

Chamber Orchestra of New York
Moody's Investors Service
Not-for-Profit Organizations (Ex. Healthcare and Education)
Credit Rating Methodology Mapping

Quantitive Grid with Ranges (\$000's)	Wtg.	CONY Stats FYE 6/30												Self-Assessed Rating								
		Aaa		Aa		A		Baa		≤ Ba		PF2020	2022	2023	Mapping	Pressure						
Factor 1: Market Position	35%																					
Operating Revenue	25%	≥	600,000	<	600,000	≥	140,000	<	140,000	≥	60,000	<	60,000	≥	30,000	<	30,000	NM	NM	NM	NM	NM
<u>Moody's Definition</u>																						
<i>Operating Revenue - as stated in audit, including all unrestricted giving and excluding net assets released from restriction for capital or from long-term investment gains, less realized and unrealized gains or losses, plus 5% of the trailing 3-yr. avg. of cash and investments</i>																						
<u>Moody's Criterion</u>																						
<i>(1) Large and diverse scope of activities with solid prospects for continued ability to generate revenue</i>																						
<i>(2) A high profile brand with wide recognition</i>																						
<i>(3) Diversity of revenue sources</i>																						
<u>CONY Adjusted Definition</u>																						
<i>Operating Revenue - None</i>																						
<u>CONY Commentary</u>																						
<i>(1) CONY revenue base is outside scope of Quantitative Grid. Revenue base is diversifying with expectations for continued growth</i>																						
<i>(2) Brand is gaining greater recognition (e.g., critically acclaimed Naxos recordings, airtime on WQXR), including globally</i>																						
<i>(3) CONY revenue streams increasing in diversity</i>																						
Average Gift Revenue (3-yr. avg.)	10%	≥	80,000	<	80,000	≥	20,000	<	20,000	≥	-	<	-	≥	-	<	-	NM	NM	NM	NM	NM
<u>Moody's Definition</u>																						
<i>Average Gift Revenue - (unrestricted, temporarily restricted, and permanently restricted) for the last 3 yrs. divided by 3</i>																						
<u>Moody's Criterion</u>																						
<i>(1) Track record of meeting or exceeding campaign goals</i>																						
<i>(2) History of maintenance or growth of donor support through economic cycles, including successful collection of pledge payments</i>																						
<i>(3) Broad and diverse pool of donors</i>																						
<i>(4) Effective cultivation of donors to support future fundraising capacity</i>																						
<u>CONY Adjusted Definition</u>																						
<i>Average Gift Revenue - None</i>																						
<u>CONY Commentary</u>																						
<i>(1) Limited official campaigns. Projects Allegro, Galileo, and Capital Campaign strategy includes greater board engagement in outreach.</i>																						
<i>(2) See (1)</i>																						
<i>(3) See (1)</i>																						
<i>(4) See (1)</i>																						
Factor 2: Operating Performance	20%																					
Operating Cash Flow Margin (%)	5%	≥	35%	<	35%	≥	15%	<	15%	≥	7%	<	7%	≥	4%	<	4%	17%	19%	28%	Aa3	Stable
<u>Moody's Definition</u>																						
<i>Operating Cash Flow Margin - Operating surplus (or deficit) plus depreciation plus interest expense plus additional non-cash expenses, divided by total adjusted operating revenues</i>																						
<u>Moody's Criterion</u>																						
<i>(1) Consistently favorable annual cash flow which enables strategic investments in programs and facilities</i>																						
<i>(2) Cash flow sufficient to provide ample, steady debt service coverage</i>																						
<i>(3) Growth in revenue that is equivalent to or greater than growth in expenses</i>																						
<i>(4) Clearly articulated organizational commitment to achieving positive cash flow from operations, and willingness to alter program expenses in line with revenue changes</i>																						
<u>CONY Adjusted Definition</u>																						
<i>Operating Cash Flow Margin - Include period rent expense in numerator. CONY has material rental expenses (e.g., venue, equipment). If the assets were owned (i.e., capitalized), the costs associated with these assets would be captured in depreciation and interest expense line items.</i>																						
<u>CONY Commentary</u>																						
<i>(1) Historically inconsistent. FYE 2022 impacted by Naxos recording expenses.</i>																						
<i>(2) Cash flow generation has provided greater cushion to support debt service, including repayment of LOC.</i>																						
<i>Measures considered/ executed for annuitizing certain revenue streams (e.g., Board expansion)</i>																						
<i>(3) Historically, approximated slightly sub- to break-even. Greater emphasis on non-Carnegie projects (e.g., Orchestra for Hire) add materially to revenue base with higher margins</i>																						
<i>(4) Preliminary key points discussed in Project Allegro and other meetings/ communications.</i>																						

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	Wtg.	≥	Aaa	<	Aa	≥	5	<	A	≥	2.5	<	Baa	≥	1	<	≤ Ba	CONY Stats FYE 6/30			Self-Assessed Rating	
																		PF2020	2022	2023	Mapping	Pressure
Average Debt Service Coverage (x)	5%	≥	15	<	15	≥	5	<	5	≥	2.5	<	2.5	≥	1	<	1	1.3	1.3	1.0	Baa3	Down*
<u>Moody's Definition</u>	<i>Average Debt Service Coverage - 3 yrs. of annual operating surplus (deficit) plus interest and depreciation expenses, divided by 3 yrs. of actual principal and interest payments</i>											<u>CONY Adjusted Definition</u>										
												<i>Average Debt Service Coverage - Include all bank fees (LOC, CC finance charges, and monthly checking account charges) plus Period Rent Expense in numerator and denominator. This measure is more conservative as it includes more than interest expense, and reflects material period rent expense</i>										
												<i>Note: See CONY Adjusted Definition for Operating Cash Flow Margin</i>										
<u>Moody's Criterion</u>	<i>(1) Strong historical coverage combined with declining debt service commitments over time</i>											<u>CONY Commentary</u>										
	<i>(2) Demonstrated ability of operations to fund debt service commitments without relying on reserves or non-recurring revenue sources</i>											<i>(1) Historically break-even. Improved cash flows with higher margin projects resulted in repayment of LOC.</i>										
												<i>* Pressure Down solely due to model math incorporating capitalized rents, and reflect increase associated with Zankel performance.</i>										
												<i>(2) Results in current environment is sufficient for existing indebtedness (including capitalized rent) albeit with limited cushion</i>										
Revenue Diversity (Max Single Contribution) (%)	10%	≤	35%	>	35%	≤	55%	>	55%	≤	95%	>	95%	≤	100%	>	100%	33%	26%	23%	Aaa	Stable
<u>Moody's Definition</u>	<i>Revenue Diversity - Largest source of revenue divided by total adjusted operating revenues</i>											<u>CONY Adjusted Definition</u>										
												<i>Revenue Diversity - None</i>										
<u>Moody's Criterion</u>	<i>(1) Multiple sources of revenue, with diversity within each revenue stream</i>											<u>CONY Commentary</u>										
	<i>(2) Negative or limited correlation between revenue sources</i>											<i>(1) Conducting Workshop and greater penetration of Orchestra for Hire market provides greater diversity</i>										
	<i>(3) Self sufficiency of major lines of business, with limited cross-subsidization required</i>											<i>(2) TBD</i>										
												<i>(3) Key driver(s) in revenue growth and mix, Conductor's Workshop (4th year) and Orchestra for Hire. Recurring revenue stream(s) to be tested.</i>										
												<i>Note: See Dashboard-Common Size Revenue Analysis</i>										
Factor 3: Balance Sheet and Capital Investment	45%																					
Total Cash and Investments	10%	≥	1,500,000	<	1,500,000	≥	250,000	<	250,000	≥	80,000	<	80,000	≥	30,000	<	30,000	NA	NA	NA	NM	NM
<u>Moody's Definition</u>	<i>Cash & Investments - Cash and investments plus bond trustee debt service reserve funds or debt service funds</i>											<u>CONY Adjusted Definition</u>										
												<i>Cash & Investments - Includes near cash (i.e., A/R with a 15% haircut for conservatism, that can be converted to cash in a financing/ factoring transaction)</i>										
<u>Moody's Criterion</u>	<i>(1) Ongoing presence of cash and investments that are free from external restrictions and maintained as a buffer against uncertainty</i>											<u>CONY Commentary</u>										
	<i>(2) Clear organizational articulation of goals to maintain or build cash and investments over time</i>											<i>(1) CONY Cash and Investments balance outside scope of Quantitative Grid. Instituted restricted cash accounts and cash cushion policy (appx. \$20K)</i>										
	<i>(3) History of increasing total cash and investments through operating surpluses, philanthropic support or investment returns over time</i>											<i>(2) Further board discussions necessary</i>										
												<i>(3) Recent robust cash buildup largely related to new higher margin revenue streams Conductor's Workshop and Orchestra for Hire. Board strategy (i.e., Projects Allegro & Galileo) includes greater engagement with foundations, corporations, etc.</i>										

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	Wtg.	≥	Aaa			<	Aa			<	A			<	Baa			≤	Ba			CONY Stats FYE 6/30			Self-Assessed Rating	
			8.0	<	8.0		≥	2.0	2.0		≥	0.5	0.5		≥	0.3	0.3		PF2020	2022	2023	Mapping	Pressure			
Expendable Financial Resources to Direct Debt (x)	10%	≥	8.0	<	8.0	≥	2.0	<	2.0	≥	0.5	<	0.5	≥	0.3	<	0.3	0.1	0.1	0.1	NA	NA				
<u>Moody's Definition</u>	<i>Expendable Financial Resources to Direct Debt - Total unrestricted and temporarily restricted net assets less unrestricted net investment in plant less temporarily restricted net investment in plant divided by debt</i>											<u>CONY Adjusted Definition</u> <i>Expendable Financial Resources to Direct Debt - None</i> <i>Note: Capitalized Period Rent Expense associated debt excluded in denominator as numerator excludes investment in plant</i>														
<u>Moody's Criterion</u>	(1) Ample spendable financial reserves relative to debt (2) Prospects for ongoing growth of spendable financial reserves (3) Manageable capital needs with diverse sources of funding											<u>CONY Commentary</u> (1) Net Assets sufficient to cover debt (See Dashboard-Balance Sheet) (2) Expectations for continued robust cash flow generation over the next two years (3) CONY is not capital intensive. Rental expense (e.g., venue, instrument) is second largest line item expense. See Capital Campaign presentation														
Expendable Financial Resources to Operations (x)	10%	≥	8.0	<	8.0	≥	2.0	<	2.0	≥	0.5	<	0.5	≥	0.0	<	0.0	0.2	0.3	0.2	Baa3	Stable				
<u>Moody's Definition</u>	<i>Expendable Financial Resources to Operations - Total unrestricted and temporarily restricted net assets less unrestricted net investment in plant less temporarily restricted net investment in plant divided by total operating expenses</i>											<u>CONY Adjusted Definition</u> <i>Expendable Financial Resources to Operations - None</i> <i>Note: Capitalized Period Rent Expense excluded in denominator as numerator excludes investment in plant</i>														
<u>Moody's Criterion</u>	(1) Ample spendable financial reserves relative to expenses (2) Ability to grow reserves at the same or greater pace than growth in expenses											<u>CONY Commentary</u> (1) FYE 2022 impacted by Naxos recording expenses (2) Recent budgetary discussions should provide more spread/cushion														
Debt to Operating Revenues (x)	5%	≤	0.10	>	0.10	≤	0.40	>	0.40	≤	0.85	>	0.85	≤	2.00	>	2.00	1.29	1.52	2.23	Baa2	Down*				
<u>Moody's Definition</u>	<i>Debt to Operating Revenues - Debt divided by total revenues</i>											<u>CONY Adjusted Definition</u> <i>Debt to Operating Revenues - Include Period Rent Expense x 8 (This "Debt Capitalization Rate" is the most conservative). Given CONY's material Period Rent Expense, this inclusion is more conservative than Moody's definition and is more reflective if the assets were capitalized</i> <i>Note: See CONY Adjusted Definition for Operating Cash Flow Margin</i>														
<u>Moody's Criterion</u>	(1) Realistic prospects for revenue growth to outpace increases in debt (2) Likely ability of operations to provide ample cash flow to service debt without relying on financial reserves for repayment											<u>CONY Commentary</u> (1) High confidence level currently (2) No current LOC balance. Optimistic with current operating environment and expectations for the next two years <i>Note: Higher level of "indebtedness" reflects capitalized rental expenses associated with premier venues (e.g., Carnegie Hall) in support of CONY brand</i> <i>* Pressure Down solely due to model math incorporating capitalized rents, and reflect increase associated with Zankel performance.</i>														

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	<u>Wtg.</u>	≥	<u>Aaa</u>	<	<u>Aa</u>	≥	600	<	<u>A</u>	≥	150	<	<u>Baa</u>	≥	40	<	<u>≤ Ba</u>	<u>CONY Stats FYE 6/30</u>			<u>Self-Assessed Rating</u>	
																		<u>PF2020</u>	<u>2022</u>	<u>2023</u>	<u>Mapping</u>	<u>Pressure</u>
Monthly Days Cash on Hand (x)	5%		2,500		2,500		600		600		150		150		40		40	52	87	181	Baa2	Stable
<u>Moody's Definition</u>																		<u>CONY Adjusted Definition</u>				
<i>Moody's Days Cash on Hand - Monthly liquidity (sum of NFP's unrestricted investments in the operating funds with liquidity of one month or less plus the lesser of endowment funds available within one month or the sum of unrestricted board designated net assets plus unrestricted funds commingled with the endowment) multiplied by 365, divided by adjusting operating expenses minus depreciation expenses and other large non-cash expenses</i>																		<i>Monthly Days Cash on Hand - Include near cash (i.e., A/R with a 15% haircut for conservatism, that can be converted to cash in a financing/ factoring transaction). Operating expenses adjusted to exclude 2/3s of rental expense to account for ownership treatment otherwise captured in depreciation</i>				
<u>Moody's Criterion</u>																		<u>CONY Commentary</u>				
<i>(1) Clear strategy to maintain healthy monthly liquidity relative to expenses, incorporating known as well as uncertain and potential demands on monthly liquidity</i>																		<i>(1) Liquidity improving. Additional discussions on strategy by board for greater emphasis may be appropriate.</i>				
<i>(2) Predictable expense structure and revenue cycles that do not create seasonal valleys in liquid funds</i>																		<i>(2) Historically some pronounced seasonality at calendar and fiscal year-end.</i>				
<i>(3) Absence of reliance on operating lines of credit to maintain working capital</i>																		<i>Shifts in Masterworks timing/ number, and other revenue events (e.g., Orchestra for Hire) makes seasonality analysis uncertain.</i>				
																		<i>(3) Historically, LOC supported working capital and financed seasonality of cash flows. LOC repaid</i>				
																		<i>Based on current environment and expectations, reliance on LOC is expected to be de minimis.</i>				
Monthly Liquidity to Demand Debt	5%	≥	2000%	<	2000%	≥	350%	<	350%	≥	100%	<	100%	≥	50%	<	50%	NA	NA	NA	NA	NA
<u>Moody's Definition</u>	<u>CONY Adjusted Definition</u>																					
<i>Monthly Liquidity to Demand Debt - Monthly liquidity (sum of NFP's unrestricted investments in the operating funds with liquidity of one month or less plus the lesser of endowment funds available within one month or the sum of unrestricted board designated net assets plus unrestricted funds commingled with the endowment) divided by demand debt</i>	<i>Monthly Liquidity to Demand Debt - Include near cash (i.e., A/R with a 15% haircut for conservatism, that can be converted to cash in a financing/ factoring transaction).</i>																					
<u>Moody's Criterion</u>	<u>CONY Commentary</u>																					
<i>(1) Careful monitoring of potential demand debt risks and mitigation of risks through counterparty diversity, maintenance of beadroom over covenants, and other contingency planning</i>	<i>(1) TBD. Review with banker</i>																					
<i>(2) Proactive stance related to renewal or replacement of credit facilities with executed agreements well in advance of stated expiration dates</i>	<i>(2) See (1)</i>																					
<i>(3) Demand debt that is subject to infrequent put events</i>	<i>(3) See (1). No puttable debt feature with existing facilities.</i>																					

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Factor 4: Governance and Management

Board and Senior Management Composition

Moody's Criterion

- (1) Mix of tenured and new members who can ensure institutional history as well as access to external best practices and strategic ideas, thereby ensuring continuity as well as new perspectives
- (2) Board members who provide expertise in the different areas of risk management, financial reporting, financial and capital planning, marketing and investment strategies, as well as material philanthropic support
- (3) A president who demonstrates clear understanding and leadership on financial and capital matters as well as NFP's mission
- (4) Strong officers in the key financial roles who demonstrate independent expertise and mastery of planning, budgeting, and reporting
- (5) Broadly skilled leadership, experienced both inside and outside the NFP, reflecting business and government sectors in addition to other NFP organizations

Oversight and Disclosure Practices

Moody's Criterion

- (1) Established board-approved policies and practices including those related to investments, debt, liquidity, and conflict of interest
- (2) Appropriate disclosure and transparency for internal decision makers and external stakeholders
- (3) Appropriate staffing for effective implementation of policies
- (4) Regular board oversight of the president, including annual performance assessments by multiple board members who rotate over time
- (5) Use of internal auditors to inform the board
- (6) Detailed external disclosure regarding program outcomes, financial statements, research activity, budgets, compliance with bond covenants, or other material issues
- (7) Filing of financial statements in a timely manner, including detailed management discussion and analysis
- (8) Availability of quarterly financial statements or interim information especially for larger and more operationally complex NFP's
- (9) Clearly defined board committee structure and responsibilities
- (10) Term limits for board members

CONY Commentary

- (1) CONY has a good mix of tenured and new members bringing additional skill sets, entrée into new networks, and other resources
- (2) See Board Bios in Capital Campaign presentation
- (3) Organizational transitions, including current president with financial background, and data gathering and analyses strengthening this requirement
- (4) See Board Bios in Capital Campaign presentation
- (5) See Board Bios in Capital Campaign presentation

CONY Commentary

- (1) Formalized policies/practices on liquidity, COI, Code of Conduct, and Board Recruitment. Debt policy communication to board with new LOC
- (2) Populated GuideStar for external. Google Drive and Quickbooks access for internal
- (3) TBD. CONY is a relatively small organization. Recent board additions benefit in the division of labor and greater specialization for greater productivity.
- (4) NA. Recent developments and various organizational transitions. Also, board discussed initiating review process
- (5) See (4)
- (6) Recent developments and various organizational transitions and data gathering and analyses strengthening this requirement
Data provided via GuideStar
- (7) Streamlining process and inclusion of various qualitative and quantitative information in future filings
- (8) Board accessibility of financial data via QuickBooks any time. Further, financial reports generated for Board's periodic review.
External access available upon executed NDA
- (9) More formation, development, and delineation is appropriate
- (10) NA

Self-Assessed Rating

Mapping Pressure

A3 Stable

Baa1 Stable

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Self-Assessed Rating
Mapping Pressure
Baa2 Stable

Short- and Long-Term Planning

Moody's Criterion

- (1) Integrated Strategy, capital, and financial plans
- (2) Use of detailed multi-year financial plans and budgets that tie to audited financial statements
- (3) Conservative budgeting, producing consistent operating surpluses
- (4) Financial and capital scenario evaluation and stress testing
- (5) Developing of well considered contingency plans
- (6) Prudent endowment management and sustainable endowment spending policies that are regularly reviewed in context of overall NFP risk assessment
- (7) History of meeting or exceeding internal forecasts for budget performance, earned revenue, and fundraising
- (8) Recognition of key risks in multi-year plans and development of contingencies for addressing them

CONY Commentary

- (1) Limited implementation to date. Project Allegro provides play book for addressing these issues. New additions to board provide broader skill set for such analyses/ implementation
- (2) Multi-year limited given nature of organization. Financial plans relatively detailed
- (3) Generally conservative. Inconsistent operating surpluses given life phase of CONY and establishing brand awareness. Recent results positive
- (4) See (1)
- (5) Some contingencies reviewed (e.g., key-person risk). Additional attention may be appropriate
- (6) NA
- (7) See (3)
- (8) Some key risks identified. Additional attention may be appropriate (e.g., Force Majeure)

Self-Assessment and Benchmarking

Moody's Criterion

- (1) Benchmarking relative to best practices and strategic across relevant peer organizations
- (2) Establishment of key performance indicators that are highly monitored
- (3) Regular performance reviews and assessment of the president and senior leadership
- (4) In-depth institutional research and evaluation of competitive landscape

CONY Commentary

- (1) Limited implementation (no "true" peers). Additional attention may be appropriate. New additions to board provide broader skill set for such analyses/ implementation
- (2) See GuideStar metrics
- (3) Recent discussions of establishing reviews
- (4) See (1)

Government and Stakeholder Relations

Moody's Criterion

- (1) Evidence of stable and supportive relationships including lack of contentious, destructive, or unnecessarily public disagreement
- (2) Strong philanthropic support from board members and other stakeholders
- (3) Positive local/ regional economic impact of the NFP

CONY Commentary

- (1) Separation with previous president cultivates supportive environment/ non-contentious
- (2) Relatively strong given CONY's age and size
- (3) CONY's results somewhat correlated with macroeconomic environment and key local industries (e.g. financial services)

Baa3 Stable

Baa1 Up

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		<u>Self-Assessed Rating</u>	
		<u>Mapping</u>	<u>Pressure</u>
Factor 5: Legal Security and Debt Structure		NA	NA
<i>Bondholder Security Provisions</i>			
<u>Moody's Criterion</u>	<u>CONY Commentary</u>		
(1) Pledge of revenues and/ or assets that provide breadth and consistency relative to debt service	(1) NA. Presently, CONY does not have outstanding bonds. Bank debt (CC) is unsecured		
(2) Parity of senior position of bondholders relative to other lenders	(2) See (1)		
(3) Appropriate additional security based on the risk of the project or borrower	(3) See (1)		
 <i>External Financing Terms and Conditions</i>		NA	NA
<u>Moody's Criterion</u>	<u>CONY Commentary</u>		
(1) Diversity of counterparties to insulate the NFP from negative events associated with counterparty's credit profile	(1) Presently, one bank relationship		
(2) Staggering of expiration dates on bank liquidity agreements and mandatory or optional tender dates	(2) TBD		
(3) Proactive renewal of bank facilities well in advance of expiration date	(3) See (2)		
(4) Access to a variety of debt products and refinancing alternatives	(4) See (2)		
 Factor 6: Other Credit Specific Considerations			
<i>Multi-Year Trends</i>		A3	Stable
<u>Moody's Criterion</u>	<u>CONY Commentary</u>		
(1) Recent credit positive momentum in key drivers such as revenue growth, with reasonable expectations of continued momentum	(1) Recent revenue growth and deleveraging provide significantly more attractive credit profile		
(2) A substantial improvement in operation performance, following a period of weak performance, that resulted as intended from specific actions to control expenses or increase in revenue	(2) See (1)		
(3) Clear evidence of market strength, including cases when a NFP realizes material gain in earned revenue in a challenging climate	(3) Some improvement associated with CONY's greater brand awareness allowing some pricing power		
(4) Sustained growth in cash and investments, with material growth in both absolute terms and relative to peers	(4) TBD. No "true" peers		
(5) Maturation of a recent initiative that may previously have represented start-up risk	(5) Flurry of recent initiatives (Project Allegro and Maestro Juniors) yet to be implemented or too early to assess		
 <i>Marketable Real Estate</i>		NA	NA
<u>Moody's Criterion</u>	<u>CONY Commentary</u>		
(1) Excess marketable real estate in a thriving market that could be sold or leased without damaging the operations or core mission of NFP	(1) NA		
(2) A reliable demonstration of the market value of the real estate through an appraisal or other independent assessment	(2) NA		
(3) Unsolicited offers from third parties to purchase or lease excess real estate	(3) NA		

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Self-Assessed Rating

Mapping Pressure

B1 **Stable**

Event Risk

Moody's Criterion

- (1) Reasonably predictable measures of impact from an event such as direct costs of repair of damaged facilities, financial judgments or settlements emergency remediation, and business interruption
- (2) Well-developed plans to fund the costs following the event with limited impact to flexible reserves
- (3) Convincing evidence that the fundamental drivers of revenue will not be dislocated because of the event
- (4) Competent execution of recovery plans in the recent past, as applicable

CONY Commentary

- (1) Indeterminate - Business interruption (e.g., - Covid-related restrictions outside CONY's control, resulted in ceasing or restricting operations)
- (2) Indeterminate. Limited cash burn given flexible variable cost structure. Additional discussions appropriate. See (1)
- (3) CONY owns no physical facilities. Rental of various locations for performances
- (4) See (1)

Ba2 **Stable**

Competitive Landscape

Moody's Criterion

- (1) Market leadership with demonstrated pricing power and ability to adapt to demographic changes
- (2) Clear role as sole provider of goods or services within a well-established regulatory regime with high barriers to entry from new competitors
- (3) Ownership of highly valuable non-financial assets such as art collections likely to generate interest and revenue

CONY Commentary

- (1) CONY performance attendance varies. Mix of sellouts/ near sellouts and moderate attendance (est. avg. high 80%)
League of American Orchestras recommends budgets of 2/3s venue capacity. Some price inelasticity in certain customer segments.
- (2) Some. More awareness of CONY brand drives key aspects of economics. Competition can include other forms for entertainment dollar
- (3) NA

Baa3 **Stable**

Expense Flexibility

Moody's Criterion

- (1) A demonstrated history of the ability and willingness to reduce expenses in line with revenues
- (2) Negligible exposure to long-term contractual expenses for labor
- (3) High proportion of variable costs that move with the size of the operations

CONY Commentary

- (1) CONY cost structure heavily skewed to variable costs (e.g., performance venue rental, artists fees), providing flexibility/ cushion
- (2) See (1)
- (3) See (1)

Baa3 **Stable**

Other Factors

Moody's Criterion

- (1) Government funding trends and reliance
- (2) Future capital needs and borrowing plans
- (3) Potential for program change

CONY Commentary

- (1) Generally flat to modestly higher.
- (2) No expectations for near-term capital needs. Borrowing expected to be limited to seasonality and working capital support
- (3) No expectations for changing core mandate. Changes expected to be limited to infill add-ons of existing/ related offerings

Conclusion (Self-Assessed Date July 29, 2023):

Rating/Pressure: Baa2/Stable (excluding absolute size quantitative metrics. CONY falls outside metric threshold parameter)

Key Weaknesses: Size, Age, Inconsistency, Sustainability uncertain/Business interruption, Non-quantative measures (e.g., Short- and Long-Term Planning, Self-Assessment and Benchmarking)

Key Strengths: Attractive credit profile based on most relative quantitative measures. Flexible cost structure. Debt unsecured and unputable. Strong board given size and age. Many non-quantative measure weaknesses remedied or can be in a timely manner.