and interest rates, as well as peer data and historical returns, are considered when determining the long-term rate of return.

All of the Pension Plans' assets, which consists of a group annuity contract, are considered to be Level 2 investments in accordance with the fair value hierarchy. Level 2 assets are traded in less active dealer or broker markets in which valuations are obtained from third party pricing services for identical or similar assets.

The Orchestra employs a total return on investment approach whereby a mix of equities and fixed income investments are utilized to maximize the long-term rate of return on the Pension Plans' assets for a given level of risk. Risk tolerance is established through consideration of the Pension Plans' liabilities and funded status.

The investment vehicle used is a group annuity contract, which has a portfolio containing a diversified blend of equity and fixed income investments. The Orchestra determines the asset allocation for the asset classes based upon periodic asset/liability reviews and capital market projections.

The Orchestra expects to make a minimum contribution to the musicians' plan of approximately \$321,000 and to the staff's plan of \$0 during 2025.

The following table sets forth the Pension Plans' estimated future benefit payments expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter:

<u>Fiscal Year</u>	<u>Musicians</u>	<u>Staff</u>
2026	\$ 823,000	\$ 130,000
2027	790,000	138,000
2028	756,000	135,000
2029	719,000	133,000
2030	685,000	132,000
2031-2034	2,858,000	631,000

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLANS (Continued)

Defined Contribution Plan

The Orchestra has a defined contribution plan for all full-time administrative employees. Employees are eligible to participate in the plan upon attaining age 21, having worked 1,000 hours, and having completed one full year of employment. The Orchestra matches 50% of employee contributions up to 6%. The Orchestra made contributions of \$108,999 and \$112,266 to the plan for the years ended August 31, 2025 and 2024, respectively.

Multi-Employer Pension Plan

The contract with the musicians' union also requires that contributions be made to the American Federation of Musicians and Employers' Pension Plan for services rendered by musicians after August 31, 1996. The Pension Plan is a multi-employer pension plan for musicians under union contracts. The plan is administered independently, and contributions are determined in accordance with the provisions of the musicians' labor contract.

The Orchestra contributes to the American Federation of Musicians and Employers' union sponsored multiemployer defined benefit pension plan under a collective bargaining agreement. The risk of participating in a multiemployer plan differs from those of single-employer plan in the following aspects:

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

Contributions are determined in accordance with the provisions of negotiated labor contracts and are based upon the number of hours worked by each eligible employee. During the years ended August 31, 2025 and 2024, the Orchestra contributed 7.63% of the musicians' salaries. Information from the plans' administrators is not available to permit the Orchestra to determine its share of unfunded vested benefits, if any. Management does not intend to take any action which would subject it to such a liability.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLANS (Continued)

Multi-Employer Pension Plan (Continued)

The Orchestra's participation in these plans for the years ended August 31, 2025 and 2024, is outlined in the table below. The EIN/Plan Number provides the EIN and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2025 and 2024 is for the plan's year beginning during 2024 and 2023. The zone status is based on information that the Organization obtained from the plans. Among other factors, plans in the red zone are less than 65% funded, plans in the yellow zone are between 65-80% funded, and plans in the green zone are more than 80% funded. The FIP/RP Status Pending/Implemented indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented. The last line lists the expiration dates of the collective bargaining agreements to which the plans are subject.

There have been no significant changes that affect the comparability of the 2025 and 2024 contributions.

<u>EIN/Plan Number</u>	American Federation of Musicians & Employers' Pension Fund EIN: 51-6120204 Plan #001
Pension Protection Act Zone Status	
December 31, 2025	Red
March 31, 2025	Red
FIP/RP Status Pending/Implemented	Yes
Orchestra Contributions - 2025	\$494,876
Orchestra Contributions - 2024	\$478,296
Collective Bargaining Agreement Exp. Date	8/31/2028

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. RETIREMENT PLANS (Continued)

Multi-Employer Pension Plan (Continued)

While the status is listed as red, meaning the funded status is less than 65%, the actual funded percentage is greater than 80%. However, the Plan is considered in critical status because the Plan's actuary determined that the Plan is projected to have an accumulated funding deficiency over the next five years. In an effort to improve the Plan's funding situation, the Plan's Board of Trustees adopted a rehabilitation plan on April 15, 2010, which was intended to help the Plan improve its funded status through various benefit reductions and employer contribution increases. In addition, on May 18, 2011, the Plan's Board of Trustees amended the rehabilitation plan to change the maximum term from four years to five years for which pension contributions may be established under any collective bargaining agreement entered into on or after May 1, 2010. The Plan's Board of Trustees amended the rehabilitation plan again on February 12, 2015, to provide that if a collective bargaining agreement expires while the Plan is still in critical status and the bargaining parties fail to adopt a contribution schedule within 180 days of that expiration then the contribution schedule under the expired collective bargaining agreement is re-implemented. The duration of the rehabilitation plan is indefinite, and the Plan is not expected to emerge from critical status during the 10-year rehabilitation plan period that began April 1, 2013. Under the rehabilitation plan, the Plan is not permitted to pay lump sum benefits while it is in critical status. The employer surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan. For the Plan year beginning April 1, 2011, the surcharge was 10% and remains applicable for each year the Plan is in critical status. In June 2018, the rehabilitation plan was modified to require a 10% increase in the rate of contributions to the plan that must be included in any collective bargaining agreements starting August 1, 2018 or later.

14. RELATED PARTY TRANSACTIONS

The Orchestra provides accounting and administrative services to the Endowment and Long-Term Fund. The accounting and administrative services are provided at no charge. These services are not considered material and are therefore excluded from the accompanying consolidated financial statements.

Members of the Orchestra's board of directors serve in management roles of corporations that provide goods and services to the Orchestra, causing these corporations to be related parties. The Orchestra received contributions to support general operations of approximately \$5,400,000 and \$4,500,000 during 2025 and 2024, respectively, from these corporations and members of the board of directors. There were outstanding pledges receivable of approximately \$26,500 and \$12,000 as of August 31, 2025 and 2024, respectively, from board members of the Orchestra.

Significant purchases of goods and services from related parties are reviewed to ensure such transactions are competitively priced as compared with other goods and services available in the market. There were no purchased services received during 2025 and 2024. During 2025 and 2024, the Orchestra also received approximately \$69,000 and \$23,000, respectively, of legal services as in-kind donations from two members of the board.

MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. RELATED PARTY TRANSACTIONS (Continued)

The Orchestra is a party in Milwaukee Arts Partners (MAP), a joint venture with First Stage Children's Theater, Skylight Music Theater, Sharon Lynne Center for the Arts, the Milwaukee Ballet, and Milwaukee Repertory Theater. The primary focus of MAP is to manage and operate the ticketing software, Tessitura, used by all six entities. All revenue and expenses incurred during the years ended August 31, 2025 and 2024 by the Orchestra, which were directly attributable to MAP, were recorded in MAP's financial statements and not recorded within the Orchestra's consolidated financial statements. There were no accounts receivable from the joint venture as of August 31, 2025 or 2024.

15. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the date of the consolidated statements of financial position, but before the consolidated financial statements are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (this is recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (this is, non-recognized subsequent events).

The Organization has evaluated subsequent events through December 9, 2025, the date on which the consolidated financial statements were available to be issued and noted no additional items requiring disclosure, except as disclosed in Note 8.

SUPPLEMENTARY INFORMATION

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED SCHEDULES OF TICKET REVENUES

For the Years Ended August 31, 2025 and 2024

Schedule I

	<u>2025</u>	<u>2024</u>
Classical concerts	\$ 1,976,244	\$ 1,861,912
Pops concerts	1,642,918	1,682,162
High school/youth concerts	156,127	115,301
Other concerts	414,991	511,930
Handling	391,335	423,091
	<hr/>	<hr/>
Gross ticket revenues	4,581,615	4,594,396
Less: Sales tax	(360,332)	(283,693)
	<hr/>	<hr/>
NET PERFORMANCE REVENUE	<u><u>\$ 4,221,283</u></u>	<u><u>\$ 4,310,703</u></u>

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED SCHEDULES OF OTHER REVENUES

For the Years Ended August 31, 2025 and 2024

Schedule II

	2025	2024
Arts in Community Education (ACE)	\$ 50,782	\$ 63,997
Fees for service	683,964	775,435
Parking	431,581	444,716
Food and beverage	208,006	566,080
Other earned revenue	71,847	126,368
TOTAL OTHER REVENUES	\$ 1,446,180	\$ 1,976,596

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

**CONSOLIDATED SCHEDULE OF CONTRIBUTIONS WITHOUT DONOR
RESTRICTIONS, OTHER REVENUES, AND NET ASSETS RELEASED FROM
RESTRICTION**

For the Year Ended August 31, 2025

Schedule III

	Operating Revenue	Net Assets Released from Restriction	Total
Contributions without donor restrictions, including net assets released from restriction for operations			
Individual giving	\$ 3,501,987	\$ 583,044	\$ 4,085,031
Foundation giving	1,716,042	249,000	1,965,042
Corporate giving	283,989	3,758	287,747
United Performing Arts Fund	1,404,394	283,272	1,687,666
Special projects	4,000,000	1,000,000	5,000,000
Capital campaign support	100,401	512,632	613,033
Government	64,269	6,000	70,269
Total contributions	11,071,082	2,637,706	13,708,788
Special events revenue, net of cost of direct benefit to donors of \$105,025	91,851	307,950	399,801
In-kind contributions	264,416	-	264,416
Increase in the beneficial interest in net assets in perpetual trusts - distributions	1,222,716	-	1,222,716
Gain on barter transactions	56,826	-	56,826
Interest and dividend income	46,146	-	46,146
Performance revenue (Schedule I)	4,221,283	-	4,221,283
Other revenues (Schedule II)	1,446,180	-	1,446,180
TOTAL OPERATING REVENUES AND NET ASSETS RELEASED FROM RESTRICTION	\$ 18,420,500	\$ 2,945,656	\$ 21,366,156

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

**CONSOLIDATED SCHEDULE OF CONTRIBUTIONS WITHOUT DONOR
RESTRICTIONS, OTHER REVENUES, AND NET ASSETS RELEASED FROM
RESTRICTION**

For the Year Ended August 31, 2024

Schedule III

	Operating Revenue	Net Assets Released from Restriction	Total
Contributions without donor restrictions, including net assets released from restriction for operations			
Individual giving	\$ 3,981,004	\$ 240,789	\$ 4,221,793
Foundation giving	1,843,661	205,000	2,048,661
Corporate giving	243,038	13,518	256,556
United Performing Arts Fund	1,008,727	340,908	1,349,635
Special projects	4,000,000	-	4,000,000
Capital campaign support	-	2,691,200	2,691,200
Government	56,398	6,000	62,398
Total contributions	11,132,828	3,497,415	14,630,243
Special events revenue, net of cost of direct benefit to donors of \$100,811	(6,161)	343,250	337,089
In-kind contributions	160,859	69,000	229,859
Increase in the beneficial interest in net assets in perpetual trusts - distributions	1,281,393	-	1,281,393
Interest and dividend income	63,617	-	63,617
Performance revenue (Schedule I)	4,310,703	-	4,310,703
Other revenues (Schedule II)	1,976,596	-	1,976,596
TOTAL OPERATING REVENUES AND NET ASSETS RELEASED FROM RESTRICTION	\$ 18,919,835	\$ 3,909,665	\$ 22,829,500

**MILWAUKEE SYMPHONY ORCHESTRA, INC.
AND SUBSIDIARIES**

CONSOLIDATED SCHEDULES OF PRODUCTION EXPENSES

For the Years Ended August 31, 2025 and 2024

Schedule IV

	2025	2024
Concert expenses		
Classical concerts	\$ 563,406	\$ 651,417
Pops concerts	830,324	805,204
Educational and outreach events	228,149	222,955
Tour concerts	44,218	50,982
Other events	67,268	113,053
	1,733,365	1,843,611
Media activities	1,554	34,642
Other (including production staff wage)	2,167,042	2,113,112
TOTAL PRODUCTION EXPENSES	\$ 3,901,961	\$ 3,991,365