Report of Independent Auditors and Financial Statements

Performing Arts Center of Los Angeles County

June 30, 2023 and 2022

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors
Performing Arts Center of Los Angeles County

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Performing Arts Center of Los Angeles County, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Performing Arts Center of Los Angeles County as of June 30, 2023, and the changes in its net assets, its functional expenses, 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 Performing Arts Center of Los Angeles County 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 Performing Arts Center of Los Angeles County'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 Performing Arts Center of Los Angeles County'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 Performing Arts Center of Los Angeles County'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

The financial statements of Performing Arts Center of Los Angeles County as of June 30, 2022, were audited by other auditors whose report dated October 31, 2022, expressed an unmodified opinion on those financial statements. The financial statements as of and for the year ended June 30, 2022, are presented as summarized comparative information in the 2023 financial statements.

Moss Adams LLP

Los Angeles, California
October 24, 2023

Financial Statements

Performing Arts Center of Los Angeles County
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 16,853,159	$ 28,047,070
Accounts receivable, net	4,342,714	3,515,207
Contributions receivable, net	33,230,539	38,575,383
Prepaid expenses and other assets	1,042,767	1,681,779
Contract acquisition costs	4,266,957	4,340,239
Property and equipment, net	791,022	679,413
Investments	38,275,742	34,884,018
Beneficial interests	38,200,015	36,661,363
Total assets	$ 137,002,915	$ 148,384,472
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 8,670,857	$ 8,909,437
Deferred fees and revenues	3,182,988	5,170,640
Deferred restaurant revenue	3,883,078	4,292,192
Accrued pension benefit obligation	2,077,905	2,788,370
Debt, net	20,429,633	21,624,065
Total liabilities	38,244,461	42,784,704
NET ASSETS		
Without donor restrictions	11,135,983	7,488,708
With donor restrictions	87,622,471	98,111,060
Total net assets	98,758,454	105,599,768
Total liabilities and net assets	$ 137,002,915	$ 148,384,472

See accompanying notes.

Performing Arts Center of Los Angeles County
Statements of Activities
Year Ended June 30, 2023
(Summarized Information for the Year Ended June 30, 2022)

	Without Donor Restrictions			With Donor	Totals	
	Operating	Capital	Total	Restrictions	2023	2022
REVENUE AND SUPPORT						
TMC operations						
Center operations						
LA County funding	$ 25,046,924	$ -	$ 25,046,924	$ -	$ 25,046,924	$ 23,860,616
LA County in-kind contributions	6,057,698	-	6,057,698	-	6,057,698	5,262,436
Rents	5,269,373	-	5,269,373	-	5,269,373	4,687,372
Facility fees	2,992,065	-	2,992,065	-	2,992,065	1,860,142
Service billings	5,048,915	-	5,048,915	-	5,048,915	3,136,669
Total center operations	44,414,975	-	44,414,975	-	44,414,975	38,807,235
Park operations						
LA County funding	7,109,754	-	7,109,754	-	7,109,754	3,914,701
LA County in-kind utilities	233,933	-	233,933	-	233,933	226,494
Rents	276,239	-	276,239	-	276,239	587,414
Service billings	344,592	-	344,592	-	344,592	473,926
Total park operations	7,964,518	-	7,964,518	-	7,964,518	5,202,535
Founders rooms operations	751,135	-	751,135	-	751,135	634,274
Total TMC operations	53,130,628	-	53,130,628	-	53,130,628	44,644,044
TMC Arts						
Presenting	2,421,453	-	2,421,453	-	2,421,453	2,604,080
Education, active arts, and spotlight	1,373,964	-	1,373,964	-	1,373,964	708,316
Other income	65,073	-	65,073	-	65,073	95,560
Total TMC arts	3,860,490	-	3,860,490	-	3,860,490	3,407,956
Capital improvements						
Restaurant improvement	-	535,142	535,142	-	535,142	346,844
Total capital improvements	-	535,142	535,142	-	535,142	346,844
Investment income appropriations	1,843,436	41,592	1,885,028	-	1,885,028	912,795
Interest income	479,363	1,396	480,759	-	480,759	13,040
Total operating revenue	59,313,917	578,130	59,892,047	-	59,892,047	49,324,679
Public support						
Contributions and net special events	5,309,882	3,324,573	8,634,455	3,068,025	11,702,480	22,234,378
Net assets released from restrictions	10,203,922	4,326,951	14,530,873	(14,530,873)	-	-
Total public support	15,513,804	7,651,524	23,165,328	(11,462,848)	11,702,480	22,234,378
Total revenue and support	74,827,721	8,229,654	83,057,375	(11,462,848)	71,594,527	71,559,057

See accompanying notes.

Performing Arts Center of Los Angeles County
Statements of Activities (Continued)
Year Ended June 30, 2023
(Summarized Information for the Year Ended June 30, 2022)

	Without Donor Restrictions			With Donor	Totals	
	Operating	Capital	Total	Restrictions	2023	2022
EXPENSES						
TMC operations						
Center operations						
Facility operations	$ 23,183,469	$ -	$ 23,183,469	$ -	$ 23,183,469	$ 22,441,220
Stage operations	5,245,530	-	5,245,530	-	5,245,530	3,662,341
Theater operations	7,776,165	-	7,776,165	-	7,776,165	6,089,364
Other center operations	3,176,341	-	3,176,341	-	3,176,341	2,187,066
Total center operations	39,381,505	-	39,381,505	-	39,381,505	34,379,991
Park operations						
Operations	3,447,309	-	3,447,309	-	3,447,309	2,904,013
Programming	4,168,726	-	4,168,726	-	4,168,726	1,887,554
Total park operations	7,616,035	-	7,616,035	-	7,616,035	4,791,567
Founders rooms operations	1,322,848	-	1,322,848	-	1,322,848	1,118,207
Total TMC operations	48,320,388	-	48,320,388	-	48,320,388	40,289,765
TMC Arts						
Presenting	8,859,395	-	8,859,395	-	8,859,395	6,700,699
Education, active arts, and spotlight	5,987,281	-	5,987,281	-	5,987,281	4,473,343
Contributions to resident companies	667,820	-	667,820	-	667,820	621,442
Other expenses	286,265	-	286,265	-	286,265	299,567
Total TMC arts	15,800,761	-	15,800,761	-	15,800,761	12,095,051
Capital improvements						
DCP extraordinary maintenance	-	924,866	924,866	-	924,866	917,317
Plaza renovation	-	303,909	303,909	-	303,909	164,859
Switchgear renovation	-	5,198,631	5,198,631	-	5,198,631	3,373,845
Mark Taper Forum debt service	-	482,439	482,439	-	482,439	491,491
Contract acquisition amortization	-	199,310	199,310	-	199,310	298,797
Terrazzo replacement	-	1,102,272	1,102,272	-	1,102,272	-
A/V Project	-	300,240	300,240	-	300,240	130,728
Total capital improvements	-	8,511,667	8,511,667	-	8,511,667	5,377,037
Total	64,121,149	8,511,667	72,632,816	-	72,632,816	57,761,853
Supporting services						
Administration	6,241,856	253,620	6,495,476	-	6,495,476	5,500,413
Fundraising	4,142,880	-	4,142,880	-	4,142,880	3,755,247
Total supporting services	10,384,736	253,620	10,638,356	-	10,638,356	9,255,660
Total expenses	74,505,885	8,765,287	83,271,172	-	83,271,172	67,017,513

See accompanying notes.

Performing Arts Center of Los Angeles County
Statements of Activities (Continued)
Year Ended June 30, 2023
(Summarized Information for the Year Ended June 30, 2022)

	Without Donor Restrictions			With Donor	Totals	
	Operating	Capital	Total	Restrictions	2023	2022
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	$ 321,836	$ (535,633)	$ (213,797)	$ (11,462,848)	$ (11,676,645)	$ 4,541,544
OTHER CHANGES IN NET ASSETS						
Non-operating contributions	-	-	-	-	-	6,261,536
Loss on uncollectible promises to give, net of discount	-	-	-	-	-	(5,842)
Net investment return (loss), net of appropriations	762,152	2,326,484	3,088,636	310,602	3,399,238	(7,192,165)
Change in value of beneficial interests	-	-	-	663,657	663,657	(5,358,084)
Other comprehensive income related to pension obligation	772,436	-	772,436	-	772,436	617,817
Fund transfer	1,790,851	(1,790,851)	-	-	-	-
Total other changes	3,325,439	535,633	3,861,072	974,259	4,835,331	(5,676,738)
CHANGES IN NET ASSETS	3,647,275	-	3,647,275	(10,488,589)	(6,841,314)	(1,135,194)
NET ASSETS, beginning of year	7,488,708	-	7,488,708	98,111,060	105,599,768	106,734,962
NET ASSETS, end of year	$ 11,135,983	$ -	$ 11,135,983	$ 87,622,471	$ 98,758,454	$ 105,599,768

See accompanying notes.

Performing Arts Center of Los Angeles County
Statements of Functional Expenses
Year Ended June 30, 2023
(Summarized Information for the Year Ended June 30, 2022)

	Program Services				Supporting Services			Total	
	Operations	Arts	Capital	Subtotal	Management	Fundraising	Subtotal	2023	2022
EXPENSES									
Salaries and wages	$ 18,420,808	$ 4,877,871	$ 2,906	$ 23,301,585	$ 3,297,946	$ 2,096,214	$ 5,394,160	$ 28,695,745	$ 23,687,592
Pension contributions	1,551,716	99,189	-	1,650,905	116,497	87,259	203,756	1,854,661	1,256,627
Other employee benefits	2,530,974	258,719	-	2,789,693	261,020	203,986	465,006	3,254,699	2,403,322
Payroll taxes	1,597,159	204,686	-	1,801,845	180,500	145,843	326,343	2,128,188	1,714,017
Fees for service	1,138,351	1,515,079	21,939	2,675,369	909,448	525,639	1,435,087	4,110,456	3,612,797
Advertising and promotion	1,101,696	560,323	-	1,662,019	2,565	19,624	22,189	1,684,208	815,549
Office	611,233	386,211	5,653	1,003,097	312,602	240,492	553,094	1,556,191	1,103,355
Information technology	335,590	18,368	-	353,958	131,186	24,682	155,868	509,826	454,121
Travel	74,261	115,423	-	189,684	48,548	42,255	90,803	280,487	550,605
Conferences and meetings	22,783	29,799	-	52,582	78,801	10,188	88,989	141,571	166,358
Interest	3,676	1,647	597,080	602,403	1,231	1,465	2,696	605,099	471,199
Depreciation and amortization	162,154	50,637	239,704	452,495	42,600	9,752	52,352	504,847	604,990
Insurance	1,217,558	5,911	-	1,223,469	150,920	263	151,183	1,374,652	1,246,223
Capital projects	1,672,504	-	7,644,385	9,316,889	-	-	-	9,316,889	5,573,602
Maintenance	11,601,806	72,669	-	11,674,475	52,701	17,053	69,754	11,744,229	11,339,506
Artist fees	286,325	2,837,878	-	3,124,203	2,500	12,430	14,930	3,139,133	1,504,270
Production	2,072,799	1,361,232	-	3,434,031	72,879	409,419	482,298	3,916,329	2,632,868
Grants and other assistance	-	799,084	-	799,084	-	-	-	799,084	730,059
Other	1,136,290	427,561	-	1,563,851	68,658	335,790	404,448	1,968,299	1,903,520
Contributed utilities	4,001,474	1,087,416	-	5,088,890	735,347	467,395	1,202,742	6,291,632	5,488,930
Allocations	(1,218,769)	1,091,058	-	(127,711)	29,527	98,184	127,711	-	-
Total expenses by function	48,320,388	15,800,761	8,511,667	72,632,816	6,495,476	4,747,933	11,243,409	83,876,225	67,259,510
Less expenses included with revenues on the statement of activities direct benefits to donors	-	-	-	-	-	(605,053)	(605,053)	(605,053)	(241,997)
Total	$ 48,320,388	$ 15,800,761	$ 8,511,667	$ 72,632,816	$ 6,495,476	$ 4,142,880	$ 10,638,356	$ 83,271,172	$ 67,017,513

See accompanying notes.

Performing Arts Center of Los Angeles County
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (6,841,314)	$ (1,135,194)
Adjustments to reconcile changes in net assets		
to net cash (used in) provided by operating activities		
Comprehensive income related to pension obligation	(772,446)	(617,817)
Depreciation	265,143	264,509
Amortization of bond issuance costs	40,394	41,683
Amortization of bond premium	(309,104)	(327,876)
Amortization of contract acquisition costs	199,310	298,797
Bad debt expense (recovery)	(10,498)	21,050
Loss on uncollectible promises to give	-	5,842
Endowment fund investment income (loss)	663,647	(5,358,084)
Realized and unrealized gain (loss) on investments	(3,391,724)	7,191,042
Change in value of beneficial interests	(663,647)	5,358,084
Change in operating assets and liabilities		
Accounts receivable	(827,507)	(1,159,914)
Contributions receivable	5,355,342	(388,356)
Prepaid expenses and other assets	639,012	(1,132,833)
Accounts payable and accrued expenses	(236,601)	(1,434,264)
Deferred fees and revenues	(1,987,652)	2,121,604
Deferred restaurant revenue	(409,114)	4,292,192
Accrued pension benefit obligation	61,981	(149,209)
Net cash (used in) provided by operating activities	(8,224,778)	7,891,256
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(376,752)	(227,754)
Beneficial interest in assets held by foundation	(1,538,652)	2,471,011
Payments for contract acquisition costs	(126,028)	(4,639,036)
Net cash (used in) investing activities	(2,041,432)	(2,395,779)

See accompanying notes.

Performing Arts Center of Los Angeles County
Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of finance leases	$ (50,722)	$ (81,978)
Debt payments	(876,979)	(852,076)
Net cash provided by (used in) financing activities	(927,701)	(934,054)
CHANGE IN CASH AND CASH EQUIVALENTS	(11,193,911)	4,561,423
CASH AND CASH EQUIVALENTS, beginning of year	28,047,070	23,485,647
CASH AND CASH EQUIVALENTS, end of year	$ 16,853,159	$ 28,047,070
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 770,550	$ 753,200

See accompanying notes.

Note 1 – Organization

Performing Arts Center of Los Angeles County, doing business as "The Music Center" (TMC), is a nonprofit public benefit corporation organized to encourage and foster the presentation of the arts at the Performing Arts Center complex.

The Performing Arts Center complex includes Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theatre, Walt Disney Concert Hall (WDCH), and Jerry Moss Plaza and is home to Los Angeles Philharmonic Association, Center Theatre Group, Los Angeles Opera Company, and Los Angeles Master Chorale (collectively, the Resident Companies). TMC manages the Performing Arts Center complex on behalf of Los Angeles County, which owns the facilities, presents performances at the complex consisting mainly of dance ensembles, and provides arts education services to school children throughout Los Angeles County. TMC operates under an agreement with Los Angeles County to both maintain the facilities and present performances. The agreement expires June 25, 2064. TMC manages Gloria Molina Grand Park under an agreement with Los Angeles County through June 30, 2031.

TMC also solicits contributions to support its cultural and educational programs, as well as to fund expansion of and improvements to the complex. Several community volunteer groups and the Board of Directors of TMC (Board) provide annual financial support.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The accompanying statements of activities and statements of functional expenses include certain prior year summarized, comparative information in total (but not by net asset class or function). 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 TMC's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications – Certain prior year amounts have been reclassified to conform to current presentation with no impact on net assets.

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 disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – TMC considers all cash and highly liquid instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts receivable – Accounts receivable consist of noninterest-bearing amounts due for program services provided. TMC determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of current economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2023 and 2022, the allowance for uncollectable accounts was $38,292 and $40,048, respectively. Other receivables are unsecured and are recorded when services are provided or as expenses are incurred.

Contributions – Unconditional contributions, including promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. TMC records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. These discount rates used a range between .19% and 4.64%. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. TMC determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Contract acquisition costs – Contract acquisition costs represent restaurant leasehold improvement costs incurred under the licensing agreement with Levy Premium Foodservice Limited Partnership (Levy) to operate and manage TMC catering. The costs will be amortized over the contract term (see Note 7).

Property and equipment – Under the terms of a sublease agreement with Los Angeles County, TMC transfers titles of buildings, leasehold improvements, and certain furniture and equipment upon purchase to Los Angeles County. TMC expenses these purchases as they are incurred. TMC's capitalization policy is to capitalize purchases of property, plant, and equipment in excess of $1,000 and which have a useful life greater than one year. Property and equipment for which TMC retains the title is recorded at cost and depreciated using the straight-line method over the estimated three to ten-year useful lives of the related assets. Leasehold improvements are depreciated over the lesser of the life of the asset or lease term.

Impairment of long-lived assets – Management reviews long-lived assets for impairments whenever changes in events or circumstances indicate the assets may be impaired. An impairment loss is to be recorded when the net book value of the asset exceeds its fair value. If the asset is determined to be impaired, the asset is written down to its realizable value and the loss is recognized in other changes in net assets in the period when determination is made. Management determined that no impairment existed as of June 30, 2023 and 2022.

Investments – Investments are initially recorded at cost, if purchased, or at fair value at the date of donation, if contributed. Subsequent to acquisition, investments are reported at fair value based upon market quotations, or, if managed by fund managers, the fair value information provided by them. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividends income and realized and unrealized gains and losses, less external investment expenses.

Beneficial interests – Donors have established and funded trusts and endowments that are administered and controlled by organizations other than TMC. Under the terms of these trust/endowment agreements, TMC has the irrevocable right to receive all or a portion of the income earned on the trusts and endowments in perpetuity.

TMC recognizes its beneficial interests and the changes in these trusts and endowments as perpetually restricted net assets based on the fair value of the underlying assets. Distributions of investment income from these trusts and endowments are included in change in value of beneficial interest and investment income appropriations in the accompanying statement of activities, and they are reflected as net assets without donor restrictions, unless their use is restricted by donors to a specified purpose or future period.

Works of art – In conformity with the practice followed by many cultural institutions, art objects purchased by or donated to TMC are not included in the statement of financial position. TMC's collection consists of art objects that are on exhibition. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed regularly. Purchased collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

Deferred fees and revenues – Deferred fees and revenues consist of unearned facility fees, box office sales, and other deferred revenue. Revenue is recognized as obligations are satisfied. Included in deferred revenues at June 30, 2023, 2022, and 2021, is Los Angeles County funding totaling $514,835, $2,171,692, and $684,009, respectively, which is subject to repayment and recognized as Los Angeles County Funding revenue during the subsequent year.

Deferred restaurant revenues – Deferred restaurant revenues consist of payments received in connection with restaurant improvements under the licensing agreement with Levy Premium Foodservice Limited Partnership to operate and manage TMC catering. Revenue from this contract is recognized ratably over a ten-year period, as defined by the agreement (Note 7).

Net assets – To ensure observance of certain constraints and restrictions placed on the use of resources, TMC reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

These net assets are classified based on the existence or absence of donor-imposed restrictions in the statement of activities that reflects the changes in those categories of net assets.

- *Net assets without donor restrictions* – Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have expired.

- *Net assets with donor restrictions* – Net assets with donor restrictions include those assets which have been limited by donors to later periods of time or for specified purposes. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. When a donor restriction is fulfilled, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from net assets with donor restrictions. Contributions received during the year whose restrictions are met in the same year are recorded and classified as net assets without donor restrictions.

Revenue and revenue recognition – TMC recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. 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 substantially met.

A portion of TMC's revenue is derived from cost-reimbursable federal and county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when TMC has incurred expenditures in compliance with specific contract or grant provisions.

TMC Arts revenue includes revenue relating to box office sales, service fees, and events that is recognized when the related performance or event takes place. Revenue from concessions is recognized at the point of sale.

Los Angeles County in-kind contributions – Los Angeles County provides gas, water, and power for TMC per the operating agreement. TMC estimates fair value of the revenue and corresponding cost, based off usage and rates normally charged to similar customers as provided by Los Angeles Department of Water and Power. The in-kind contributions are reported as contributions at their estimated fair value when the monthly statement is received from Los Angeles County and reported as expense concurrently. In-kind contributions are not monetized.

Facility fees – TMC, on behalf of Los Angeles County, collects a Los Angeles County Facility Fee charged on ticket sales at each venue within the Performing Arts Center complex, pursuant to various arrangements, including the Resident Companies' Subleases. TMC also acts on behalf of Los Angeles County in disbursing such fees for various improvements to or at those venues. New agreements were entered into in 2006 to retroactively continue such arrangements. TMC defers facility fees at the time of ticket sales and recognizes them as revenue only when the improvement is expensed.

Service billings – TMC undertakes specialty maintenance, construction, production, and event activities for the Resident Companies, other affiliated entities, and Los Angeles County. TMC performs the activity and incurs the costs, then receives reimbursement for the costs. Revenue is recognized in the same period that TMC performs the activity and costs are incurred.

Contributions to resident companies – The Blue Ribbon, one of TMC's community volunteer groups, provides annual support to the Resident Companies. The giving amount and distribution to Resident Companies is at the discretion of the Board. Revenue is recognized in the period where The Blue Ribbon makes the contribution.

Advertising and promotions expenses – TMC pays for the advertising and promotion of dance performances and other presentations in advance of the actual running of the event. These advanced payments are recorded as prepaid expenses on TMC's statements of financial position until the running of the performance or presentation ends. At that point, TMC reclassifies the entire amount of prepaid advertising and promotion expenses related to that particular performance or presentation as program expense in TMC's statements of activities.

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited based on management's estimates. Expenses allocated include amortization and insurance which are allocated based on a square footage basis, as well as general office expenses, information technology, and other expenses which are allocated on the basis of time and effort estimates. Utilities expense is allocated based off the percentage of salary expense from each function.

Income taxes – TMC is a California nonprofit public benefit corporation and is generally exempt from federal and state income taxes under Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §23701(d). Accordingly, no provision for income taxes is included in the accompanying financial statements.

TMC recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The amount of unrecognized tax benefits is adjusted, as appropriate, for changes in facts and circumstances.

Fair value measurement – U.S. GAAP establishes a three-level valuation hierarchy of valuation techniques that is based on observable and unobservable inputs. Classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement. The first two inputs that may be used to measure fair value are considered observable and the last unobservable, and include the following:

- **Level 1** – Quoted prices in active markets for identical assets or liabilities.

- **Level 2** – Observable market-based inputs or unobservable inputs that are corroborated by market data.

- **Level 3** – Unobservable inputs that are not corroborated by market data.

For certain investments, market value is based on quoted market prices. These are classified within Level 1 of the valuation hierarchy. Investments using the net asset value (NAV) per share as a practical expedient to estimate fair value are not classified in the fair value hierarchy.

During the years ended June 30, 2023 and 2022, there were no changes to TMC's valuation techniques that had, or are expected to have, a material impact on the financial statements.

Measure of operations – The surplus or (deficit) of total revenue and support over total expenses, presented as change in net assets resulting from operating revenues and expenses on the statement of activities, includes all unrestricted operating and capital revenues and expenses that are an integral part of TMC's programs and supporting activities, including unrestricted public support and net assets released from donor restrictions to support operating and capital improvement activities.

The measure of operations also includes distributions from the endowment and investments made in accordance with TMC's spending policies. The measure of operations excludes nonoperating contributions, loss on uncollectible promises to give, net of discounts, loss on event cancellations, investment returns which exceed or are less than the distributions determined by the spending policy, adjustments for pension obligations, and other non-recurring activities.

Change in accounting principles – TMC has adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition. Similarly, lessors will be required to classify leases as either sales-type, finance, or operating, with classification affecting the pattern of income recognition. Classification for both lessees and lessors will be based on an assessment of whether risks and rewards, as well as substantive control, have been transferred through a lease contract. There were no changes to TMC's financial position and changes in net assets upon adoption of the new standard.

Recent accounting pronouncements – In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, which created a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than through incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Management is in the process of evaluating the impact of this accounting pronouncement.

Note 3 – Risks and Uncertainties

Concentration of credit risk – Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments that potentially subject TMC to concentrations of credit risk consist primarily of cash and cash equivalents, investments (including the beneficial interest held by The Music Center Foundation (MCF)), pledges and receivables, and beneficial interest. TMC places its cash and cash equivalents with high-credit, quality financial institutions. These account balances usually exceed federally insured limits. To date, TMC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with cash and cash equivalents.

TMC holds significant investments in the form of debt and equity securities with third-party money managers and with MCF. TMC has never sustained a loss on any investment due to nonperformance by these third parties and does not anticipate any nonperformance by these third parties in the future.

TMC received 60.1% and 54.9% of total revenues and support from Los Angeles County during the years ended June 30, 2023 and 2022.

TMC routinely assesses the financial strength of its debtors and believes that the promises to give and receivables credit risk exposure is limited. Financial instruments that potentially subject TMC to concentrations of credit risk consist primarily of receivables. As of June 30, 2023, three donors represented approximately 94% of contributions receivable. As of June 30, 2022, three donors represented approximately 91% of contributions receivable. Additionally, as of June 30, 2023, two resident companies represented approximately 67% of accounts receivable, and, as of June 30, 2022, two resident companies represented approximately 33% of contributions receivable.

Note 4 – Financial Assets and Liquidity Resources

TMC's organizational structure, as reflected on the statement of activities, is comprised of three activities: TMC Operations, TMC Arts, and Supporting Services.

TMC Operations are primarily funded by Los Angeles County and secondly by rents collected from the Resident Companies. Los Angeles County provides funding in two equal six-month installments during the fiscal year. Rents from Resident Companies are collected monthly. Due to the timing of the payments, TMC maintains sufficient liquidity to fund Operations.

TMC Arts is funded by tickets sold for its events and by contributions from donors that may contain restrictions. Those restrictions require that resources be used in a certain manner or period. TMC maintains adequate resources to meet those responsibilities to its donors; therefore, certain financial assets may not be available for general expenditure within one year.

Supporting Services are funded by earned income and public support without donor restrictions. As part of its liquidity management, TMC structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. TMC invests its cash in overnight money market accounts. From time to time, the Board may designate amounts to TMC's cash reserve for future use. With the Board's approval, amounts from TMC invested cash reserve can be used in the event of an unanticipated liquidity need.

The below reflects TMC's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available for general use, due to contractual or donor-imposed restrictions within one year from June 30:

	2023	2022
Cash and cash equivalents	$ 16,853,159	$ 28,047,070
Accounts receivable, net	4,342,714	3,515,207
Contributions receivable due in one year	5,706,267	7,484,809
Financial assets at year-end	26,902,140	39,047,086
Less amounts unavailable for general expenditures due to		
Time or purpose restrictions	(13,226,954)	(21,005,211)
Plus amounts expected to be appropriated from		
Endowments (5% spending rate)	1,364,818	1,293,500
Investments (appropriation)	780,478	976,124
Financial assets available to meet general expenditures within one year	$ 15,820,482	$ 20,311,499

Note 5 – Contributions Receivable

Unconditional promises to give are estimated to be collected as follows at June 30:

	2023	2022
Within one year	$ 5,706,267	$ 7,484,809
In one to five years	29,444,150	32,619,150
Over five years	-	250,000
Total gross contributions receivable	35,150,417	40,353,959
Less allowance for uncollectible amounts	(82,728)	(93,226)
Less present value discount	(1,837,150)	(1,685,350)
Total contributions receivable, net	$ 33,230,539	$ 38,575,383

Note 6 – Investments and Fair Value Measurement

The following table summarizes TMC's financial assets by the fair value hierarchy levels as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments				
MCF unitized fund	$ 84,625	$ -	$ 37,512,705	$ 37,597,330
Partnership interests	-	-	678,412	678,412
Total investments	$ 84,625	$ -	$ 38,191,117	$ 38,275,742

	Level 1	Level 2	Level 3	Total
Other financial assets				
Beneficial interests	$ -	$ -	$ 38,200,015	$ 38,200,015
Total other financial assets	$ -	$ -	$ 38,200,015	$ 38,200,015

The following table summarizes TMC's financial assets by the fair value hierarchy levels as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments				
MCF unitized fund	$ 135,207	$ -	$ 33,833,019	$ 33,968,226
Partnership interests	-	-	915,792	915,792
Total investments	$ 135,207	$ -	$ 34,748,811	$ 34,884,018

	Level 1	Level 2	Level 3	Total
Other financial assets				
Beneficial interests	$ -	$ -	$ 36,661,363	$ 36,661,363
Total other financial assets	$ -	$ -	$ 36,661,363	$ 36,661,363

At June 30, 2023 and 2022, TMC's investments, at fair value, consist of the following:

	2023	2022
U.S. large cap equities	$ 17,504,577	$ 14,766,196
International equities	7,899,307	5,692,432
Emerging market equities	1,992,140	1,800,630
Equity hedge funds	3,355,121	4,251,543
Absolute Returns Funds	4,054,800	3,833,992
Cash and cash equivalents	1,231,764	2,079,025
Fixed Income Funds	1,559,621	1,544,408
Total equities and stock funds	37,597,330	33,968,226
Partnership interest and other funds	678,412	915,792
Total	$ 38,275,742	$ 34,884,018

The following table summarizes the liquidity, redemption restrictions, and any capital commitments of TMC's investments that are classified with the Level 3 hierarchy, as of June 30, 2023:

	Fair Value	Unfunded Redemption Commitments	Redemption Frequency	Redemption Notice Period
MCF investments				
MCF unitized fund	$ 37,512,705	$ -	Daily to annually	90–120 days
MCF partnership interest and other funds	678,412	9,958	When partnership ceases	N/A
MCF cash	84,625	-	Daily	1 Day
Total	$ 38,275,742	$ 9,958		

Note 7 – Restaurant, Food and Beverage Service, and Catering Agreement

On September 15, 2020, TMC executed an agreement that licensed Levy to operate and manage the Performing Arts Center's restaurants, catering, and other food service operations (Agreement). Under the Agreement, Levy pays TMC monthly license fees based upon a percentage of the gross receipts generated by the Food Service Operations. In addition, Levy shall pay $7,500,000 to TMC principally to help fund leasehold improvements to the Food Service Operations premises. An additional payment of $3,500,000 shall be made by Levy on the seventh anniversary of the agreement for foodservice facility operations.

The agreement provides various termination conditions to end the agreement. If Levy were to exercise its termination rights, TMC would be required to repay Levy the unamortized portion of the construction contribution. The agreement stipulates that for such purposes, the construction contribution should be amortized on a straight-line basis over 10 years in the event of default or the term of the agreement when agreement is terminated for any other reason.

Deferred restaurant revenue related to the construction contribution is as follows at June 30:

	2023	2022	2021
Deferred restaurant revenue, current portion	$ 535,142	$ 520,266	$ -
Deferred restaurant revenue, noncurrent portion	3,347,936	3,771,926	-
Total	$ 3,883,078	$ 4,292,192	$ -

TMC recognized $535,542 and $346,844 in restaurant improvement income for the years ended June 30, 2023 and 2022, respectively.

TMC recognized $960,539 and $546,255 in license fees for food service operations for the years ended June 30, 2023 and 2022, respectively.

Leasehold improvement costs incurred for Food Service Operations premises will be capitalized and reflected as contract acquisition costs. These costs will be amortized ratably over the 15-year life of the agreement.

Net contract acquisition costs are as follows at June 30:

	2023	2022
Contract acquisition costs	$ 4,765,064	$ 4,639,036
Accumulated amortization	(498,107)	(298,797)
Contract acquisition costs, net	$ 4,266,957	$ 4,340,239

Note 8 – Property and Equipment, Net

Property and equipment consisted of the following as of June 30:

	2023	2022
Computer equipment	$ 1,299,826	$ 1,272,179
Assets held under lease	643,103	643,103
Furniture, phone, and office equipment	812,211	543,889
Website	307,016	307,016
Automotive equipment	6,487	6,487
Construction in progress	90,782	10,000
	3,159,425	2,782,674
Accumulated depreciation	(2,368,403)	(2,103,261)
Property and equipment, net	$ 791,022	$ 679,413

Note 9 – Beneficial Interests in Assets held by Foundation

TMC's beneficial interests administered and controlled by other organizations are as follows at June 30:

	2023	2022
Split-interest agreements – Harris Trust and Maiorani Trust	$ 730,238	$ 740,856
Music Center Foundation	37,469,777	35,920,507
Total	$ 38,200,015	$ 36,661,363

The majority of the split interests represent TMC's 6.25% interest in the Harris Trust, which is invested in marketable investments held by a trustee. The trust fund is allocated at the discretion of the board of directors of the Harris Trust which is expected to be distributed at a rate of 5% of the value per year.

The following table represents MCF's financial instruments which are presented at fair value for the year ended June 30, 2023, 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 interests	$ 38,200,015	Underlying Assets	Discount rate	1.94%–7.90%

The following table represents MCF's financial instruments which are presented at fair value for the year ended June 30, 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 interests	$ 36,661,363	Underlying Assets	Discount rate	1.94%–7.90%

Note 10 – Debt

Bonds payable – In May 2007, the California Infrastructure and Economic Development Bank issued the California Infrastructure and Economic Development Bank Revenue Bonds (Performing Arts Center of Los Angeles County Series 2007) (2007 Bonds) with a total borrowing of $27,530,000 on behalf of TMC. The purpose of issuing the 2007 Bonds was to finance the Mark Taper Forum capital improvement project.

On September 1, 2020, pursuant to an indenture by the California Infrastructure and Economic Development Bank (Issuer), the 2007 Bonds were refinanced by $16,545,000 of tax-exempt bonds (2020 Bonds). The 2020 Bonds were issued with fixed interest rates ranging from 4.00% to 5.00%. A premium totaling $3,356,658 was received, and debt issuance costs of $538,352 were incurred upon the sale of the bonds.

The Issuer lent the proceeds of the 2020 Bonds to TMC pursuant to a loan agreement between the Issuer and TMC. Such proceeds received by TMC were used to (i) refund all of the outstanding 2007 Bonds and (ii) finance the cost of issuance of the 2020 Bonds. The bond premium and issuance costs are being amortized over the life of the 2020 Bonds using the effective interest method. During the year ended June 30, 2023, TMC's estimated arbitrage rebate tax liability was deemed zero.

The 2020 Bonds are limited to obligations of the Issuer, payable solely from revenues from TMC. The loan payments are general obligations of TMC. No specific property is pledged under the loan agreement. There is no reserve fund and no financial covenant associated with these bonds.

The 2020 Bonds bear a fixed net interest cost of 3.18% with an arbitrage yield of 2.12%. Interest payments are due to the Trustee annually.

Finance leases – TMC acquired a 60-month telephone system lease that expired in November 2022. The monthly payments were $4,906 and include 3.81% interest. TMC acquired a 60-month copier lease expiring June 1, 2026. The monthly payments are $2,594 and include 4.64% interest. Finance lease expense for the years ended June 30, 2023 and 2022, was $50,722 and $81,994, respectively.

Loans payable – In May 2019, TMC entered into an unsecured loan agreement with Los Angeles County for $5,000,000, requiring annual payments of $400,000. During the year ended June 30, 2023, Los Angeles County attested to a maturity date of September 2031.

The interest rate is variable based on Los Angeles County's cost of commercial paper, administrative cost of the underwriting commercial bank, and insurance cost. Interest expense during the years ended June 30, 2023 and 2022, was $178,088 and $39,408, respectively.

Future maturities of debt are as follows:

	Bonds Payable	Finance Lease Obligation	Loans Payable	Total
Years Ending June 30,				
2024	$ 500,000	$ 27,677	$ 400,000	$ 927,677
2025	525,000	28,989	400,000	953,989
2026	550,000	30,385	400,000	980,385
2027	580,000	-	400,000	980,000
2028	610,000	-	400,000	1,010,000
Thereafter	12,165,000	-	1,400,000	13,565,000
Total	14,930,000	87,051	3,400,000	18,417,051
Unamortized bond premium, net	2,433,283	-	-	2,433,283
Unamortized bond issuance costs	(420,701)	-	-	(420,701)
Total debt, net	$ 16,942,582	$ 87,051	$ 3,400,000	$ 20,429,633

Note 11 – Net Assets with Donor Restrictions

Donor restricted net assets were available for the following purposes as of June 30:

	2023	2022
TMC arts		
Active arts	$ -	$ 50,000
Blue ribbon	1,211,536	11,785,398
Dance	16,407,556	16,500,251
Education	24,470,845	14,108,395
General	24,734,944	29,639,234
Spotlight	4,087,003	4,097,825
Total TMC arts	70,911,884	76,181,103
Restricted – purpose	13,483,652	8,535,439
Capital	2,645,289	5,674,197
Founders	425,650	432,300
Other restricted for the passage of time	155,996	7,288,021
Total net assets with donor restrictions	$ 87,622,471	$ 98,111,060

Beneficial interest in perpetual trust consisted of the following as of June 30:

	2023	2022
Beneficial interests in perpetual trust at		
Music Center Foundation	$ 29,613,795	$ 28,423,108
Other institutions	730,238	740,856
Promises to give to be placed into perpetual trust		
at the Music Center Foundation	7,855,982	7,497,399
Total	$ 38,200,015	$ 36,661,363

Although beneficial interests in perpetual trusts are not subject to UPMIFA, TMC has elected to include a description of the general investment and distribution policies currently being followed by MCF. The beneficial interests are included in net assets with donor restriction.

Return objectives and risk parameters – To satisfy its long-term rate of objectives, MCF 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). MCF 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.

Spending policy and how the investment objectives relate to the spending policy – MCF has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value (excluding pledges receivable), over the prior twelve quarters, through the preceding fiscal year in which the distribution is planned. In establishing this policy, MCF considered the long-term expected return on its endowment and operating expenses.

Accordingly, over the long term, MCF expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with MCF'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.

MCF 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 MCF 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 MCF; and
7. The investment policies of MCF.

Note 12 – Retirement Plans

Defined-benefit pension plan – TMC sponsors a defined-benefit pension plan (DB Plan) which was frozen, effective October 1, 2009. Benefits are based on years of service and employees' annual compensation.

The following table sets forth the DB Plan's benefit obligation, fair value of plan assets, funded status, and the accumulated obligation at June 30:

	2023	2022
Accumulated benefit obligation	$ 19,519,672	$ 20,841,925
Projected benefit obligation	19,519,672	20,841,925
Fair value of plan assets	17,441,767	18,053,555
Funded status	$ (2,077,905)	$ (2,788,370)

Weighted-average assumptions used to determine the benefit obligation and net periodic pension cost as of and for the years ended June 30, were as follows:

	2023	2022
Discount rate	5.50%	4.90%
Rate of compensation increase	2.32%	2.35%
Long-term rate of return on plan assets	6.00%	6.50%

The changes in the balance of the net loss in net assets without donor restrictions that was previously recognized as changes in net assets without donor restrictions, arising from the DB Plan but not included in net periodic benefit cost when they arose, is as follows for the years ended June 30, 2023 and 2022:

	2023	2022
BALANCE, beginning of year	$ 6,140,852	$ 6,758,669
Actual net loss during the year	(620,965)	(466,845)
Amortization amount	(151,481)	(150,972)
BALANCE, end of year	$ 5,368,406	$ 6,140,852

The following table details the net periodic pension cost, employer contributions, and benefits paid for the years ended June 30, 2023 and 2022:

	2023	2022
Net periodic pension cost (benefit)	$ 61,981	$ (149,209)
Benefits and administrative expenses paid	1,301,438	1,215,570

Expected future DB Plan disbursements for benefit payments are as follows for the years ending June 30:

2024	$ 1,286,032
2025	1,313,800
2026	1,357,994
2027	1,382,586
2028	1,504,869
2029–2033	7,457,993
	$ 14,303,274

The following table sets forth by level, within the fair value hierarchy, the DB Plan's assets at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 347,766	$ -	$ -	$ 347,766
Fixed income	429,449	10,230,857	-	10,660,306
Common stocks	5,913,729	5,982	-	5,919,711
Real estate investment trust	36,614	-	-	36,614
Commodities	477,370	-	-	477,370
Total	$ 7,204,928	$ 10,236,839	$ -	$ 17,441,767

The following table sets forth by level, within the fair value hierarchy, the DB Plan's assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 346,226	$ -	$ -	$ 346,226
Fixed income	455,563	8,580,829	-	9,036,392
Common stocks	7,574,005	9,677	-	7,583,682
Real estate investment trust	6,615	-	-	6,615
Commodities	1,080,640	-	-	1,080,640
Total	$ 9,463,049	$ 8,590,506	$ -	$ 18,053,555

Defined-contribution plan – TMC also sponsors a defined-contribution plan (DC Plan) covering eligible employees. Participants can elect to contribute 3% to 25% of their pretax annual compensation, as defined in the DC Plan, subject to Internal Revenue Service withholding rules. TMC contributes 100% of the first 3% and 50% of the next 2% of the base compensation that a participant contributes to the DC Plan. Employer contributions to the DC Plan amounted to $419,509 and $376,966 during the years ended June 30, 2023 and 2022, respectively.

Pension liability – TMC also participates in several multiemployer pension plans (MPP) based upon collective bargaining agreements. The MPPs are outlined in the table below. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status is available at each MPP's year end. The zone status is based on information that TMC received from the MPP sponsor, and as required by the PPA, is certified by the MPP's actuary.

Except for American Federation of Musicians and Employers Pension Fund, certified as red zone, all the MPPs shown below are certified as green zone status for the MPP years ended 2023 and 2022. Similarly, none of the MPPs imposed a surcharge as part of their respective collective bargaining agreements. In addition, TMC would be responsible for any withdrawal liability under the agreements with the unions.

Pension		Contributions from TMC		Agreement
Fund	EIN	2023	2022	Expiration
I.A.T.S.E. Local 33 Trust Fund	95-6377503/001	$ 295,702	$ 348,699	07/31/2026
League – ATPAM Pension Fund	13-298856/001	71,911	-	09/01/2024
Fund of the International Union of Operating Engineers and Participating Employers	36-6052390/001	522,257	282,193	10/31/2026
American Federation of Musicians and Employers Pension Fund	51-6120204/001	$ -	$ 8,424	08/31/2022

Note 13 – Capital Projects

TMC receives funding from Los Angeles County for capital purposes, operations, or capital improvements. For the year ended June 30, 2023, TMC received additional funding of $4,589,000 from Los Angeles County for capital purposes.

Note 14 – Commitments and Contingencies

Legal proceedings – TMC is, from time to time, the subject of litigation, claims, and assessments arising out of matters occurring in its normal business operations. TMC has insurance coverage to provide protection against certain contingencies. In the opinion of management, resolution of these matters will not have a material adverse effect on TMC's financial position or results of operations.

County audits – TMC and Los Angeles County have, since the early 1960s, entered into various agreements related to the operation of the Performing Arts Center complex. TMC is subject to inspection and audit by Los Angeles County for funds related to TMC operations and, accordingly, the potential exists for adjustments of funding, past and/or future, resulting from such audits. The liability, if any, which may potentially result from these periodic audits cannot be reasonably estimated and TMC therefore has no provision for such within its financial statements.

Note 15 – Related-Party Transactions

Annual campaign contributions and promises to give received from the Board totaled $2,660,215 and $1,900,779 for the years ended June 30, 2023 and 2022, respectively. These contributions and promises to give are reported under public support in the statements of activities.

On September 14, 2020, TMC entered into a master technology services agreement with a resident company. The agreement is subject to automatic one-year renewals unless cancelled 60 days prior to the end of the initial or renewal term. Technology services expense under this agreement amounted to $251,568 and $197,660 for the years ended June 30, 2023 and 2022, respectively.

Amounts due from Resident Companies included in accounts receivable totaled $2,743,138 and $1,356,806 as of June 30, 2023 and 2022, respectively. Amounts payable to Resident Companies included in accounts payable and accrued expenses totaled $588,617 and $566,336 as of June 30, 2023 and 2022, respectively.

Note 16 – Subsequent Events

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. TMC recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. TMC’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

TMC has evaluated subsequent events through October 24, 2023, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that need to be disclosed.