

INDIANA SYMPHONY SOCIETY, INC.

FINANCIAL STATEMENTS

August 31, 2025 and 2024

INDIANA SYMPHONY SOCIETY, INC.

FINANCIAL STATEMENTS
August 31, 2025 and 2024

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS.....	10
NOTES TO FINANCIAL STATEMENTS	11

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Indiana Symphony Society, Inc. Indianapolis, Indiana

Opinion

We have audited the financial statements of Indiana Symphony Society, Inc. (the Society), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of August 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(Continued)

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society'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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
January 20, 2026

INDIANA SYMPHONY SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
August 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash	\$ 5,164,266	\$ 1,499,675
Receivables:		
Pledges, net (Note 3)	3,234,158	1,937,160
Government grants	-	42,638
Accounts receivable	<u>16,721</u>	<u>19,135</u>
Total receivables	3,250,879	1,998,933
Prepaid expenses and other assets	774,384	828,867
Right-of-use asset	2,852,088	3,103,137
Property and equipment, net (Note 2)	1,968,037	1,560,781
Interest in net assets of ISO Foundation	<u>122,847,568</u>	<u>121,059,417</u>
	<u>\$ 136,857,222</u>	<u>\$ 130,050,810</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 998,661	\$ 745,543
Accrued expenses	828,126	625,279
Other liabilities	396,285	396,517
Deferred revenue	3,347,367	3,104,169
Lease liability	3,049,000	3,283,000
Pension liability (Note 9)	<u>254,762</u>	<u>429,191</u>
Total liabilities	8,874,201	8,583,699
Net assets		
Net assets without donor restrictions		
General operating	(781,265)	(335,589)
Pension plan	<u>(1,181,385)</u>	<u>(1,355,814)</u>
Total net assets without donor restrictions	(1,962,650)	(1,691,403)
Net assets with donor restrictions		
Society (Note 5)	7,098,103	2,099,097
ISO Foundation (Note 5)	<u>122,847,568</u>	<u>121,059,417</u>
Total net assets with donor restrictions	<u>129,945,671</u>	<u>123,158,514</u>
Total net assets	<u>127,983,021</u>	<u>121,467,111</u>
Total liabilities and net assets	<u>\$ 136,857,222</u>	<u>\$ 130,050,810</u>

See accompanying notes to financial statements.

INDIANA SYMPHONY SOCIETY, INC.
STATEMENT OF ACTIVITIES
Year Ended August 31, 2025
(With Comparative Figures for 2024)

Revenue	2025							2024	
	Without Donor Restrictions				With Donor Restrictions			Total	Total
	General Operating	Pension Plan	Facilities	Total	Society	ISO Foundation	Total		
Earned Revenue									
Ticket sales and fee income	\$ 9,393,333	\$ -	\$ -	\$ 9,393,333	\$ -	\$ -	\$ -	\$ 9,393,333	\$ 9,304,014
Facilities income	518,212	-	-	518,212	-	-	-	518,212	570,050
Program advertising	52,050	-	-	52,050	-	-	-	52,050	68,200
Education	72,103	-	-	72,103	-	-	-	72,103	68,111
Other	217,679	-	-	217,679	-	-	-	217,679	149,306
Total earned income	10,253,377	-	-	10,253,377	-	-	-	10,253,377	10,159,681
Contributed income									
Annual fund	6,042,244	-	-	6,042,244	4,660,317	-	4,660,317	10,702,561	6,508,510
Government funding	67,638	-	-	67,638	-	-	-	67,638	120,776
Designated income	-	-	-	-	-	-	-	-	615,290
Campaign	-	-	-	-	1,999,773	-	1,999,773	1,999,773	-
Campaign Facility Improvements	-	-	-	-	500,000	-	500,000	500,000	-
Net assets released - annual fund (Note 5)	1,957,770	-	-	1,957,770	(1,957,770)	-	(1,957,770)	-	-
Net assets released - campaign funding (Note 5)	203,314	-	-	203,314	(203,314)	-	(203,314)	-	-
Total contributed income	8,270,966	-	-	8,270,966	4,999,006	-	4,999,006	13,269,972	7,244,576
ISO Foundation									
Net assets released (Note 5)	7,860,679	-	1,250,000	9,110,679	-	(9,110,679)	(9,110,679)	-	-
Service fee	50,000	-	-	50,000	-	-	-	50,000	50,000
Total ISO Foundation	7,910,679	-	1,250,000	9,160,679	-	(9,110,679)	(9,110,679)	50,000	50,000
Total revenue	26,435,022	-	1,250,000	27,685,022	4,999,006	(9,110,679)	(4,111,673)	23,573,349	17,454,257

See accompanying notes to financial statements.

INDIANA SYMPHONY SOCIETY, INC.
STATEMENT OF ACTIVITIES
Year Ended August 31, 2025
(With Comparative Figures for 2024)

	2025							2024	
	Without Donor Restrictions				With Donor Restrictions				
	General <u>Operating</u>	Pension <u>Plan</u>	<u>Facilities</u>	<u>Total</u>	<u>Society</u>	ISO <u>Foundation</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Expenses									
Concert related expenses									
Orchestra operations	10,136,703	-	-	10,136,703	-	-	-	10,136,703	9,775,886
Defined benefit pension plan expense	-	171,667	-	171,667	-	-	-	171,667	201,299
Concert production	6,426,424	-	-	6,426,424	-	-	-	6,426,424	6,630,912
Marketing	2,432,944	-	-	2,432,944	-	-	-	2,432,944	2,020,900
Total concert related expenses	18,996,071	171,667	-	19,167,738	-	-	-	19,167,738	18,628,997
Department expenses									
General and administrative	2,748,434	-	-	2,748,434	-	-	-	2,748,434	2,972,072
Development	1,424,072	-	-	1,424,072	-	-	-	1,424,072	1,329,950
Patron services	259,622	-	-	259,622	-	-	-	259,622	310,770
Education	816,883	-	-	816,883	-	-	-	816,883	699,760
Program book	79,718	-	-	79,718	-	-	-	79,718	93,384
Other	139,998	-	-	139,998	-	-	-	139,998	149,813
Total department expenses	5,468,727	-	-	5,468,727	-	-	-	5,468,727	5,555,749
Facilities	2,087,442	-	1,250,000	3,337,442	-	-	-	3,337,442	3,460,086
Depreciation	328,458	-	-	328,458	-	-	-	328,458	331,967
Total facilities and depreciation	2,415,900	-	1,250,000	3,665,900	-	-	-	3,665,900	3,792,053
Total expenses	26,880,698	171,667	1,250,000	28,302,365	-	-	-	28,302,365	27,976,799

See accompanying notes to financial statements.

INDIANA SYMPHONY SOCIETY, INC.
STATEMENT OF ACTIVITIES
Year Ended August 31, 2025
(With Comparative Figures for 2024)

	2025							2024	
	Without Donor Restrictions				With Donor Restrictions				
	General Operating	Pension Plan	Facilities	Total	Society	ISO Foundation	Total	Total	Total
Revenue over (under) expenses before nonoperating gain (loss)	(445,676)	(171,667)	-	(617,343)	4,999,006	(9,110,679)	(4,111,673)	(4,729,016)	(10,522,542)
Nonoperating gain (loss)									
Net periodic pension benefit	-	(183,941)	-	(183,941)	-	-	-	(183,941)	(652,412)
Revenue over (under) expenses	(445,676)	(355,608)	-	(801,284)	4,999,006	(9,110,679)	(4,111,673)	(4,912,957)	(11,174,954)
Other change in net assets									
Other changes in interest in net assets of ISO Foundation	-	-	-	-	-	10,898,830	10,898,830	10,898,830	12,982,127
Pension liability adjustment (Note 9)	-	530,037	-	530,037	-	-	-	530,037	1,708,190
Total other changes in net assets	-	530,037	-	530,037	-	10,898,830	10,898,830	11,428,867	14,690,317
Change in net assets	(445,676)	174,429	-	(271,247)	4,999,006	1,788,151	6,787,157	6,515,910	3,515,363
Net assets beginning of year	(335,589)	(1,355,814)	-	(1,691,403)	2,099,097	121,059,417	123,158,514	121,467,111	117,951,748
Net assets at end of year	<u>\$ (781,265)</u>	<u>\$ (1,181,385)</u>	<u>\$ -</u>	<u>\$ (1,962,650)</u>	<u>\$ 7,098,103</u>	<u>\$ 122,847,568</u>	<u>\$ 129,945,671</u>	<u>\$ 127,983,021</u>	<u>\$ 121,467,111</u>

See accompanying notes to financial statements.

INDIANA SYMPHONY SOCIETY, INC.
STATEMENT OF ACTIVITIES
Year Ended August 31, 2024

Revenue	2024							
	Without Donor Restrictions				With Donor Restrictions			
	General Operating	Pension Plan	Facilities	Total	Society	ISO Foundation	Total	Total
Earned Revenue								
Ticket sales and fee income	\$ 9,304,014	\$ -	\$ -	\$ 9,304,014	\$ -	\$ -	\$ -	\$ 9,304,014
Facilities income	570,050	-	-	570,050	-	-	-	570,050
Program advertising	68,200	-	-	68,200	-	-	-	68,200
Education	68,111	-	-	68,111	-	-	-	68,111
Other	149,306	-	-	149,306	-	-	-	149,306
Total earned income	10,159,681	-	-	10,159,681	-	-	-	10,159,681
Contributed income								
Annual fund	4,649,103	-	-	4,649,103	1,859,407	-	1,859,407	6,508,510
Government funding	103,138	-	-	103,138	17,638	-	17,638	120,776
Designated income	615,290	-	-	615,290	-	-	-	615,290
Net assets released - annual fund (Note 5)	3,231,910	-	-	3,231,910	(3,231,910)	-	(3,231,910)	-
Total contributed income	8,599,441	-	-	8,599,441	(1,354,865)	-	(1,354,865)	7,244,576
ISO Foundation								
Net assets released (Note 5)	5,403,048	-	1,250,000	6,653,048	-	(6,653,048)	(6,653,048)	-
Service fee	50,000	-	-	50,000	-	-	-	50,000
Total ISO Foundation	5,453,048	-	1,250,000	6,703,048	-	(6,653,048)	(6,653,048)	50,000
Total revenue	24,212,170	-	1,250,000	25,462,170	(1,354,865)	(6,653,048)	(8,007,913)	17,454,257

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
STATEMENT OF ACTIVITIES
Year Ended August 31, 2024

	2024							
	Without Donor Restrictions				With Donor Restrictions			
	General Operating	Pension Plan	Facilities	Total	Society	ISO Foundation	Total	Total
Expenses								
Concert related expenses								
Orchestra operations	9,775,886	-	-	9,775,886	-	-	-	9,775,886
Defined benefit pension plan expense	-	201,299	-	201,299	-	-	-	201,299
Concert production	6,630,912	-	-	6,630,912	-	-	-	6,630,912
Marketing	2,020,900	-	-	2,020,900	-	-	-	2,020,900
Total concert related expenses	18,427,698	201,299	-	18,628,997	-	-	-	18,628,997
Expenses (Continued)								
Department expenses								
General and administrative	2,972,072	-	-	2,972,072	-	-	-	2,972,072
Development	1,329,950	-	-	1,329,950	-	-	-	1,329,950
Patron services	310,770	-	-	310,770	-	-	-	310,770
Education	699,760	-	-	699,760	-	-	-	699,760
Program book	93,384	-	-	93,384	-	-	-	93,384
Other	149,813	-	-	149,813	-	-	-	149,813
Total department expenses	5,555,749	-	-	5,555,749	-	-	-	5,555,749
Facilities	2,210,086	-	1,250,000	3,460,086	-	-	-	3,460,086
Depreciation	331,967	-	-	331,967	-	-	-	331,967
Total facilities and depreciation	2,542,053	-	1,250,000	3,792,053	-	-	-	3,792,053
Total expenses	26,525,500	201,299	1,250,000	27,976,799	-	-	-	27,976,799

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
STATEMENT OF ACTIVITIES
Year Ended August 31, 2024

	2024							
	Without Donor Restrictions				With Donor Restrictions			
	General Operating	Pension Plan	Facilities	Total	Society	ISO Foundation	Total	Total
Revenue over (under) expenses before nonoperating gain (loss)	(2,313,330)	(201,299)	-	(2,514,629)	(1,354,865)	(6,653,048)	(8,007,913)	(10,522,542)
Nonoperating gain (loss)								
Net periodic pension benefit	-	(652,412)	-	(652,412)	-	-	-	(652,412)
								-
Revenue over (under) expenses	<u>(2,313,330)</u>	<u>(853,711)</u>	<u>-</u>	<u>(3,167,041)</u>	<u>(1,354,865)</u>	<u>(6,653,048)</u>	<u>(8,007,913)</u>	<u>(11,174,954)</u>
Other change in net assets								
Other changes in interest in net assets of ISO Foundation	-	-	-	-	-	12,982,127	12,982,127	12,982,127
Pension liability adjustment (Note 9)	-	1,708,190	-	1,708,190	-	-	-	1,708,190
Total other changes in net assets	<u>-</u>	<u>1,708,190</u>	<u>-</u>	<u>1,708,190</u>	<u>-</u>	<u>12,982,127</u>	<u>12,982,127</u>	<u>14,690,317</u>
Change in net assets	(2,313,330)	854,479	-	(1,458,851)	(1,354,865)	6,329,079	4,974,214	3,515,363
Net assets beginning of year	<u>1,977,741</u>	<u>(2,210,293)</u>	<u>-</u>	<u>(232,552)</u>	<u>3,453,962</u>	<u>114,730,338</u>	<u>118,184,300</u>	<u>117,951,748</u>
Net assets at end of year	<u>\$ (335,589)</u>	<u>\$ (1,355,814)</u>	<u>\$ -</u>	<u>\$ (1,691,403)</u>	<u>\$ 2,099,097</u>	<u>\$ 121,059,417</u>	<u>\$ 123,158,514</u>	<u>\$ 121,467,111</u>

See accompanying notes to financial statements.

INDIANA SYMPHONY SOCIETY, INC.
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 6,515,910	\$ 3,515,363
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Non-cash items		
Change in interest in net assets of ISO Foundation	(1,788,151)	(6,329,079)
Change in unamortized discount on pledges	30,128	(29,275)
Uncollectable pledges receivable	9,791	51,316
Depreciation	328,458	331,968
Amortization of right of use asset	251,049	242,305
Defined benefit pension plan expense	171,667	201,299
Pension liability adjustment	(346,096)	(1,055,778)
Change in assets and liabilities		
Receivables	(1,291,865)	1,134,091
Prepaid expenses and other assets	54,483	204,922
Accounts payable, accrued expenses and other liabilities	455,733	(88,336)
Deferred revenue	243,198	(107,475)
Lease liability	<u>(234,000)</u>	<u>(222,000)</u>
Net cash flows (used in) from operating activities	4,400,305	(2,150,679)
Cash flows from investing activities		
Capital expenditures	(735,714)	(247,344)
Cash flows from financing activities		
Payments on bank line of credit	-	300,000
Payments on bank note payable	<u>-</u>	<u>(300,000)</u>
Net cash flows used in financing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	3,664,591	(2,398,023)
Cash and cash equivalents, beginning of year	<u>1,499,675</u>	<u>3,897,698</u>
Cash and cash equivalents, end of year	<u>\$ 5,164,266</u>	<u>\$ 1,499,675</u>
Supplemental disclosures of cash flow information		
Cash payments for interest	\$ -	\$ 354
Non-cash activities		
Right of use asset	\$ -	\$ 242,000
Lease Liability	-	242,000

See accompanying notes to financial statements.

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 1 – NATURE OF ACTIVITIES

The Indiana Symphony Society, Inc. (the Society) is a not-for-profit corporation formed in 1937 for the purpose of operating the Indianapolis Symphony Orchestra (ISO). The ISO is one of Indiana's best known cultural resources receiving national and international recognition and setting the highest musical standards within our community.

The Indianapolis Symphony Orchestra Foundation, Inc. (the ISO Foundation) is a separate entity that was formed in September 1990 for the purpose of educating the public by providing financial and other support to the Society. The ISO Foundation manages the endowment which was raised to support the ISO, the Hilbert Circle Theatre, and the Symphony Centre buildings. The ISO Foundation is under no obligation to transfer assets to the Society.

Due to the purpose for which the ISO Foundation was formed, the Society and the ISO Foundation are considered to be financially interrelated organizations even though they operate independently of each other and have separate Boards of Directors. Because the Society and the ISO Foundation are financially interrelated, the Society has recognized its interest in the net assets of the ISO Foundation in its financial statements. Additionally, based on the nature of the relationship between the ISO Foundation and the Society, and the purposes for which the ISO Foundation exists, the ISO Foundation qualifies under Internal Revenue Service guidelines as a functionally integrated Type III supporting organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash: The Society maintains cash in bank deposits accounts, which, at times may exceed federally insured limits. The Society has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Pledges Receivable: Pledges receivable consist of unconditional pledges received from a broad base of contributors that are recognized as contributions when the promise is received. Amounts pledged relate to the Annual Fund.

Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using United States Treasury Bill rates with maturities commensurate to the time period of expected collection of pledges. Discount rates used for the years ended August 31, 2025 and 2024 ranged from 3.58% to 4.38%. Amortization of the discount is included in Contributed Income.

Management estimates an allowance for uncollectible pledges receivable based on current economic conditions, historical trends, and current and past experience with their donor base. At August 31, 2025 and 2024, management determined that an allowance of \$115,433 and \$113,380, respectively, was necessary.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Grants Receivable: Government grants receivable represent amounts awarded by various government agencies. Government grants receivable are due within one year and are recorded at their net realizable value. Management estimates an allowance for uncollectible government grants receivable based on current economic conditions, historical trends, and current and past experience with the individual grantors. Management determined that no allowance was necessary as of August 31, 2025 and 2024.

Accounts Receivable: Accounts receivable (contract receivables) are stated at amounts expected to be received for tickets sold by third party vendors, run out performances, and program advertising. All amounts are due within one year. Accounts receivable had a balance as of August 31, 2025 and 2024 of \$16,721 and \$19,135, respectively.

Accounts are monitored on an ongoing basis and significant effort is made to collect all amounts due to the Society. After one year, amounts uncollected are written off as credit losses. No interest is charged on past due accounts.

Management estimates an allowance for credit losses based on current and expected economic conditions, historical trends, and current and past experience with their vendor base. Management determined that no allowance was necessary as of August 31, 2025 and 2024.

Property, Equipment and Depreciation: The Society capitalizes at cost all significant purchases of property and equipment acquired for use, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method, including one-half year's depreciation in the year placed in service. Property and equipment are depreciated over their estimated useful lives, which range from three to thirty-nine years.

Contributed property and equipment are recorded at their fair value at the date of the gift. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment with specific directions about the period of use, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions as the donated or acquired assets are placed in service. The Society reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The major classes of property and equipment along with their respective accumulated depreciation, are as follows as of August 31:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<u>2025</u>			
Computer Equipment and Software	\$ 707,664	\$ 660,048	\$ 47,616
Musical Instruments and Orchestra	1,617,273	1,611,618	5,655
Stage Equipment	2,154,368	1,658,938	495,430
Transportation Equipment	59,513	59,513	-
Office Furniture and Equipment	130,430	130,430	-
Hilbert Circle Theatre Property	1,188,133	1,052,472	135,661
Leasehold Improvements	4,984,720	3,846,172	1,138,548
Construction in Progress	145,127	-	145,127
	<u>\$ 10,987,228</u>	<u>\$ 9,019,191</u>	<u>\$ 1,968,037</u>

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<u>2024</u>			
Computer Equipment and Software	\$ 671,355	\$ 649,549	\$ 21,806
Musical Instruments and Orchestra Equipment	1,617,272	1,608,446	8,826
Stage Equipment	1,889,998	1,571,449	318,549
Transportation Equipment	59,513	59,513	-
Office Furniture and Equipment	130,430	130,430	-
Hilbert Circle Theatre Property	1,182,240	1,004,242	177,998
Leasehold Improvements	4,721,021	3,687,419	1,033,602
	<u>\$ 10,271,829</u>	<u>\$ 8,711,048</u>	<u>\$ 1,560,781</u>

Right Of Use ("ROU") Assets and Lease Liability: ROU asset represents the Society's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Society's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using its incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Society will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying consolidated statement of financial position.

Basis of Presentation: The financial statements report net assets and changes in net assets in classes that are based upon the existence or absence of restrictions on use that are placed by the Society and Foundation's donors, as follows:

Society Net Assets Without Donor Restrictions: Society net assets without donor restrictions are not subject to donor-imposed stipulation. The only limits on the use of Society net assets without donor restrictions are the broad limits resulting from the nature of the Society, the environment in which it operates, the purposes specified in its corporate documents and its application for tax- exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The Society maintains three net assets without donor restrictions classifications, as follows:

General Operating - used to report contributions, revenues and expenses from the general operations of the Society.

Pension Plan - used to report the activity related to the pension liability adjustment computed according to the provisions of the Financial Accounting Standards Board (the FASB) Accounting Standards Codification (ASC) 715-20 and 30 related to the non-contributory pension plan administered by the Society for qualified employees.

Facilities - established to account for the grants received from the ISO Foundation for the Hilbert Circle Theatre and Symphony Centre and annual lease payments made to the ISO Foundation as discussed in Note 11.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Society Net Assets with Donor Restrictions: Society net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Society's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the Statements of Activities by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of property or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions as the specified asset is depreciated, unless the donor provides more specific directions about the period of its use.

ISO Foundation Net Assets with Donor Restrictions: ISO Foundation net assets are all classified as net assets with donor restrictions.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Included in this net asset class are the net assets without donor restriction of the ISO Foundation due to implied time restrictions since such payments will be made from the ISO Foundation to the Society in future periods. This net asset class is also used to account for the investment return from the Hilbert gift which is restricted for use for Hilbert Circle Theatre capital requirements, cost of maintenance, and operations.

Also included in net assets with donor restrictions are donor restrictions requiring that the resources must be maintained by the ISO Foundation in perpetuity. Net assets increase when the ISO Foundation receives contributions for which donor-imposed restrictions limit the ISO Foundation's use of the asset and/or its economic benefits and which neither expire with the passage of the time nor can be removed by the ISO Foundation's meeting certain requirements.

Revenue and Support Recognition: The Society recognizes revenue from the sale of tickets and performance fees at the time of the event at the stated price per ticket. Facilities income is recognized pro-rata over the term of each lease agreement or at the time of specific events. Ticket sales and performance fees collected in advance of concert performances and rental income collected in advance of the lease term or event date are deferred and recognized as revenue in the period to which they relate (contract liabilities). Deferred revenue has a balance as of August 31, 2025 and 2024 of \$3,347,367 and \$3,104,169, respectively.

Contributions from the general public, governmental agencies, philanthropic foundations, and other organizations are recognized as support in the period when cash, securities, or other assets, or an unconditional promise to give is received. Contributions that are not restricted by the donor or restricted by time are reported as an increase in net assets without donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction is met in the reporting period in which the revenue is received. Expirations of donor restrictions on net assets, either by fulfillment of the stipulated purpose or the passage of time, are reported as reclassifications between the applicable classes of net assets. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Annual fund contributions include amounts contributed to support operations or specific productions that have been included in the annual operating budget.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concert Advertising Costs: In the year ended August 31, 2025 and 2024, the Society expensed all concert advertising costs in the year incurred. Concert advertising expenses for the years ended August 31, 2025 and 2024 were \$2,112,224 and \$1,906,842, respectively.

Income Taxes: The Society is exempt from federal and state income taxes on related income under Section 501(c)(3) of the United States Internal Revenue Code and similar state law. The exemption is on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The Society's net advertising income is considered unrelated business income. The Society's related advertising expenses offset related income and no tax was paid during 2025 and 2024.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Society and recognize a tax liability if the Society has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Society, and has concluded that as of August 31, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Society is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Society has filed its federal and state income tax returns for periods through August 31, 2024. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Subsequent Events: The Society evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through January 20, 2026, which is the date the financial statements were available to be issued.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consist of the following at August 31:

	<u>2025</u>	<u>2024</u>
Annual fund	\$ 1,903,392	\$ 837,213
Lilly Endowment, Inc.	<u>1,500,000</u>	<u>1,237,000</u>
Total pledges receivable	3,403,392	2,074,213
Less unamortized discount	(53,801)	(23,673)
Less allowance for uncollectible contributions	<u>(115,433)</u>	<u>(113,380)</u>
Net pledges receivable	<u><u>\$ 3,234,158</u></u>	<u><u>\$ 1,937,160</u></u>
Amounts due in:		
Less than one year	\$ 2,928,392	\$ 1,924,213
One to five years	<u>475,000</u>	<u>150,000</u>
	<u><u>\$ 3,403,392</u></u>	<u><u>\$ 2,074,213</u></u>

NOTE 4 – BANK LINE OF CREDIT AND BANK NOTE PAYABLE

During 2024, the Society entered into loan agreement with an institutional lender in which it is a co-borrower with the ISO Foundation (Note 13). The agreement provides for a \$3,000,000 line of credit for the Society, a \$2,000,000 line of credit for the ISO Foundation (both expire on July 31, 2027).

The Society has borrowings against its line of credit of \$0 as of August 31, 2025 and 2024, respectively. Interest is at the Bloomberg Short-Term Bank Yield Daily Floating Rate plus 80 basis points. The loan agreement is secured by a pledge of certain ISO Foundation investments (\$10,845,847 and \$9,558,246 as of August 31, 2025 and 2024, respectively). The loan agreement is subject to certain restrictive covenants. As of August 31, 2025, the Society believed it was in compliance with these restrictive covenants.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 5 – NET ASSETS

Net assets with donor restrictions are available to support the following purposes or periods as of August 31:

	<u>2025</u>	<u>2024</u>
Society		
Annual fund		
Pledges/grants restricted due to time	\$ 3,193,265	\$ 779,037
Annual productions	108,379	83,060
Campaign	1,796,459	-
Campaign facilities improvement	500,000	-
Operations in future years	<u>1,500,000</u>	<u>1,237,000</u>
Total Society	<u>\$ 7,098,103</u>	<u>\$ 2,099,097</u>
	<u>2025</u>	<u>2024</u>
ISO Foundation		
Net assets without donor restrictions		
of the ISO Foundation	\$ 71,615,337	\$ 71,027,264
Pledges restricted due to time	3,732,245	3,692,430
Education and community engagement purposes	6,314,764	6,134,345
Hilbert Circle Theatre annual facility expenses	12,248,635	11,602,487
General purposes	21,544,084	21,544,084
Orchestra's artistic endeavors	<u>7,392,503</u>	<u>7,058,807</u>
Total ISO Foundation	<u>\$ 122,847,568</u>	<u>\$ 121,059,417</u>

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

	<u>2025</u>	<u>2024</u>
Purpose restriction accomplished annual productions *	\$ 83,060	\$ 202,725
Expiration of time restrictions *	637,710	1,792,185
Current year operations *	1,237,000	1,237,000
Campaign funding	203,314	-
ISO Foundation grants to the Society	<u>9,110,679</u>	<u>6,653,048</u>
	<u>\$ 11,271,763</u>	<u>\$ 9,884,958</u>

* Amounts included in Net Assets Released – Annual Fund on the Statement of Activities.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Society's financial assets available to meet general expenditures within one year of the Statement of Financial Position date; that is, amounts that are without donor restrictions or board designations limiting their use, as of August 31:

	<u>2025</u>	<u>2024</u>
Cash	\$ 5,164,266	\$ 1,499,675
Receivables:		
Pledges, net	3,234,158	1,937,160
Government grants	-	42,638
Accounts	16,721	19,135
Total receivables	<u>3,250,879</u>	<u>1,998,933</u>
Total financial assets	8,415,145	3,498,608
Pledges receivable due beyond one year	<u>(475,000)</u>	<u>(150,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	7,940,145	3,348,608
Other liquidity resources		
Draw from ISO Foundation *	5,603,594	5,596,485
Additional Draw from ISO Foundation*	<u>1,100,000</u>	<u>3,364,194</u>
Total other liquidity resources	<u>6,703,594</u>	<u>8,960,679</u>
	<u>\$ 14,643,739</u>	<u>\$ 12,309,287</u>

* Draw tentatively approved by the ISO Foundation board pursuant to spending policy, pending final value updates and formulation of a multi-year draw formula developed and modeled by the Foundation's investment advisor and board. An additional draw was also approved and is expected to be available during the next fiscal year.

Other than the Campaign restricted net assets amounts disclosed in Note 5, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. Receivables are subject to implied time restrictions, but are expected to be collected within one year.

The Society's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for subscriptions and single ticket on sale dates and a concentration of contributions received near the fiscal and calendar year ends. To manage liquidity, the Society maintains a line of credit of \$3,000,000 with a bank that is drawn upon as needed to manage cash flow and is then paid down when there is excess cash in the operating account (Note 4).

The ISO Foundation investments of approximately \$118,000,000 are subject to an annual spending rate of 5%. However, additional funds could be made available to the Society if requested by the Society and approved by the ISO Foundation.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 7 – FUNCTIONAL EXPENSES

The costs of providing the programs and services of the Society are summarized below. Accordingly, certain costs have been allocated among the program and supporting services benefited based on actual direct expenditures and cost allocations of indirect expenses based on time by personnel. Expenses allocated include salaries and benefits, occupancy costs, professional services, depreciation and other office overhead. Although the methods used were appropriate, other methods could produce different results. Expenses by program services and supporting services for the years ended August 31, 2025 and 2024, respectively, are as follows:

	Program Services	General and Administrative	Fundraising	Total
2025				
Salaries and benefits	\$ 11,521,594	\$ 1,187,732	\$ 1,071,791	\$ 13,781,117
Concert production	6,426,424	-	-	6,426,424
Occupancy costs	2,259,552	619,776	63,028	2,942,356
Marketing	1,294,433	-	-	1,294,433
Professional services	723,600	469,604	141,778	1,334,982
Depreciation	305,021	21,274	2,163	328,458
Other	892,994	1,091,098	210,503	2,194,595
	<u>\$ 23,423,618</u>	<u>\$ 3,389,484</u>	<u>\$ 1,489,263</u>	<u>\$ 28,302,365</u>

	Program Services	General and Administrative	Fundraising	Total
2024				
Salaries and benefits	\$ 11,131,735	\$ 1,113,279	\$ 977,760	\$ 13,222,774
Concert production	6,630,912	-	-	6,630,912
Occupancy costs	2,329,114	545,718	55,497	2,930,329
Marketing	1,121,516	-	-	1,121,516
Professional services	640,052	794,428	132,274	1,566,754
Depreciation	299,167	29,773	3,028	331,968
Other	918,691	1,024,379	229,476	2,172,546
	<u>\$ 23,071,187</u>	<u>\$ 3,507,577</u>	<u>\$ 1,398,035</u>	<u>\$ 27,976,799</u>

NOTE 8 – LEASES

The Society leases various facilities and equipment in Indiana, that expire at various dates through January 2036. The Society has recognized a right of use asset of \$2,852,088 and \$3,103,137, and a lease liability of \$3,049,000 and \$3,283,000 on the statement of financial position as of August 31, 2025, and 2024, respectively. The Society utilized various Treasury rates to determine the net present value of the applicable lease liabilities, ranging from 0.27% to 4.42% at lease inception.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 8 – LEASES (Continued)

Hilbert Circle Theatre: The Society has a lease agreement with the ISO Foundation for the Hilbert Circle Theatre (the Theatre), which expired in 2018. The Society and ISO Foundation are in the process of negotiating renewal terms of this lease. In the interim, both organizations are operating under the terms of the previous lease. The lease agreement requires annual rental payments of \$850,000. The Society is responsible for utilities, maintenance, insurance and other expenses incidental to the operations of the Theatre. During both 2025 and 2024, the ISO Foundation contributed the \$850,000 of annual rental expense back to the Society (Note 11).

The Society has a lease with an unrelated party whereby the Society leases additional lobby space adjacent to the Hilbert Circle Theatre. The lease expires on January 31, 2036 with an option for two additional 5 year extensions which management expects to utilize. Total rent expense, after credits for incidental expenses under this lease for the years ended August 31, 2025 and 2024 was \$151,460, respectively.

Symphony Centre: The Society has a lease agreement with the ISO Foundation for the Symphony Centre which expired August 31, 2023. The Society and ISO Foundation are in the process of negotiating renewal terms of this lease. In the interim, both organizations are operating under the terms of the previous lease. At August 31, 2025 and 2024, the lease agreement requires annual rental payments aggregating \$400,000. The lease agreement provides for rent increases if additional tenant improvements are incurred by the ISO Foundation. The Society is responsible for utilities, maintenance and other operating costs. During both 2025 and 2024, the ISO Foundation contributed the \$400,000 of annual rental expense back to the Society (Note 11).

The Society also subleases office space within the Symphony Centre to various third-party organizations. These agreements are operating on a month-to-month basis.

Victoria Centre: The Society has an operating lease for a portion of the Victoria Centre which expires December 31, 2027. Total rental expense under this lease for the years ended August 31, 2025 and 2024 was \$97,486, respectively.

Fletcher Properties: The Society had an operating lease for warehouse space from Fletcher Properties which expired February 28, 2024. During 2024 the Society entered into a new lease agreement with Fletcher Properties which expires February 28, 2029. Total rental expense under these leases for the years ended August 31, 2025 and 2024 was \$48,113 and \$46,056, respectively.

Conner Prairie: The Society has an operating lease with Conner Prairie for facilities used for the Symphony on the Prairie series, which expires September 15, 2027. Under terms of this agreement, the Society was required to pay a base rent of \$689,175 in 2025. This agreement automatically renews for two consecutive terms of one year unless either party provides written notice within 90 days of the expiration date. Under the terms of the previous agreement that expired September 15, 2024 the Society was required to pay a base rent of \$675,000. Total rental expense under these leases for the years ended August 31, 2025 and 2024 was \$689,175 and \$722,090, respectively.

Since the agreement provides for non-exclusive use of facilities, it is not considered a lease for purposes of recognizing future minimum lease payments or a lease liability.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 8 – LEASES (Continued)

Palladium: During 2025, the Society had two one-day leases for concert space at The Palladium at the Center for the Performing Arts. During 2024, the Society had a one-day lease for concert space at The Palladium at the Center for the Performing Arts. Total rental expense under the lease was \$32,406 and \$14,237, respectively.

Copiers: The Society has an operating lease for eight copiers which expires December 20, 2026. Total rent expense under these leases for the years ended August 31, 2025 and 2024, was \$12,787, respectively.

Postage Machines: The Society entered into a new operating lease for two postage machines in the current year which expires September 7, 2029. Total rent expense under the leases for the years ended August 31, 2025 and 2024 was \$7,611 and \$1,903, respectively.

Future Minimum Lease Payments: Future minimum lease payments required under the aforementioned operating leases are as follows:

<u>Year ending August 31.</u>	<u>Hilbert Circle Theatre</u>	<u>Victoria Centre</u>	<u>Fletcher Properties</u>	<u>Copiers</u>	<u>Postage Machines</u>	<u>Total</u>
2026	\$ 132,339	\$ 100,087	\$ 47,370	\$ 12,787	\$ 7,611	\$ 300,194
2027	134,404	102,089	48,792	4,262	7,611	297,158
2028	136,464	34,254	50,256	-	7,611	228,585
2029	138,524	-	25,500	-	7,611	171,635
2030	140,585	-	-	-	-	140,585
Thereafter	<u>2,479,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,479,717</u>
Minimum payments	3,162,033	236,430	171,918	17,049	30,444	3,617,874
Present Value Discount	<u>547,033</u>	<u>3,430</u>	<u>14,918</u>	<u>49</u>	<u>3,444</u>	<u>568,874</u>
	<u>\$ 2,615,000</u>	<u>\$ 233,000</u>	<u>\$ 157,000</u>	<u>\$ 17,000</u>	<u>\$ 27,000</u>	<u>\$ 3,049,000</u>

Total rent expense for the years ended August 31, 2025 and 2024 was \$2,400,690 and \$2,294,117, respectively, including \$1,250,000 for the rental of the Hilbert Circle Theatre and Symphony Centre. Rent expense includes additional rent for the Hilbert Circle Theatre lobby expansion of \$151,460 for the years ended August 31, 2025 and 2024, respectively. The additional rents are included in Facilities expense in General Operating on the Statements of Activities. Rent expense has not been reduced by sublease rentals received on the office operating leases amounting to \$65,448 and \$44,813 for the years ended August 31, 2025 and 2024, respectively. Sublease rental income is included in Facilities Income on the Statements of Activities.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 9 – PENSION PLANS

Defined Benefit Plan: The Society has a non-contributory defined benefit pension plan for employees covered by collective bargaining agreements (musicians with a hire date prior to October 16, 2012 and stagehands) and seven other former employees who were grandfathered into the plan and whose benefits have been frozen. The Society makes annual contributions to the defined benefit plan at least equal to the amount required to satisfy legal funding requirements.

The following sets forth the funded status of the plan and amounts shown in the accompanying Statements of Activities:

	<u>2025</u>	<u>2024</u>
Unfunded Status		
Benefit obligation	\$ 28,584,349	\$ 29,796,200
Fair value of plan assets	28,329,587	29,367,009
	<u>\$ (254,762)</u>	<u>\$ (429,191)</u>
Amounts recognized in the statement of financial position		
Pension liability	<u>\$ (254,762)</u>	<u>\$ (429,191)</u>
Amounts not yet recognized as components of net periodic pension cost (NPPC)		
Net loss, beginning of year	\$ 9,158,751	\$ 10,866,941
Amount recognized in NPPC	(877,997)	(1,151,980)
Net (Gain) loss on projected benefit obligation	(484,396)	484,142
Net gain on plan assets	832,356	(1,040,352)
Net loss, end of year	<u>\$ 8,628,714</u>	<u>\$ 9,158,751</u>

The components of the Pension Plan Net Asset Deficit as of August 31, 2025 and 2024 are included in the table below. The portion labeled Project Funding relates to the accumulation of donor contributions that were designated by the donor to fund the defined benefit plan.

	<u>2025</u>	<u>2024</u>
Components of pension plan net asset deficit		
Net loss, end of year	\$ (8,628,714)	\$ (9,158,751)
Cumulative periodic pension costs	(552,671)	(197,063)
Project funding	8,000,000	8,000,000
	<u>\$ (1,181,385)</u>	<u>\$ (1,355,814)</u>

The measurement dates used in determining the pension benefit measurements for plan assets and benefit obligations were August 31, 2025 and 2024, respectively.

The discount rate used in determining the actuarial present value of the projected benefit obligation was 5.25% and 4.85% for 2025 and 2024, respectively, and the expected long-term rate of return on assets was 7.20% and 7.20% for 2025 and 2024, respectively.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 9 – PENSION PLANS (Continued)

The projected benefit obligation was computed using a \$25 monthly retirement benefit per year of service for office staff and a monthly retirement benefit per year of service for musicians as follows:

For benefit service credited as of August 31, 2007	\$	86
For benefit service credited commencing on September 1, 2007 and before September 1, 2008	\$	95
For benefit service credited commencing on September 1, 2008 and before September 1, 2009	\$	105
For benefit service credited commencing on or after September 1, 2009 and before September 1, 2011	\$	56
For benefit service credited commencing on or after September 1, 2011	\$	86

Net periodic pension cost for the defined benefit plan for the years ended August 31, 2025 and 2024 included the following components:

	<u>2025</u>	<u>2024</u>
Net periodic pension cost		
Service cost	\$ 171,667	\$ 201,299
Other components		
Interest costs	1,333,304	1,547,546
Return on assets	(1,238,458)	(2,934,519)
Net amortization and deferral	89,095	2,039,385
	<u>\$ 355,608</u>	<u>\$ 853,711</u>

The amount included in the pension plan net asset deficit that is expected to be recognized as a component of net periodic pension cost during the years ending August 31, 2025 and 2024, includes the amortization of the net loss of \$767,586 and \$877,997, respectively.

The Society was not required to make a contribution to the plan during the years ended August 31, 2025 and 2024. There are no participant contributions to the plan. Distributions from the plan were \$2,275,880 and \$2,062,286 during the years ended August 31, 2025 and 2024, respectively.

(Continued)

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 9 – PENSION PLANS (Continued)

The amount of benefits expected to be paid, based on the same assumptions used to measure the benefit obligation (including, when applicable, benefits attributable to estimated future service) through 2035 are as follows:

<u>Year ending August 31</u>	
2026	\$ 2,328,650
2027	2,426,446
2028	2,412,322
2029	2,367,360
2030	2,295,848
2031-2035	<u>10,719,630</u>
	<u><u>\$ 22,550,256</u></u>

The Society's pension plan assets by asset category are as follows as of August 31:

	<u>2025</u>	<u>2024</u>
Mutual Funds		
Equity		
S&P 500 Equity	\$ 3,065,092	\$ 2,960,014
International Equity	2,536,573	2,457,794
Small/Mid Cap Equity	511,413	492,189
Emerging Markets Equity	509,005	489,205
Fixed Income		
High Yield Bond	514,773	489,088
Emerging Markets Debt	512,402	489,290
Intermediate Duration	9,567,028	13,012,601
Long Duration	7,159,527	4,553,162
U.S. Government Agencies	<u>3,953,773</u>	<u>4,423,666</u>
	<u><u>\$ 28,329,587</u></u>	<u><u>\$ 29,367,009</u></u>

The Society's investment strategy is based on an expectation that equity securities will outperform debt securities over the long term. Accordingly, the composition of the Society's plan assets is broadly characterized as a 30% and 70% allocation between equity and debt securities, respectively. The strategy utilizes indexed U.S. equity securities and actively managed investment grade debt securities with lesser allocations to high-yield and international debt securities. Plan assets consist of mutual funds and U.S. Government Agency obligations, which are considered to be Level 1 investments in the fair value hierarchy (based on unadjusted quoted prices for identical assets in active markets).

The Society attempts to mitigate investment risk by rebalancing between equity and debt classes as the Society's contributions and benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold. The expected long-term rate of return on plan assets is based on an independent advisor's projection of return on the target portfolio, reduced, as deemed appropriate, by management for conservatism and consistency.

(Continued)

NOTE 9 – PENSION PLANS (Continued)

Defined Contribution Plan: The Society has a 403(b) plan for eligible employees, as defined by the 403(b) plan. Under the 403(b) plan, the Society will match the staff employees' contributions up to 3% of eligible compensation. The Society will match contributions made by musicians covered under the collective bargaining agreement with at least 40 years credited benefit service up to 5% of eligible compensation. For musicians hired after October 16, 2012, the Society will contribute 8% of musicians' annual minimum salary covered under the collective bargaining agreement. Contributions to the 403(b) plan for the years ended August 31, 2025 and 2024 were \$427,522 and \$455,234, respectively.

NOTE 10 – MEDICAL, DENTAL, AND VISION PLAN

The Society's medical insurance plan switched to a fully insured plan on January 1, 2023. The Society's dental and vision insurance is covered through a self-funded plan. The Society is liable for claims under the dental and vision plan. Medical, dental and vision costs for the years ended August 31, 2025 and 2024 were \$1,242,435 and \$1,201,108, respectively. These expenses were offset by employee contributions to the plan of \$129,615 and \$132,227, respectively.

The Society also offers a Health Savings Account to all employees covered under the high deductible option of the self-funded plan. Employer contributions to employee health savings accounts for the years ended August 31, 2025 and 2024 were \$182,396 and \$167,292, respectively.

NOTE 11 – INDIANAPOLIS SYMPHONY ORCHESTRA FOUNDATION, INC.

The Society is a co-borrower with the ISO Foundation on a loan agreement with an institutional lender which provides the Society with a \$3,000,000 line of credit agreement and provides the ISO Foundation with a \$2,000,000 line of credit agreement (Note 4). The lines of credit expire on July 31, 2027. Outstanding borrowings against the Society's lines of credit amounted to \$0 as of August 31, 2025 and 2024. The ISO Foundation and the Society have guaranteed the credit facilities and the ISO has pledge specific investments as collateral (Note 4).

The Society has a service agreement with the ISO Foundation whereby the Society provides certain management services, including endowment fundraising, administrative services, office space and preparing financial records and reports. In return, the ISO Foundation paid the Society an annual fee of \$50,000 in 2025 and 2024, which is included in the Statements of Activities under ISO Foundation revenue.

The ISO Foundation contributed \$9,110,679 and \$6,653,048 to the Society during the years ended August 31, 2025 and 2024, respectively. The amounts contributed are included in the Statements of Activities as net assets released from restrictions.

INDIANA SYMPHONY SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
August 31, 2025 and 2024

NOTE 11 – INDIANAPOLIS SYMPHONY ORCHESTRA FOUNDATION, INC. (Continued)

The contributions were in support of the following programs or activities:

	<u>2025</u>	<u>2024</u>
General operating fund		
General Operating	\$ 5,049,958	\$ 5,018,037
Supplemental Grant	2,264,194	-
Education Grant	265,404	255,765
Gala Grant	109,782	-
Pops Enhancement	50,067	48,248
Community Engagement Grant	41,058	-
Conductor Laureate	33,047	31,846
Other	47,169	49,152
	<u>7,860,679</u>	<u>5,403,048</u>
Facilities	1,250,000	1,250,000
	<u>\$ 9,110,679</u>	<u>\$ 6,653,048</u>

The contributed amounts above for 2025 and 2024 include a 5% draw from the ISO Foundation's investment portfolio which was recorded in General Operating Activities in the Statement of Activities.

The Society operates under a business plan based on financially responsible operating draws from the ISO Foundation. The current business plan supports the Society's goal to strive to balance the budget, while maintaining financially responsible annual operating draws from the ISO Foundation.

NOTE 12 – CONCENTRATIONS

As of August 31, 2025, 80% of accounts receivable were due from one organization and two individuals with individual percentages of 24%, 43% and 13%. As of August 31, 2024, 99% of accounts receivable were due from one organization and one individual with individual percentages of 80% and 19%.

As of August 31, 2025 and 2024, a pledge from the Lilly Endowment, Inc. comprised 44% and 60%, respectively, of the gross pledge receivable balance. Pledges from one other donor comprised 17% and 10% of gross pledge receivable balance as of August 31, 2025 and 2024, respectively.

Contributions from the Lilly Endowment, Inc. represented approximately 14% and 30% of contributed income (excluding government grants and designated income) during the years ended August 31, 2025 and 2024, respectively. Contributions from one other donor comprised 15% of contributed income (excluding government grants and designated income) during the year ended August 31, 2025.

(Continued)

NOTE 13 – RISKS AND UNCERTAINTIES

The Society's defined benefit pension plan holds investments in debt and equity securities (Note 9). In addition, a substantial portion of the assets of the ISO Foundation are invested in a diversified long-term investment portfolio. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

The Society is subject to disputes, claims and lawsuits in the normal course of business and is insured against such risks when appropriate. Management determined that no liability for a potential loss from any currently pending disputes, claims or lawsuits was necessary at August 31, 2025 and 2024.

NOTE 14 – COLLECTIVE BARGAINING AGREEMENTS WITH MUSICIANS AND STAGEHANDS

The Society recognizes Indianapolis Musicians Local No. 3 of the American Federation of Musicians (Musician's Union) and the International Alliance of Theatrical Stage Employees Local No. 30 (Stagehand's Union) as the collective bargaining agents for its musicians and stagehands with respect to wages, hours, and conditions of employment. The Society's current contract with the Musician's Union is effective through August 31, 2025. The Society's current contract with the Stagehand's Union is effective through August 31, 2025.

Subsequent to August 31, 2025, the Society executed contracts with the Musician's Union and Stagehand's Union that cover the period of September 1, 2025 through August 31, 2028.