REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

THE MUSIC CENTER FOUNDATION

March 31, 2022
(with summarized comparative information for
the year ended March 31, 2021)

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Report of Independent Auditors

The Board of Directors
The Music Center Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Music Center Foundation (the "Foundation"), which comprise the statements of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Music Center Foundation as of March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Foundation 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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 Matter – Prior Period Financial Statements

We have previously audited the financial statements of The Music Center Foundation as of and for the year ended March 31, 2020, and our report dated September 13, 2021, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of financial position and activities by fund is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Los Angeles, California
September 7, 2022

ASSETS

	March 31, 2022	March 31, 2021
Cash and cash equivalents	$ 2,875,494	$ 1,414,788
Prepaid expenses and other assets	341,052	491,001
Deferred compensation plan assets	483,001	475,469
Due from resident companies	110,544	122,947
Endowment investments	172,022,252	190,994,999
Investments held for others	104,935,673	113,979,358
Contributions receivable, net	29,835,252	27,324,244
Split-interest agreements	3,849,286	5,849,523
Total assets	$ 314,452,554	$ 340,652,329

LIABILITIES AND NET ASSETS

	2022	2021
Accounts payable and accrued expenses	$ 1,180,962	$ 1,142,698
Distributions payable	3,460,257	1,369,645
Funds held for others	104,935,673	113,979,358
Total liabilities	109,576,892	116,491,701
NET ASSETS		
With donor restrictions		
Perpetual in nature	134,014,800	128,667,351
Time or purpose restrictions	70,860,862	95,493,277
Total net assets	204,875,662	224,160,628
Total liabilities and net assets	$ 314,452,554	$ 340,652,329

The Music Center Foundation
Statements of Activities

	Without Donor Restrictions	With Donor Restrictions	Year Ended March 31, 2022 Total	2021 Total
REVENUES AND INVESTMENT RETURN				
Investment return/(loss), net	$ (249,881)	$ 1,644,006	$ 1,394,125	$ 60,531,964
Contributions	37	4,581,399	4,581,436	644,771
Change in value of split-interest agreements and estate notes	-	724,422	724,422	1,334,367
Net assets released from purpose restrictions	22,743,660	(22,743,660)	-	-
Net assets released from spending-rate distributions and appropriations	3,491,133	(3,491,133)	-	-
Total revenues and investment return	25,984,949	(19,284,966)	6,699,983	62,511,102
EXPENSES				
Management and general	339,745	-	339,745	367,328
Fundraising	316,463	-	316,463	326,669
Distributions	25,328,741	-	25,328,741	7,431,514
Total expenses	25,984,949	-	25,984,949	8,125,511
CHANGE IN NET ASSETS	-	(19,284,966)	(19,284,966)	54,385,591
NET ASSETS, beginning of year	-	224,160,628	224,160,628	169,775,037
NET ASSETS, end of year	$ -	$ 204,875,662	$ 204,875,662	$ 224,160,628

	Distributions	Management and General	Fundraising	Year Ended March 31, 2022	2021
Salaries and benefits	$ -	$ 313,447	$ 313,446	$ 626,893	$ 604,003
Administrative fee reimbursement	-	(132,711)	(132,711)	(265,422)	(214,706)
Accounting fees	-	102,855	34,285	137,140	138,448
Insurance premium	-	33,266	33,266	66,532	86,508
Fundraising	-	3,675	48,827	52,502	30,719
Miscellaneous	-	(12,233)	(12,232)	(24,465)	(6,114)
Conference and seminars	-	2,398	2,399	4,797	569
Office supplies	-	7,936	7,936	15,872	12,656
Legal fees	-	9,600	9,600	19,200	18,178
Marketing and consulting	-	6,564	6,563	13,127	11,375
Rent	-	2,777	2,778	5,555	5,555
Board meeting expenses	-	11	147	158	2,498
Telephone	-	1,542	1,541	3,083	3,330
Messenger	-	618	618	1,236	978
DISTRIBUTIONS					
Music Center/Performing Arts Center of Los Angeles	342,327	-	-	342,327	443,157
Music Center Education Division	491,895	-	-	491,895	482,536
Music Center Blue Ribbon Children's Festival	5,464	-	-	5,464	6,685
Music Center Dance	405,099	-	-	405,099	396,466
Los Angeles Philharmonic Association	21,191,632	-	-	21,191,632	3,295,047
Center Theatre Group	1,432,349	-	-	1,432,349	1,387,371
Los Angeles Opera Company	1,235,293	-	-	1,235,293	1,192,704
Los Angeles Master Chorale	224,682	-	-	224,682	227,548
Total	$ 25,328,741	$ 339,745	$ 316,463	$ 25,984,949	$ 8,125,511

The Music Center Foundation
Statements of Cash Flows

	March 31, 2022	March 31, 2021
OPERATING ACTIVITIES		
Change in net assets	$ (19,284,966)	$ 54,385,591
Adjustments to reconcile change in net assets to cash used in operating activities		
Net realized and unrealized gain on investments	(1,203,673)	(60,297,760)
Bad debt expense	26,000	5,000
Amortization of discount on contributions receivable	775,299	834,059
Contributions restricted to endowment	(2,424,785)	(250,088)
Non-cash changes in value of split-interest agreements	(16,990)	(739,113)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	149,949	(195,431)
Pension plan assets	(7,532)	(156,607)
Due from resident companies	12,403	(16,321)
Contributions receivable, net	(3,312,307)	(1,417,630)
Split-interest agreements	1,963,894	71,561
Accounts payable and accrued expenses	38,265	161,691
Distributions payable	2,090,612	713,910
Net cash used in operating activities	(21,193,831)	(6,901,138)
INVESTING ACTIVITIES		
Change in restricted investments – charitable gift annuities	53,333	(39,971)
Purchases of investments	(10,100,998)	(3,854,625)
Proceeds from sales of investments	30,277,417	10,718,615
Net cash provided by investing activities	20,229,752	6,824,019
FINANCING ACTIVITIES		
Contributions restricted to endowment	2,424,785	250,088
CHANGE IN CASH AND CASH EQUIVALENTS	1,460,706	172,969
CASH AND CASH EQUIVALENTS, beginning of year	1,414,788	1,241,819
CASH AND CASH EQUIVALENTS, end of year	$ 2,875,494	$ 1,414,788

See accompanying notes.

Note 1 – Description of Operations

Foundation – The Music Center Foundation (the "Foundation") was established in 1973 to provide endowment support to the Performing Arts Center of Los Angeles County (the "Music Center"), its educational activities and dance, as well as the resident companies at the Music Center including the Los Angeles Philharmonic Association, Center Theatre Group, Los Angeles Opera Company, and the Los Angeles Master Chorale (collectively, the "Resident Companies"). The Foundation is responsible for building the endowment to support performing arts at the Music Center through asset management and planned giving fundraising.

The Foundation was organized pursuant to the General Nonprofit Corporation Law of the State of California and is a publicly supported foundation pursuant to Internal Revenue Codes §509(a)(1) and §170(b)(1)(A)(vi). As such, the Foundation is exempt from federal and state taxes.

Funds – The Foundation manages two perpetual endowment funds and eight separate funds that are held for the benefit of others. Each fund is governed by a separate agreement that determines distribution, withdrawal, and certain asset allocation rights.

Endowment Funds

(1) *General Fund* – The General Fund's perpetual endowments include various gifts from individuals, foundations, and other institutions. The income from these endowments is for the use of certain Resident Companies and other activities of the Music Center as described in the original gifts. As determined by the Board of Directors pursuant to its distribution policy, distributions are accrued based on a percentage of the General Fund's average fair value calculated on a 12-quarter rolling average ending the preceding fiscal year. The 12-quarter rolling average is computed exclusive of contributions receivable. Distributions of otherwise non-designated endowment funds may not exceed income (interest and dividends) plus 5% of the fair value of the funds at the end of the previous fiscal year. Distributions are paid directly to the designated recipients following the close of the fiscal year.

(2) *Los Angeles Philharmonic Association Endowment Fund* – The Los Angeles Philharmonic Association Endowment Fund ("LAPA Fund") was established in 1984 between the Foundation and the Los Angeles Philharmonic Association (the "Association"), whereby the Foundation would maintain a separate endowment fund for the benefit of the Association. The principal and income from the LAPA Fund are restricted for the sole and unqualified use and benefit of the Association. The LAPA Fund endowment spending policy is the maximum distribution permitted under the articles of incorporation of the Foundation. The Los Angeles Philharmonic Association is responsible for tracking individual donor gifts.

Note 1 – Description of Operations (continued)

Funds held for others – Funds held for others are the property of the Music Center or Resident Companies and are managed pursuant to a management agreement between the Foundation and each entity. The assets are invested in a unitized marketable portfolio, and each entity has the option to participate in non-marketable investments when they are available. Each entity is responsible for setting its fund asset distribution policy and, upon written notification, may withdraw funds held by the Foundation subject to the management agreement and any withdrawal restrictions established by individual investment managers. With the exception of the Opera Fund, the Foundation is not responsible for tracking individual gifts within the Music Center or Resident Company funds.

The funds are held in two sub funds: the marketable securities fund and the nonmarketable securities fund. The marketable securities fund consists of investments of stocks, stock funds, and bond funds. The nonmarketable securities fund consists of partnership interests and other funds. The marketable securities fund, together with certain cash balances, is held in a bank in separate accounts for the Music Center and each Resident Company. It is also unitized to aid the management of these funds. Due to the nature of the investments, the nonmarketable securities are not held in separate accounts. The Music Center and each Resident Company's share of the fund is tracked and held in accordance with the management agreement.

(1) *Music Center Harris Reserve Fund ("Harris Reserve Fund")* – The Harris Reserve Fund was established pursuant to an agreement between the Foundation and the Music Center dated May 15, 2002.

(2) *Music Center Harris Dance Fund ("Harris Dance Fund")* – The Harris Dance Fund was established pursuant to an agreement between the Foundation and the Music Center dated May 15, 2002.

(3) *Los Angeles Philharmonic Association Endowment Fund II ("LAPA II Fund")* – The LAPA II Fund was established pursuant to an agreement between the Foundation and the Los Angeles Philharmonic Association dated June 4, 2003.

    In January 2017, the Los Angeles Philharmonic Association informed the Foundation of their intention to move the marketable assets in the LAPA II Fund back to Los Angeles Philharmonic Association so that they could be consolidated with their other endowment assets. The Foundation approved a transfer plan to value LAPA II Fund marketable portfolio on March 31, 2017, and agreed to transfer assets to the Los Angeles Philharmonic Association as soon as possible. By the first quarter of 2018, this transfer was effectively completed. The Foundation now holds only the non-marketable assets for the LAPA II Fund. The Los Angeles Philharmonic Association is not currently adding to this position with new commitments, so the balance is declining with distributions from those managers.

(4) *Center Theatre Group Reserve Fund ("CTG Reserve Fund")* – The CTG Reserve Fund was established pursuant to an agreement between the Foundation and Center Theatre Group dated September 10, 2003. In September 2010, Center Theatre Group entered into a credit agreement with a bank that requires a minimum collateral balance within the CTG Reserve Fund. As of the year ended March 31, 2022, the CTG Reserve Fund has met the minimum collateral balance required.

Note 1 – Description of Operations (continued)

(5) *Los Angeles Opera Endowment Fund ("Opera Fund")* – The Opera Fund was established pursuant to an agreement between the Foundation and the Los Angeles Opera dated December 17, 2003.

(6) *Performing Arts Center, Los Angeles County ("PACLAC Fund")* – The PACLAC Fund was established pursuant to an agreement between the Foundation and the Performing Arts Center, Los Angeles County dated September 1, 2007.

(7) *Performing Arts Center, Los Angeles County Blue Ribbon ("Blue Ribbon Fund")* – The Blue Ribbon Fund was established pursuant to an agreement between the Foundation, the Performing Arts Center, Los Angeles County, and Blue Ribbon dated June 22, 2011.

(8) *Music Center Reserve Fund ("TMC Reserve Fund")* – The TMC Reserve Fund was established pursuant to an agreement between the Foundation and the Performing Arts Center, Los Angeles County effective March 4, 2021.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The statements of activities and statements of functional expenses include certain prior year summarized, comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

Reclassifications – Certain amounts from the March 31, 2021 financial statements have been reclassified to conform to the March 31, 2022 financial statement presentation.

Fund accounting and net asset classification – To ensure compliance with restrictions placed on the resources available to the Foundation, the Foundation's accounts are maintained in accordance with the principles of fund accounting. This accounting and reporting procedure classifies resources into funds established according to their nature and purpose.

In the financial statements, funds that have similar characteristics have been combined into two net assets categories: without donor restrictions and with donor restrictions.

- *Net Assets Without Donor Restrictions* are net assets not restricted by donors or for which the donor-imposed restrictions have expired. Net assets without donor restrictions may be expendable for any purpose in performing the primary objectives of the Foundation. Since the Foundation does not have contributions which have not been given for endowment purposes, and since the Foundation appropriates only those earnings necessary to meet annual expenditures, the Foundation has no net assets without donor restrictions at March 31, 2022 and 2021.

Note 2 – Summary of Significant Accounting Policies (continued)

- *Net Assets With Donor Restrictions* include those assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. All contributions to the Foundation, unless otherwise restricted by the donor, are deemed to be given for endowment purposes and have been classified as perpetual in nature. Investment income is either designated for specific programs or undesignated. If undesignated, it is expendable for any purpose in performing the primary objectives of the Foundation.

Revenue recognition – Unconditional promises to give cash and investment securities are reported at fair value at the date the promise is received. Conditional contributions are recognized as revenue when the conditions on which they depend have been met. Current gifts of cash, securities, and real property are recognized at market value when they are received.

Cash equivalents – The Foundation classifies all highly liquid investment instruments with a purchased maturity of three months or less as cash equivalents. All cash balances are invested in short-term investment funds. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Concentration of credit and market risk – Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash, investments, contributions receivable, and charitable remainder trusts. As investments comprised 88% and 89% of the Foundation’s assets as of March 31, 2022 and 2021, respectively, the Foundation is exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is possible that changes in risk in the near term would affect investment balances and the amounts reported in the financial statements. The investment portfolio is managed with a diversified allocation of investment assets. The Board-approved allocation is adjusted to meet a target expected return with the least risk in the portfolio.

The Foundation maintains bank accounts at two banks. One account is held at a financial institution and insured up to $250,000. At times, cash in the account exceeds the insured limits for brief periods. The other account is a money market fund held at a financial institution and insured up to $500,000. This money market mutual fund is set up to hold a Net Asset Value (NAV) of $1-per-share at all times, with the interest and income distributed on a monthly basis. At almost all times, cash in this money market fund account exceeds the insured amount. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Note 2 – Summary of Significant Accounting Policies (continued)

Investments – To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

All investments are recorded at fair value. Realized gains and losses from investment transactions are computed using the average cost method and are recorded net of investment fund fees and expenses.

Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income on short-term investment funds and a managed portfolio consisting principally of fixed income securities and dividends earned on equity securities and realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Income earned from investments in all net asset classifications is recorded in the net asset class owning the assets, except where the instructions of the donor specify otherwise and when such amounts have been appropriated for expenditure.

Return objectives and risk parameters – The Foundation attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment funds and funds held for others. Under this policy, as approved by the Board of Directors, the funds are invested in a manner that is intended to produce an average rate of return of at least 5.5% annually, net of inflation, while assuming a moderate amount of risk. Actual returns in any given year may vary from this amount.

Spending policy and how the investment objectives relate to spending policy – The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value (excluding contributions receivable) over the prior 12 quarters through the preceding fiscal year in which the distribution is planned. Distributions are normally paid in two installments each year on February 15th and May 15th. The final distribution on May 15th is approved at the last Board meeting preceding that date each year. In establishing this policy, the Foundation considered the long-term expected return on its endowment and operating expenses. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at least at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts. The Foundation considers the following factors in making a determination to appropriate funds for distribution:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Note 2 – Summary of Significant Accounting Policies (continued)

Fair value – Fair value of stocks and fixed income securities in publicly traded securities is based on quoted market prices. Fair value of other stocks and fixed income securities is based on fair values of similar observable or underlying assets or unobservable inputs such as cash flows and discount rates. Partnership Interests are carried at estimated fair value. In the absence of market price quotes, the estimated fair value of the interests is determined using the net asset value per share or its equivalent as estimated by the general partners of the respective Partnership. Investments within the Partnership for which exchange quotes are not readily available are valued at the latest bid price obtained from one or more dealers making a market for such securities or at estimated fair values as determined in good faith by the general partner. Investments for which exchange quotes are not readily available may include specific classes or series of issuers' equity or debt securities. The methods and procedures to value these investments may include, but are not limited to (1) performing price comparisons with comparable or similar securities, (2) obtaining valuation-related information from issuers, such as audited financial statements, and/or (3) using other analytical data relating to the investment and other available indications of value.

Because of the inherent uncertainty of valuation and the illiquidity of the interests, the estimated fair values for the aforementioned securities and interests may differ from the values that would have been used had a ready market for the investments existed, and therefore, the differences could be material.

Due to the time necessary in obtaining a valuation, the accounting for realized and unrealized gains/losses will sometimes lag the current value by one quarter, for certain Partnership investments and other investments held at net asset value or equivalent. The Foundation does not believe this lag has a qualitatively or quantitatively material impact on the Foundation's financial statements. Each year end, the Foundation reviews the results of the lagged quarter so as to provide the basis for this assertion and to review for possible impairment issues as of its year end.

Contributions receivable – The Foundation is the beneficiary of contributions receivable that consist of cash pledges and estate notes. The cash pledges are due within five years and are recorded at their present value based upon the Foundation's risk adjusted discount rate at the date of contribution. The estate notes are due upon the death of the donor and are recorded based on an estimate of their present value, net of an allowance for uncollectible accounts. The estate note estimate of present value is based upon the life expectancy of the donor according to actuarial tables. The changes in present value are reflected as contributions in the accompanying statements of activities. The allowance for uncollectible accounts is based upon the historical collectability and average value.

Due from resident companies – The Resident Companies reimburse the Foundation for certain administrative expenses, including investment management consulting services, based on each Resident Company's share of assets under management. The Resident Companies also reimburse the Foundation for all asset management and bank fees attributed to each Resident Company's fund. These amounts are billed and paid on a quarterly basis.

Note 2 – Summary of Significant Accounting Policies (continued)

Split-interest agreements – The Foundation has been named as a remainder beneficiary of charitable remainder trusts held by third-party trustees. A charitable remainder trust is an arrangement in which a donor establishes a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term, usually the designated beneficiaries' lifetime. The Foundation will receive its share of the assets remaining upon the termination of the charitable trust. At inception, the Foundation records its beneficial interest in the charitable remainder trust and contribution revenue at the present value of future benefits expected to be received, net of allowance for uncollectible accounts. The changes in value are reflected as changes in value of split-interest agreements on the accompanying statements of activities. The allowance for uncollectible accounts is based upon the charitable remainder trust's historical collectability and average value.

The Foundation is the co-trustee of one charitable remainder trust, where it is also the remainder beneficiary. For this trust, its assets are recorded at their fair value, and the present value of the trust's future payment liability is recorded in the statements of financial position as accounts payable and accrued expenses.

The Foundation is the beneficiary of charitable gift annuities, which are arrangements between donors and the Foundation in which the donors contribute assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donors, or to individuals or Foundations designated by the donors.

The Foundation's future payment liability is recorded in the statements of financial position as accounts payable and accrued expenses. A corresponding asset is recorded as a charitable gift annuity and segregated as a funded reserve required by law. Any contribution in excess of the initial liability is recognized as contribution revenue.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP 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, the reported amounts of revenue and expenses during the reporting period, and changes in net assets. Actual results could differ from those estimates.

Functional allocation of expenses – The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis. Certain costs have been allocated among distributions, management and general, and fundraising expenses based on management's estimates based on time and effort.

Income taxes – The Foundation recognizes the impact of tax positions in the financial statements if that position is more-likely-than-not to be sustained on audit, based on the technical merits of the position. To date, the Foundation has not recorded any uncertain tax positions. The Foundation recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended March 31, 2022 and 2021, the Foundation did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

Note 3 – Financial Assets and Liquidity Resources

The Foundation's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date are as follows:

	March 31, 2022	March 31, 2021
Cash and cash equivalents	$ 11,220,018	$ 5,116,172
Current portion of contributions receivable, net	279,400	191,900
Amounts appropriated from endowment, pursuant to spending-rate policy	7,010,556	6,351,432
Amounts appropriated for general expenditures, pursuant to approved budget	2,524,355	2,335,595
Financial assets available to meet general expenditures within one year	$ 21,034,329	$ 13,995,099

The Foundation's endowment funds consist of donor-restricted endowments and funds. All these endowment funds are responsible for their pro rata share of the administrative expenses. These funds are credited annually with net income (loss) from the investment performance of the portfolio after paying the administrative expenses of the Foundation.

The endowment makes annual distributions to the Resident Companies and the Music Center which are subject to a Board-approved spending rate of 5% as described in Notes 1 and 2.

Note 4 – Fair Value Measurements

As defined by U.S. GAAP, fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses the market approach. Based on this approach, the Foundation utilizes certain assumptions about the risk or risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values.

As a basis for considering such assumptions, U.S. GAAP establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 – Unobservable inputs that are supported by little or no market activity.

Note 4 – Fair Value Measurements (continued)

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, which is the Foundation's policy. For the year ended March 31, 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Stocks and stock funds – The basis of fair value for stocks and stock funds differs depending on the investment. For certain investments, fair value is based on quoted market prices; these are classified within Level 1 of the valuation hierarchy. For certain investments, the net asset value per share is used as a practical expedient to estimate the fair value of investments. These investments are not classified in the fair value hierarchy.

Bond funds – The fair value of fixed income funds is the fair value based on quoted market prices. They are classified within Level 1 of the fair value hierarchy.

Partnership interests and other funds – The Foundation uses the net asset value per share of Partnership interests as a practical expedient to estimate the fair value of investments. These investments are not classified in the fair value hierarchy.

Beneficial interest in charitable remainder trusts – The Foundation's beneficial interest in a charitable remainder trust may be designated as either (1) a percentage share or (2) a specified dollar amount of the remaining trust assets at the termination of the trust. Where the beneficial interest in the charitable remainder trust is designated as a percentage share, the present value of the remainder is revalued each year end based on the donor's life expectancy, the trust assets' current fair value, the trust distribution rate, the current discount rate, and the estimated future increase in value of the trust assets. The difference in the present value of the remainder between the current year end and the prior year end is recorded as a change in value of split-interest agreements. For charitable remainder trusts where the Foundation's beneficial interest is designated as a specified dollar amount due on the termination of the trust, the present value of the remainder is revalued each year end based on the donor's life expectancy and the current discount rate.

The discount from the specified remainder amount is amortized into income over the donor's life expectancy according to actuarial tables as a change in value of split-interest agreements.

The Foundation elected to adopt the fair value option afforded by U.S. GAAP in relation to assets held in charitable remainder trusts and obligations under trusts. Following initial recognition, subsequent present value calculations will revise all inputs at each measurement date. This election was made to ensure consistent recognition and subsequent re-measurement between both forms of charitable remainder trusts held by the Foundation, as well as beneficial interests and charitable remainder trusts where the Foundation is trustee.

Note 4 – Fair Value Measurements (continued)

The current discount rate used for both types of remainder interest at March 31, 2022 and 2021, is 2.0% and 0.8%, respectively. The Foundation recorded $0 and $76,596 in new beneficial interests in charitable remainder trusts during the years ended March 31, 2022 and 2021, respectively.

Total beneficial interests in charitable remainder trusts, net of discount on beneficial interest, are $3,416,106 and $5,362,323 as of March 31, 2022 and 2021, respectively.

Total assets held in charitable remainder trusts are $66,361 and $72,413 as of March 31, 2022 and 2021, respectively. The corresponding liability balances for charitable remainder trusts are $35,586 and $40,349, respectively.

Beneficial interests in charitable remainder trusts are classified within Level 3 of the fair value hierarchy.

Charitable gift annuities – For charitable gift annuities, the Foundation's future payment liability is recorded in the statements of financial position as accounts payable and accrued expenses. A corresponding asset is recorded as a charitable gift annuity, with any contribution in excess of the initial liability recognized as contribution revenue. The liability for each gift annuity is revalued each year under actuarial tables and interest rates established by the California Department of Insurance. The Foundation is required by law to maintain a segregated reserve to fund this liability.

The following tables summarize the Foundation's financial assets by the fair value hierarchy levels as of March 31, 2022. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table for these investments are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

	Level 1	Level 2	Level 3	NAV or Equivalent	Total
ENDOWMENT INVESTMENTS					
Stocks and stock funds					
U.S. large cap equities	$ 8,607,397	$ -	$ -	$ 41,131,185	$ 49,738,582
U.S. small cap equities	11,513,200	-	-	-	11,513,200
International equities	-	-	-	24,080,457	24,080,457
Emerging market equities	10,656,790	-	-	3,943,114	14,599,904
Equity hedge funds	-	-	-	12,578,949	12,578,949
Absolute return funds	-	-	-	13,020,472	13,020,472
Total stocks and stock funds	30,777,387	-	-	94,754,177	125,531,564
Bond funds	6,002,250	-	-	-	6,002,250
Partnerships interests and other funds	-	-	-	32,143,914	32,143,914
Total	$ 36,779,637	$ -	$ -	$ 126,898,091	163,677,728
CASH EQUIVALENTS					8,344,524
Total endowment investments					$ 172,022,252

Note 4 – Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	NAV or Equivalent	Total
INVESTMENTS HELD FOR OTHERS					
Stocks and stock funds					
U.S. large cap equities	$ 5,386,913	$ -	$ -	$ 25,739,770	$ 31,126,683
U.S. small cap equities	7,205,501	-	-	-	7,205,501
International equities	-	-	-	15,070,682	15,070,682
Emerging market equities	6,669,519	-	-	2,467,787	9,137,306
Equity hedge funds	-	-	-	7,872,497	7,872,497
Absolute return funds	-	-	-	8,148,823	8,148,823
Total stocks and stock funds	19,261,933	-	-	59,299,559	78,561,492
Bond funds	3,756,490	-	-	-	3,756,490
Partnerships interests and other funds	-	-	-	15,683,733	15,683,733
Total	$ 23,018,423	$ -	$ -	$ 74,983,292	98,001,715
CASH EQUIVALENTS					6,933,958
Total investments held for others					$ 104,935,673

	Level 1	Level 2	Level 3	NAV or Equivalent	Total
TRUSTS AND ANNUITIES					
Beneficial interest in charitable remainder trusts, net	$ -	$ -	$ 3,416,106	$ -	$ 3,416,106
Assets held in charitable remainder trusts	-	-	66,361	-	66,361
Charitable gift annuities	-	-	366,819	-	366,819
Total assets, recorded in split-interest agreements	$ -	$ -	$ 3,849,286	$ -	$ 3,849,286
Obligations under charitable remainder trusts	$ -	$ -	$ 35,586	$ -	$ 35,586
Obligations under charitable gift annuities	-	-	373,532	-	373,532
Total liabilities, recorded in accounts payable and accrued expenses	$ -	$ -	$ 409,118	$ -	$ 409,118

For the year ended March 31, 2022, the changes in financial assets and liabilities classified as Level 3 are as follows:

	Beneficial Interest in Charitable Remainder Trusts	Assets Held in Charitable Remainder Trusts	Charitable Gift Annuities	Obligations Under Charitable Remainder Trusts	Obligations Under Charitable Gift Annuities
BALANCE, beginning of year	$ 5,362,323	$ 72,413	$ 414,787	$ 40,349	$ 379,871
Contributions	-	-	25,000	-	-
Payments	(1,963,894)	-	(78,333)	-	-
Other adjustment	-	-	8,902	-	-
Changes in value	17,677	(6,052)	(3,537)	(4,763)	(6,339)
BALANCE, end of year	$ 3,416,106	$ 66,361	$ 366,819	$ 35,586	$ 373,532

Note 4 – Fair Value Measurements (continued)

The following tables summarize the Foundation's financial assets by the fair value hierarchy levels as of March 31, 2021. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table for these investments are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

	Level 1	Level 2	Level 3	NAV or Equivalent	Total
ENDOWMENT INVESTMENTS					
Stocks and stock funds					
U.S. large cap equities	$ -	$ -	$ -	$ 57,178,464	$ 57,178,464
U.S. small cap equities	12,000,984	-	-	-	12,000,984
International equities	-	-	-	26,457,949	26,457,949
Emerging market equities	-	-	-	22,433,857	22,433,857
Equity hedge funds	-	-	-	13,966,275	13,966,275
Absolute return funds	-	-	-	13,083,354	13,083,354
Total stocks and stock funds	12,000,984	-	-	133,119,899	145,120,883
Bond funds	6,609,236	-	-	-	6,609,236
Partnerships interests and other funds	-	-	-	35,563,496	35,563,496
Total	$ 18,610,220	$ -	$ -	$ 168,683,395	187,293,615
CASH EQUIVALENTS					3,701,384
Total endowment investments					$ 190,994,999

	Level 1	Level 2	Level 3	NAV or Equivalent	Total
INVESTMENTS HELD FOR OTHERS					
Stocks and stock funds					
U.S. large cap equities	$ -	$ -	$ -	$ 32,357,918	$ 32,357,918
U.S. small cap equities	6,791,488	-	-	-	6,791,488
International equities	-	-	-	14,972,843	14,972,843
Emerging market equities	-	-	-	12,695,565	12,695,565
Equity hedge funds	-	-	-	7,903,668	7,903,668
Absolute return funds	-	-	-	7,404,014	7,404,014
Total stocks and stock funds	6,791,488	-	-	75,334,008	82,125,496
Bond funds	3,740,239	-	-	-	3,740,239
Partnerships interests and other funds	-	-	-	25,005,208	25,005,208
Total	$ 10,531,727	$ -	$ -	$ 100,339,216	110,870,943
CASH EQUIVALENTS					3,108,415
Total investments held for others					$ 113,979,358

Note 4 – Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	NAV or Equivalent	Total
TRUSTS AND ANNUITIES					
Beneficial interest in charitable remainder trusts, net	$ -	$ -	$ 5,362,323	$ -	$ 5,362,323
Assets held in charitable remainder trusts	-	-	72,413	-	72,413
Charitable gift annuities	-	-	414,787	-	414,787
Total assets, recorded in split-interest agreements	$ -	$ -	$ 5,849,523	$ -	$ 5,849,523
Obligations under charitable remainder trusts	$ -	$ -	$ 40,349	$ -	$ 40,349
Obligations under charitable gift annuities	-	-	379,871	-	379,871
Total liabilities, recorded in accounts payable and accrued expenses	$ -	$ -	$ 420,220	$ -	$ 420,220

For the year ended March 31, 2021, the changes in financial assets and liabilities classified as Level 3 are as follows:

	Beneficial Interest in Charitable Remainder Trusts	Assets Held in Charitable Remainder Trusts	Charitable Gift Annuities	Obligations Under Charitable Remainder Trusts	Obligations Under Charitable Gift Annuities
BALANCE, beginning of year	$ 4,697,026	$ 58,080	$ 431,931	$ 33,326	$ 431,931
Contributions	76,596	-	39,971	-	-
Payments	-	-	(90,231)	-	-
Other adjustment	-	-	(57,926)	-	-
Changes in value	588,701	14,333	91,042	7,023	(52,060)
BALANCE, end of year	$ 5,362,323	$ 72,413	$ 414,787	$ 40,349	$ 379,871

Note 4 – Fair Value Measurements (continued)

The following table summarizes the Foundation's financial assets which are valued using the fair value practical expedient of net asset value as of March 31, 2022.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
STOCKS AND STOCK FUNDS				
U.S. large cap equities (a)	$ 66,870,955	$ -	daily–quarterly	1–60 days
International equities (b)	39,151,139	-	monthly	10 days
Emerging market equities (c)	6,410,901	-	quarterly	1–60 days
Equity hedge funds (d)	20,451,446	-	quarterly–annually	45–100 days
Absolute returns (e)	21,169,295	-	quarterly–3 years	30–120 days
Total stocks and stock funds	154,053,736	-		
Partnerships and other funds (f)	47,827,647	14,414,843	when partnership ceases	n/a
Total	$ 201,881,383	$ 14,414,843		

(a) This category includes investments in long- and short-term equity funds mirroring S&P 500 sector weighting.

(b) This category includes investments in international (non-U.S.) equity funds.

(c) This category includes investments in emerging market equity funds, hybrid, and fixed-income funds.

(d) This category includes investments in long and short equity focused fund of hedge funds, along with small and micro-cap Asia Pacific hedge funds.

(e) This category of Absolute Return Investments includes funds that have exposure to the U.S. debt and equity markets, international developed debt and equity, and emerging debt and equity markets. These funds have both long and short positions and focus on returns from various arbitrage positions that capture inefficiencies in the markets.

(f) This category includes investments in private equity partnerships, venture capital partnerships, real estate partnerships, distressed debt partnerships, early-stage equity investments, and oil and gas partnerships.

Note 4 – Fair Value Measurements (continued)

The following table represents the Foundation's Level 3 financial instruments for the year ended March 31, 2022, the valuation technique used to measure the fair value of the financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range
Beneficial interest in charitable remainder trusts	$ 3,416,106	Income Approach	Discount rate	2.00%
			Donor's life expectancy	Based on donor's age
Assets held in charitable remainder trusts	66,361	Income Approach	Discount rate	2.00%
			Donor's life expectancy	Based on donor's age
Charitable gift annuities	366,819	Income Approach	Discount rate	4.0%–6.0%
			Donor's life expectancy	Based on donor's age
Obligations under charitable remainder trusts	35,586	Income Approach	Discount rate	2.00%
			Donor's life expectancy	Based on donor's age
Obligations under charitable gift annuities	373,532	Income Approach	Discount rate	4.0%–6.0%
			Donor's life expectancy	Based on donor's age

Note 4 – Fair Value Measurements (continued)

The following table represents the Foundation's Level 3 financial instruments for the year ended March 31, 2021, the valuation technique used to measure the fair value of the financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range
Beneficial interest in charitable remainder trusts	$ 5,362,323	Income Approach	Discount rate	0.80%
			Donor's life expectancy	Based on donor's age
Assets held in charitable remainder trusts	72,413	Income Approach	Discount rate	0.80%
			Donor's life expectancy	Based on donor's age
Charitable gift annuities	414,787	Income Approach	Discount rate	4.0%–6.0%
			Donor's life expectancy	Based on donor's age
Obligations under charitable remainder trusts	40,349	Income Approach	Discount rate	0.80%
			Donor's life expectancy	Based on donor's age
Obligations under charitable gift annuities	379,871	Income Approach	Discount rate	4.0%–6.0%
			Donor's life expectancy	Based on donor's age

Note 5 – Contributions Receivable

Contributions receivable at March 31, 2022 and 2021, consisted of the following:

	2022	2021
Future value of contributions receivable	$ 754,301	$ 848,786
Unamortized discount to net present value at rates ranging from 2.35% to 3.37%	-	(30,667)
	754,301	818,119
Future value of contributions receivable – estate notes	52,811,455	49,608,994
Unamortized discount on contributions receivable – estate notes	(23,463,504)	(22,861,869)
Allowance for uncollectable accounts – estate notes	(267,000)	(241,000)
	29,080,951	26,506,125
Total contributions receivable, net	$ 29,835,252	$ 27,324,244

Contributions receivable are expected to be realized in the following periods as of March 31, 2022 and 2021:

	2022	2021
Within one year	$ 286,915	$ 191,900
One to five years	356,986	494,486
More than five years	110,400	162,400
Future value of contributions receivable	754,301	848,786
Unamortized discount to net present value at rates ranging from 2.35% to 3.37%	-	(30,667)
	$ 754,301	$ 818,119

The Foundation records revenue in connection with various irrevocable planned gifts held in perpetuity as the contributions are made. All of these contributions receivable are due upon the death of the donor and are initially recorded at their present value based on the life expectancy of the donor, according to actuarial tables. The discount on the irrevocable estate note is amortized based on the schedule of estimated fair value of the note each year. The discount rate used ranges from 1.94% to 7.90%. During the years ended March 31, 2022 and 2021, the Foundation recorded new estate contributions receivable in the amount of $2,350,236 and $250,088, respectively.

Estate notes are valued based upon the donor's life expectancy and are due upon the death of the donor. Accordingly, the timing and ultimate collectability of these estate notes cannot be accurately determined. The Foundation has determined that the allowance for uncollectible accounts is sufficient to cover estimated amounts in the future that are uncollectible.

Note 6 – Funds Held for Others

As of March 31, 2022 and 2021, funds held for others consisted of assets held by the Foundation for management and investment purposes and were comprised as follows:

	2022	2021
Music Center Harris Reserve Fund	$ 4,590,879	$ 4,817,667
Music Center Harris Dance Fund	4,685,018	4,705,008
Music Center Reserve Fund	4,989,647	4,980,270
Los Angeles Philharmonic Fund II	11,445,267	18,404,465
Center Theatre Group Reserve Fund	26,774,589	27,366,041
Los Angeles Opera Fund	27,369,490	28,394,957
Performing Arts Center, Los Angeles County Fund – Blue Ribbon	1,008,092	888,094
Performing Arts Center, Los Angeles County Fund	24,072,691	24,422,856
Total	$ 104,935,673	$ 113,979,358

The Resident Companies reimburse the Foundation for certain administrative expenses based on each Resident Company's share of assets under management. During both the years ended March 31, 2022 and 2021, the administrative fee, which is calculated based on the quarterly average investment holding balance, was 0.235%. The Resident Companies also reimburse the Foundation for investment management consulting services based on assets under management and pay all asset management and bank fees attributed to each Resident Company's fund. Investment management consulting fees reimbursed for the years ended March 31, 2022 and 2021, were $147,120 and $143,063, respectively, which were included in administrative fees.

Note 7 – Net Assets of the General and LAPA Funds

As of March 31, 2022 and 2021, the Resident Companies' interest in the Foundation's net assets with donor restrictions is as follows:

	2022	2021
GENERAL FUND		
Music Center Foundation	$ 60,879,835	$ 62,996,238
Music Center	38,808,361	36,674,016
Los Angeles Philharmonic	33,915,152	34,235,617
Center Theatre Group	26,268,155	26,646,748
Los Angeles Opera Fund	19,007,944	18,744,712
Los Angeles Master Chorale	5,611,082	4,739,325
CalArts/REDCAT	490,793	486,512
General fund total	184,981,322	184,523,168
LOS ANGELES PHILHARMONIC FUND	19,894,340	39,637,460
	$ 204,875,662	$ 224,160,628

For the years ended March 31, 2022 and 2021, the Foundation's endowment net assets with donor restrictions changed as follows:

	2022	2021
Endowment net assets, beginning of year	$ 224,160,628	$ 169,775,037
Net investment return	1,644,006	60,805,849
Contributions and additions to endowment funds	4,581,399	614,708
Change in value of split-interest agreements and estate notes	724,422	1,334,367
Appropriations of amounts for expenditure	(26,234,793)	(8,369,333)
Endowment net assets, end of year	$ 204,875,662	$ 224,160,628

The return objectives, strategies employed for achieving the objectives, the spending policy of the Foundation, and its interpretation of UPMIFA are described in Note 2 to the financial statements.

A decision was reached in January 2021, after a thorough review process, by unanimous Board vote to transfer the assets originally moved to the Music Center Foundation that established the LAPA Fund back to the Los Angeles Philharmonic Association. This amount totaled $16,968,881, which includes their share of the investment earnings since the LAPA Fund's inception in 1984, with the final transfer completed in September 2021. The Music Center Foundation continues to distribute LAPA Fund's pro rata share of their quarterly non-marketable assets, which totaled $873,440 as of March 31, 2022.

Note 8 – Related-Party Transactions

The Music Center provides certain administrative services and pays certain other expenses, including payroll, on behalf of the Foundation. All such expenses were reimbursed by the Foundation. Expenses charged by the Music Center for the years ended March 31, 2022 and 2021, were $323,793 and $293,448, respectively. The Music Center also charged the Foundation $5,555 for rent of office space for the years ended March 31, 2022 and 2021.

Note 9 – Employee Benefit Plans

The Foundation established a 401(k) plan on December 1, 2008, that covers its employees who are at least 21 years of age and who have been employed at the Foundation for at least one year and work a minimum of 1,000 hours each year. Under the terms of the plan, the Foundation provides employer contributions of 10% of the employees' compensation to its 401(k) plan. Benefits are 100% vested after completing six years of service. Total expense was $41,332 and $36,602 for the years ended March 31, 2022 and 2021, respectively, which was included in salaries and benefits.

The Foundation implemented a non-qualified, non-ERISA, and discriminatory 457(b) plan for the benefit of a key employee on April 9, 2010. Under the terms of the agreement, the plan is solely funded by salary deferrals between the Foundation and the key employee and remains the property of the Foundation until paid out at retirement. The plan assets consist of stock and fixed income funds, which were classified within Level 1 of the fair value hierarchy. The corresponding plan liabilities are recorded in accounts payable and accrued expenses on the statements of financial position.

Note 10 – Commitments and Contingencies

In March 2021, the Music Center Foundation entered into an agreement with a financial institution, to provide collateral for a $5,000,000, five-year term loan given to the LA Opera. Simultaneously, the Music Center Foundation signed a provisional accelerated distribution agreement with the LA Opera. This provisional agreement would become effective in the event of a default by the LA Opera, and any payments to the financial institution would be treated as an advance distribution to the LA Opera under the terms of the agreement. As of March 31, 2022, the outstanding balance of this term loan is $4,000,000.

Note 11 – Subsequent Events

The Foundation has evaluated subsequent events through September 7, 2022, the date on which the financial statements were available to be issued, and concluded that no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

The Music Center Foundation
Statement of Financial Position by Fund
March 31, 2022

			Funds Held for Others										
	General Fund	Los Angeles Philharmonic Association	Harris Reserve Fund	Harris Dance Fund	Los Angeles Philharmonic Fund II	Center Theatre Group	Los Angeles Opera Fund	Performing Arts Center Los Angeles County Blue Ribbon Fund	Performing Arts Center Los Angeles County Fund	TMC Reserve Fund	Total	Funds Held for Others	Total Less Funds Held for Others
ASSETS													
Cash and cash equivalents	$ 2,630,450	$ 245,044	$ 2,932	$ 23,099	$ 512,192	$ 418,618	$ 650,609	$ 13,179	$ 78,633	$ 309,227	$ 4,883,983	$ 2,008,489	$ 2,875,494
Prepaid expenses and other assets	341,052	-	-	-	-	-	-	-	-	-	341,052	-	341,052
Deferred compensation plan assets	483,001	-	-	-	-	-	-	-	-	-	483,001	-	483,001
Due from resident companies	110,544	-	-	-	-	-	-	-	-	-	110,544	-	110,544
Investments	152,051,895	19,970,357	4,587,947	4,661,919	10,933,075	26,355,971	26,718,881	994,913	23,994,058	4,680,420	274,949,436	102,927,184	172,022,252
Contributions receivable, net	29,835,252	-	-	-	-	-	-	-	-	-	29,835,252	-	29,835,252
Split-interest agreements	3,849,286	-	-	-	-	-	-	-	-	-	3,849,286	-	3,849,286
Total assets	$ 189,301,480	$ 20,215,401	$ 4,590,879	$ 4,685,018	$ 11,445,267	$ 26,774,589	$ 27,369,490	$ 1,008,092	$ 24,072,691	$ 4,989,647	$ 314,452,554	$ 104,935,673	$ 209,516,881
LIABILITIES AND NET ASSETS													
Accounts payable and accrued expenses	$ 1,162,811	$ 18,151	$ 4,046	$ 4,091	$ 10,831	$ 23,272	$ 23,710	$ 869	$ 21,196	$ 4,379	$ 1,273,356	$ 92,394	$ 1,180,962
Distributions payable	3,157,349	302,908	-	-	-	-	-	-	-	-	3,460,257	-	3,460,257
Total liabilities	4,320,160	321,059	4,046	4,091	10,831	23,272	23,710	869	21,196	4,379	4,733,613	92,394	4,641,219
NET ASSETS	184,981,320	19,894,342	4,586,833	4,680,927	11,434,436	26,751,317	27,345,780	1,007,223	24,051,495	4,985,268	309,718,941	104,843,279	204,875,662
Total liabilities and net assets	$ 189,301,480	$ 20,215,401	$ 4,590,879	$ 4,685,018	$ 11,445,267	$ 26,774,589	$ 27,369,490	$ 1,008,092	$ 24,072,691	$ 4,989,647	$ 314,452,554	$ 104,935,673	$ 209,516,881

			Funds Held for Others										
	General Fund	Los Angeles Philharmonic Association	Harris Reserve Fund	Harris Dance Fund	Los Angeles Philharmonic Fund II	Center Theatre Group	Los Angeles Opera Fund	Performing Arts Center Los Angeles County Blue Ribbon Fund	Performing Arts Center Los Angeles County Fund	TMC Reserve Fund	Total	Funds Held for Others	Total Less Funds Held for Others
REVENUE AND GAINS													
Investment return/(loss), net of investment expenses	$ 1,801,429	$ (407,304)	$ (17,272)	$ (8,757)	$ (1,772,479)	$ (526,946)	$ (95,335)	$ (12,095)	$ (291,684)	$ (29,473)	$ (1,359,916)	$ (2,754,041)	$ 1,394,125
Contributions	4,581,436	-	-	-	-	-	1,630,000	(134,372)	-	-	6,077,064	1,495,628	4,581,436
Changes in value of split-interest agreements and estate notes	724,422	-	-	-	-	-	-	-	-	-	724,422	-	724,422
Total revenue and gains	7,107,287	(407,304)	(17,272)	(8,757)	(1,772,479)	(526,946)	1,534,665	(146,467)	(291,684)	(29,473)	5,441,570	(1,258,413)	6,699,983
EXPENSES													
Salaries and benefits	626,893	-	-	-	-	-	-	-	-	-	626,893	-	626,893
Administrative fee reimbursement	(323,712)	58,290	11,391	11,453	34,676	65,546	67,845	2,408	59,531	12,248	(324)	265,098	(265,422)
Accounting fees	137,140	-	-	-	-	-	-	-	-	-	137,140	-	137,140
Insurance premium	66,532	-	-	-	-	-	-	-	-	-	66,532	-	66,532
Fundraising	52,502	-	-	-	-	-	-	-	-	-	52,502	-	52,502
Miscellaneous	(24,465)	-	-	-	-	-	-	-	-	-	(24,465)	-	(24,465)
Conference and seminars	4,797	-	-	-	-	-	-	-	-	-	4,797	-	4,797
Office supplies	15,872	-	-	-	-	-	-	-	-	-	15,872	-	15,872
Legal fees	19,200	-	-	-	-	-	-	-	-	-	19,200	-	19,200
Marketing and consulting	13,127	-	-	-	-	-	-	-	-	-	13,127	-	13,127
Rent	5,555	-	-	-	-	-	-	-	-	-	5,555	-	5,555
Board meeting expenses	158	-	-	-	-	-	-	-	-	-	158	-	158
Telephone	3,083	-	-	-	-	-	-	-	-	-	3,083	-	3,083
Messenger	1,236	-	-	-	-	-	-	-	-	-	1,236	-	1,236
Distributions	6,051,204	19,277,537	198,160	-	5,150,000	-	1,492,422	-	-	-	32,169,323	6,840,582	25,328,741
Total net expenses	6,649,122	19,335,827	209,551	11,453	5,184,676	65,546	1,560,267	2,408	59,531	12,248	33,090,629	7,105,680	25,984,949
Change in net assets	$ 458,165	$ (19,743,131)	$ (226,823)	$ (20,210)	$ (6,957,155)	$ (592,492)	$ (25,602)	$ (148,875)	$ (351,215)	$ (41,721)	$ (27,649,059)	$ (8,364,093)	$ (19,284,966)