TENNESSEE PERFORMING ARTS CENTER MANAGEMENT CORPORATION

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019 AND 2018

TENNESSEE PERFORMING ARTS CENTER MANAGEMENT CORPORATION

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019 AND 2018

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KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tennessee Performing Arts Center Management Corporation
Nashville, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Tennessee Performing Arts Center Management Corporation (the "Organization"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KraftCPAs PLLC • Certified Public Accountants and Consultants
555 Great Circle Road • Nashville, TN 37228 • phone: 615-242-7351 • fax: 615-782-4271 • kraftcpas.com

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee Performing Arts Center Management Corporation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kraft CPAs PLLC

Nashville, Tennessee
December 2, 2019

TENNESSEE PERFORMING ARTS CENTER MANAGEMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 13,883,498	$ 10,432,776
Receivables:		
Accounts	244,405	255,142
Contributions	123,563	131,257
Prepaid expenses and inventory	306,353	367,760
Other assets	655,452	695,321
Investments	427,283	347,961
Property and equipment, less accumulated depreciation	5,039,692	4,984,578
TOTAL ASSETS	$ 20,680,246	$ 17,214,795
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 1,969,217	$ 1,662,500
Advance ticket sales	7,943,902	4,604,293
Deposits and other	125,034	207,273
Capital lease obligation	139,666	202,087
Notes payable	61,138	198,389
TOTAL LIABILITIES	10,238,957	6,874,542
NET ASSETS		
Without donor restrictions:		
Invested in property and equipment, net of related debt	4,838,888	4,602,052
Undesignated	5,217,538	5,473,774
Total without donor restrictions	10,056,426	10,075,826
With donor restrictions	384,863	264,427
TOTAL NET ASSETS	10,441,289	10,340,253
TOTAL LIABILITIES AND NET ASSETS	$ 20,680,246	$ 17,214,795

See accompanying notes to financial statements.

TENNESSEE PERFORMING ARTS CENTER MANAGEMENT CORPORATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Totals
OPERATING REVENUE			
Ticket sales	$ 12,354,123	$ -	$ 12,354,123
Rental income	686,663	-	686,663
Salary and wage reimbursements	720,128	-	720,128
Other reimbursements	614,903	-	614,903
Concession sales	1,702,815	-	1,702,815
Ticketing service charges and fees	3,420,909	-	3,420,909
Sales tax rebate	909,126	-	909,126
Other income	137,837	-	137,837
TOTAL OPERATING REVENUE	20,546,504	-	20,546,504
OPERATING COSTS AND EXPENSES			
Programming and production	11,826,022	-	11,826,022
Food and beverage	950,940	-	950,940
Operations	2,734,522	-	2,734,522
Marketing	1,427,617	-	1,427,617
Box office	1,196,419	-	1,196,419
Event services	852,520	-	852,520
TOTAL OPERATING COSTS AND EXPENSES	18,988,040	-	18,988,040
INCOME FROM OPERATIONS	1,558,464	-	1,558,464
PUBLIC SUPPORT AND OTHER REVENUES			
Contributions	2,442,587	319,863	2,762,450
Sponsorships	236,250	65,000	301,250
Grants	772,185	-	772,185
Income from Foundation	844,008	-	844,008
Gain on investments	17,174	-	17,174
Interest income	155	-	155
Net assets released from restrictions	264,427	(264,427)	-
TOTAL PUBLIC SUPPORT AND OTHER REVENUES	4,576,786	120,436	4,697,222
FUNCTIONAL EXPENSES			
Program services:			
Educational programs	1,257,335	-	1,257,335
Supporting services:			
Management and general	4,099,962	-	4,099,962
Fundraising	797,353	-	797,353
Total supporting services	4,897,315	-	4,897,315
TOTAL FUNCTIONAL EXPENSES	6,154,650	-	6,154,650
CHANGE IN NET ASSETS	(19,400)	120,436	101,036
NET ASSETS - BEGINNING OF YEAR	10,075,826	264,427	10,340,253
NET ASSETS - END OF YEAR	$ 10,056,426	$ 384,863	$ 10,441,289

See accompanying notes to financial statements.

2018		
Without Donor Restrictions	With Donor Restrictions	Totals
$ 14,937,206	$ -	$ 14,937,206
708,009	-	708,009
727,296	-	727,296
693,149	-	693,149
1,901,806	-	1,901,806
4,238,916	-	4,238,916
1,156,903	-	1,156,903
219,619	-	219,619
24,582,904	-	24,582,904
13,388,406	-	13,388,406
1,011,492	-	1,011,492
2,632,801	-	2,632,801
1,543,995	-	1,543,995
1,246,441	-	1,246,441
968,481	-	968,481
20,791,616	-	20,791,616
3,791,288	-	3,791,288
2,326,585	264,427	2,591,012
181,063	-	181,063
606,633	-	606,633
840,237	-	840,237
17,812	-	17,812
89	-	89
293,113	(293,113)	-
4,265,532	(28,686)	4,236,846
1,219,857	-	1,219,857
3,795,999	-	3,795,999
748,494	-	748,494
4,544,493	-	4,544,493
5,764,350	-	5,764,350
2,292,470	(28,686)	2,263,784
7,783,356	293,113	8,076,469
$ 10,075,826	$ 264,427	$ 10,340,253

TENNESSEE PERFORMING ARTS CENTER MANAGEMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	OPERATING EXPENSES					
	PROGRAMMING AND PRODUCTION	FOOD AND BEVERAGE	OPERATIONS	MARKETING	BOX OFFICE	EVENT SERVICES
Artist fees	$ 7,131,414	$ -	$ -	$ -	$ -	$ -
Contract labor	1,755,521	6,095	-	5,950	-	66,277
Marketing - programming	1,448,699	-	-	-	-	19,232
Salaries	348,090	221,336	593,630	475,774	274,292	200,641
Wages - full-time	-	54,120	671,451	628	225,889	-
Wages - part-time	219,837	146,661	48,225	28,195	51,276	319,111
Employee related expenses	44,818	41,869	96,587	39,555	41,569	41,378
Bad debt expense	-	-	-	-	3,872	1,720
Cash (over) and short	-	(1,187)	-	-	(158)	-
Concessions supplies	-	367,340	-	-	-	-
Credit card fees	3	42,203	-	-	493,210	585
Custodial	119,120	-	37,303	-	-	-
Depreciation	97,364	41,857	258,659	6,286	5,210	13,912
Dues and subscriptions	12,138	-	1,047	20,970	38,605	1,300
Equipment rentals	70,111	237	118	-	-	2,975
Fees-ticketing/bank/other	-	121	-	-	-	-
Insurance	15,722	-	4,241	-	-	-
Interest expense	10,871	-	739	-	-	-
Marketing - institution	48,413	-	-	712,112	5,663	-
Meals and entertainment	6,500	1,367	4,509	4,608	954	450
Miscellaneous expense	1,290	6,139	331	31,094	280	716
Office and computer supplies	-	-	-	-	-	-
Postage	260	-	-	1,498	10,350	-
Printing and reproduction	3,145	53	4,258	15,682	-	-
Production costs	228,015	-	-	13	-	60,405
Production investment losses	-	-	-	-	-	-
Professional consulting	780	894	1,872	35,889	32,361	396
Promoter profit sharing	95,099	-	-	-	-	27,015
Rent	-	-	-	-	-	-
Repairs and maintenance	8,033	18,997	515,364	24,600	9,263	-
Security	124,139	-	344	259	-	94,755
State maintenance expenses	-	-	475,865	-	-	-
Stewardship fulfillment	-	-	-	-	-	-
Tech and house supplies	-	2,838	17,026	-	-	-
Telephone	889	-	-	591	-	-
Transportation grants expense	-	-	-	-	-	-
Travel - air/hotel/auto	35,751	-	1,216	23,913	3,783	1,652
Uniforms and alterations	-	-	1,737	-	-	-
Total costs and expenses	$ 11,826,022	$ 950,940	$ 2,734,522	$ 1,427,617	$ 1,196,419	$ 852,520

See accompanying notes to financial statements.

	PROGRAM SERVICES	SUPPORTING SERVICES			
TOTAL	EDUCATIONAL PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	TOTAL
$ 7,131,414	$ 179,724	$ -	$ 13,600	$ 13,600	$ 7,324,738
1,833,843	234,513	70	400	470	2,068,826
1,467,931	-	-	-	-	1,467,931
2,113,763	533,733	1,557,617	324,879	1,882,496	4,529,992
952,088	-	189,056	-	189,056	1,141,144
813,305	38,637	47	7,635	7,682	859,624
305,776	42,825	888,500	25,703	914,203	1,262,804
5,592	-	-	1,807	1,807	7,399
(1,345)	-	-	-	-	(1,345)
367,340	-	-	-	-	367,340
536,001	-	-	5,319	5,319	541,320
156,423	21,500	-	-	-	177,923
423,288	217	289,907	5,505	295,412	718,917
74,060	12,672	40,929	15,752	56,681	143,413
73,441	625	41,874	13,807	55,681	129,747
121	-	15,885	-	15,885	16,006
19,963	105	166,484	-	166,484	186,552
11,610	-	1,863	-	1,863	13,473
766,188	48	41,000	49,380	90,380	856,616
18,388	35,001	71,654	101,418	173,072	226,461
39,850	43,674	186,821	12,243	199,064	282,588
-	16	25,188	-	25,188	25,204
12,108	785	6,137	1,713	7,850	20,743
23,138	11,067	5,072	15,424	20,496	54,701
288,433	2,288	-	3,763	3,763	294,484
-	-	75,473	-	75,473	75,473
72,192	9,332	302,625	4,417	307,042	388,566
122,114	-	-	-	-	122,114
-	62,509	-	62,509	62,509	125,018
576,257	-	108,198	2,658	110,856	687,113
219,497	10,877	173	1,409	1,582	231,956
475,865	-	-	-	-	475,865
-	-	-	121,548	121,548	121,548
19,864	-	3,730	-	3,730	23,594
1,480	-	54,223	-	54,223	55,703
-	6,258	-	-	-	6,258
66,315	10,929	27,436	6,464	33,900	111,144
1,737	-	-	-	-	1,737
$ 18,988,040	$ 1,257,335	$ 4,099,962	$ 797,353	$ 4,897,315	$ 25,142,690

TENNESSEE PERFORMING ARTS CENTER MANAGEMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	OPERATING EXPENSES					
	PROGRAMMING AND PRODUCTION	FOOD AND BEVERAGE	OPERATIONS	MARKETING	BOX OFFICE	EVENT SERVICES
Artist fees	$ 8,811,129	$ -	$ -	$ -	$ -	$ -
Contract labor	1,764,306	27,795	-	-	-	34,734
Marketing - programming	1,428,051	-	-	-	-	25,931
Salaries	330,709	188,788	479,295	436,904	237,906	230,939
Wages - full-time	1,600	58,276	691,829	36,792	219,585	-
Wages - part-time	221,358	160,811	69,507	9,103	54,347	344,805
Employee related expenses	71,686	66,449	214,312	102,521	107,029	72,782
Bad debt expense	-	-	-	-	3,346	711
Cash (over) and short	4	1,367	-	-	2,057	-
Concessions supplies	-	396,920	-	-	-	-
Credit card fees	3	42,558	-	-	476,997	605
Custodial	116,914	-	67,837	-	-	-
Depreciation	95,118	38,425	227,419	6,880	5,210	13,933
Dues and subscriptions	12,882	-	2,794	17,348	33,121	620
Equipment rentals	10,968	-	-	-	-	11,918
Fees-ticketing/bank/other	-	-	-	50	-	-
Insurance	8,719	-	8,080	-	-	60
Interest expense	15,920	-	3,916	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Marketing - institution	59,444	-	-	766,514	2,418	-
Meals and entertainment	31,219	1,361	5,072	25,359	449	560
Miscellaneous expense	1,177	349	106	16,492	403	195
Office and computer supplies	-	-	-	-	-	-
Postage	425	-	-	722	10,847	-
Printing and reproduction	727	-	2,966	20,257	22,637	-
Production costs	127,605	-	-	-	-	62,532
Production investment losses	-	-	-	-	-	-
Professional consulting	50,650	160	1,565	34,792	61,396	-
Promoter profit sharing	68,385	-	-	-	-	40,398
Rent	-	-	-	-	-	-
Repairs and maintenance	5,866	16,806	495,129	45,837	4,548	-
Security	128,253	-	246	-	-	127,565
State maintenance expenses	-	-	305,753	-	-	-
Tech and house supplies	-	6,179	46,045	-	-	-
Telephone	929	-	-	503	-	-
Transportation grants expense	-	-	-	-	-	-
Travel - air/hotel/auto	24,359	77	2,186	23,921	4,145	193
Uniforms and alterations	-	5,171	8,744	-	-	-
Total costs and expenses	$ 13,388,406	$ 1,011,492	$ 2,632,801	$ 1,543,995	$ 1,246,441	$ 968,481

See accompanying notes to financial statements.

	PROGRAM SERVICES	SUPPORTING SERVICES			
TOTAL	EDUCATIONAL PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	TOTAL
$ 8,811,129	$ 162,945	$ -	$ 6,000	$ 6,000	$ 8,980,074
1,826,835	195,891	893	800	1,693	2,024,419
1,453,982	-	-	8,530	8,530	1,462,512
1,904,541	472,216	1,412,619	392,249	1,804,868	4,181,625
1,008,082	-	154,071	-	154,071	1,162,153
859,931	33,475	10,163	6,489	16,652	910,058
634,779	89,439	517,713	63,941	581,654	1,305,872
4,057	120	-	2,805	2,805	6,982
3,428	-	-	(3)	(3)	3,425
396,920	-	-	-	-	396,920
520,163	221	-	12,358	12,358	532,742
184,751	14,005	-	-	-	198,756
386,985	-	238,222	5,212	243,434	630,419
66,765	13,167	42,933	8,618	51,551	131,483
22,886	1,298	39,407	8,640	48,047	72,231
50	-	22,461	-	22,461	22,511
16,859	140	116,241	-	116,241	133,240
19,836	-	1,873	-	1,873	21,709
-	-	15,300	-	15,300	15,300
828,376	-	4,633	4,445	9,078	837,454
64,020	30,198	34,349	86,334	120,683	214,901
18,722	12,324	73,419	50,083	123,502	154,548
-	-	46,094	-	46,094	46,094
11,994	520	7,789	2,003	9,792	22,306
46,587	8,999	2,693	11,371	14,064	69,650
190,137	17,499	-	2,066	2,066	209,702
-	-	163,633	-	163,633	163,633
148,563	10,991	714,068	5,833	719,901	879,455
108,783	-	-	-	-	108,783
-	62,509	-	62,509	62,509	125,018
568,186	-	95,080	-	95,080	663,266
256,064	10,838	-	978	978	267,880
305,753	-	-	-	-	305,753
52,224	625	5,694	-	5,694	58,543
1,432	-	51,128	-	51,128	52,560
-	8,724	-	-	-	8,724
54,881	73,713	24,261	7,233	31,494	160,088
13,915	-	1,262	-	1,262	15,177
$ 20,791,616	$ 1,219,857	$ 3,795,999	$ 748,494	$ 4,544,493	$ 26,555,966

TENNESSEE PERFORMING ARTS CENTER MANAGEMENT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	$ 101,036	$ 2,263,784
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	718,917	630,419
Loss on disposal of equipment	-	15,300
Gain on investments	(17,174)	(17,812)
(Increase) decrease in:		
Accounts receivable	10,737	5,826
Contributions receivable	7,694	(39,444)
Prepaid expenses and inventory	61,407	173,939
Other assets	39,869	(17,828)
Increase (decrease) in:		
Accounts payable and accrued expenses	306,717	525,304
Advance ticket sales	3,339,609	(391,606)
Deposits and other	(82,239)	5,190
TOTAL ADJUSTMENTS	4,385,537	889,288
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,486,573	3,153,072
INVESTING ACTIVITIES		
Purchases of property and equipment	(774,031)	(738,608)
Purchase of investments	(62,148)	(49,173)
NET CASH USED IN INVESTING ACTIVITIES	(836,179)	(787,781)
FINANCING ACTIVITIES		
Repayment of capital lease obligations	(62,421)	(59,607)
Repayment of notes payable	(137,251)	(223,172)
NET CASH USED IN FINANCING ACTIVITIES	(199,672)	(282,779)
INCREASE IN CASH AND CASH EQUIVALENTS	3,450,722	2,082,512
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	10,432,776	8,350,264
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 13,883,498	$ 10,432,776
OTHER CASH FLOW DISCLOSURES:		
Interest paid on capital lease	$ 8,266	$ 10,840
Interest paid on notes payable	$ 5,207	$ 10,869

See accompanying notes to financial statements.

NOTE 1 - GENERAL

The Tennessee Performing Arts Center Management Corporation (the "Organization"), a not-for-profit organization, was formed in November 1977. In March 1978, the Organization entered into an agreement (the "Agreement") with the State of Tennessee (the "State") and the Tennessee Performing Arts Foundation (the "Foundation") (amended in February 1999). The initial Agreement established the Organization principally for the purpose of presenting quality arts entertainment and education to Tennessee residents through the operation of the Tennessee Performing Arts Center (the "Center" or "TPAC"). The Organization has administrative control over the operations and functions of the Center that is located in the James K. Polk State Office Building, Nashville, Tennessee. The State is responsible for utilities, security services, major repairs, structural elements, fixtures, and the major elements of the sound, lighting and stage rigging in each of the Center's theaters.

Effective January 1, 2009, the operations of Nashville Institute for the Arts (the "Institute") were merged with the Organization. The Institute continues to exist as a separate legal entity but does not have any net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Resources are classified as net assets with donor restrictions and net assets without donor restrictions, based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are currently no donor restrictions that are perpetual in nature.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

The Organization also receives grant revenue from various state and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

The Organization reports any gifts of equipment or materials as net assets without donor restrictions unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as net assets with donor restrictions. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and money market accounts with banks except for cash and cash equivalents held in brokerage accounts, which are included in investments.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends. Contributions receivable are written off when deemed to be uncollectible. At June 30, 2019 and 2018, contributions receivable are deemed to be fully collectible by management, and no allowance for uncollectible contributions is considered necessary. All contributions receivable at June 30, 2019 and 2018 are due within one year.

Accounts Receivable

The Organization rents the use of the performance theaters and various other staff services to other organizations utilizing the theaters.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Accounts receivable are reported at gross sales price less any applicable payments or adjustments. The Organization does not charge interest on past due accounts. Accounts receivable are deemed to be fully collectible by management, and no allowance for bad debts is considered necessary at June 30, 2019 and 2018.

Prepaid Expenses and Inventory

Prepaid expenses and inventory consist primarily of certain marketing and promotional costs pertaining to the following theatre season that are paid for in advance and recognized in the following fiscal year, as well as food and beverage supplies. Marketing and promotional costs for the years ended June 30, 2019 and 2018 totaled approximately $2,325,000 and $2,300,000, respectively.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Property and Equipment and Depreciation

Property and equipment are recorded at cost at the date of purchase or estimated fair value at the date of gift to the Organization. The Organization's policy is to capitalize acquisitions with a cost of $1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets ranging from three to seven years for computers, furniture and equipment, thirty years for lobby improvements and ten years for other improvements.

Fair Value

The Organization classified its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available) and Level 3 (valued based on significant unobservable inputs). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value:

Investments Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid securities and certain other products, such as mutual funds. If quoted market prices are not available then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified within Level 2 of the valuation hierarchy.

There have been no changes in the valuation methodologies used at June 30, 2019 and 2018.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Donated Materials, Facilities and Services

Significant materials, facilities and services are donated to the Organization by various individuals and organizations. Donated materials, facilities and services, which amounted to $925,896 in 2019 ($1,086,003 in 2018), are recorded as revenue and expenses at their estimated fair value at the date of donation.

The Organization has an agreement with the State, under which the State provides theaters and support spaces to the Organization, and the Organization provides enhanced cultural, theatrical and educational opportunities to Tennessee residents. The space provided by the State includes performance halls, all backstage areas, dressing rooms, rehearsal and shop spaces, box office and administrative areas. In addition, the State is responsible for the supply and purchase of utilities, security services and major repairs related to the space. The State also provides janitorial services for the common or public areas, with the Organization responsible for all janitorial services within the theaters and support spaces not designated as common or public areas. No amounts are recorded related to this agreement.

Advance Ticket Sales

Ticket sale revenues (including handling fees) received prior to the fiscal year to which they apply are reported as advance ticket sales (deferred revenue). Such revenue is recognized and reported in the statement of activities in the year the production is performed, or the rental event occurs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Taxes Collected

Sales taxes collected and remitted to governmental authorities are excluded from sales and costs and presented on a net basis in the financial statements.

Sales Tax Rebate

In accordance with applicable State Statute, the Organization receives a rebate from the State of a portion of sales tax paid, to be used exclusively for facilities maintenance and improvements. Such rebates are recognized and reported in the statement of activities in the period applicable.

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

The Organization files a U.S. federal Form 990 for organizations exempt from income tax, and U.S. federal Form 990-T for organizations exempt from income tax with unrelated business income. In addition, the Organization files an income tax return in the State of Tennessee.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services

TPAC maintains high standards for programming and education activities that benefit the entire community. In addition to offering a diverse season of culturally engaging performances by local and national artists, TPAC provides six distinct programs that provide extended educational services to students and TPAC audiences:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services (Continued)

During the 2019 fiscal year, Humanities Outreach in Tennessee ("HOT") presented 69 (76 during 2018) professional performances of theater, dance and music for student audiences at TPAC. Subsidized tickets, travel grants and classroom materials were provided to ensure that each student could have access to diverse cultural and educational programs. HOT also provided in-school student workshops, audience discussions, and workshops for teachers which addressed the educational content of each performance. During the 2018-2019 academic year, 34,458 students and teachers from 285 school groups attended HOT Season for Young People performances (25,919 students and teachers from 230 school groups during the 2017-2018 academic year).

ArtSmart is a classroom-based instruction program that accompanies the HOT Season for Young People. Through ArtSmart, students arrive at the theatre with an expanded capacity to engage with the performance they are about to see. Specialized training enables educators and Teaching Artists to guide arts-based instruction that challenges young people to imagine, to practice, and to reflect. A total of 1,702 students and teachers participated in ArtSmart in 2018-2019 (2,116 students and teachers in 2017-2018). Fifteen schools received ArtSmart education services at no charge in 2018-2019 (15 schools in 2017-18).

TPAC's Wolf Trap Early Learning through the Arts program brings arts-based classroom residencies to preschools and Head Start Centers. Teaching Artists and teachers use arts instruction to target early childhood developmental goals and help children learn. A total of 1,766 children and teachers participated in Wolf Trap in 2018-2019 at no charge to them (1,756 children and teachers in 2017-2018).

InsideOut is for adults who want to grow in their knowledge and enjoyment of the performing arts. The program offers a series of lunch seminars, performance excerpts, discussions, workshops and sneak previews behind the scenes. A total of 2,233 individuals participated in this program during the year at no charge (2,350 individuals during 2017-2018).

Disney Musicals in Schools ("DMIS") develops a culture of musical theatre performance in Metro Nashville elementary schools. The program introduces the collaborative art of musical theatre; strengthens arts programming; develops partnerships among students, faculty, staff and the greater Nashville community. Participating schools receive (at no cost) a performance license to any Disney KIDS musical, ShowKit materials, including directors guides, student scripts, accompaniment and vocal CDs and a choreography DVD, cross-curricular activities; and in-school support from teams of two TPAC teaching artists for 15 weeks. In 2018-2019, 1,368 students and 251 educators from 28 Metro Nashville Public Schools ("MNPS") and two Bedford County Schools took part in the DMIS program (1,430 students and 215 educators from 23 MNPS schools in 2017-18.)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services (Continued)

Spotlight Awards are presented in partnership with Lipscomb University's College of Entertainment and the Arts to encourage young theatre artists in Middle Tennessee. Through the program, up to 30 applying high school musicals are evaluated by a diverse panel of adjudicators. The program culminates in May with workshops taught by industry professionals on the Lipscomb campus. That evening, exemplary work is recognized with The Spotlight Awards ceremony at TPAC, where the top contenders for "Best Show" perform and honors are presented in a variety of categories, including "Best Actor" and "Best Actress." The winners in those two categories then move on to national consideration for The Jimmy Awards in New York. In 2018-19, 28 high schools participated in the adjudication process, and 1,747 students, teachers and their guests attended the Spotlight Awards show at TPAC (26 high schools participated in the adjudication process, and 1,253 students in 2017-18.)

Supporting Services

Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or event, or with fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organization oversight, business management, information technology, recordkeeping, budgeting, financing and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the creation and distribution of fundraising materials.

Allocation of Functional Expenses

The costs of operating, program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, all costs have been directly charged to the operating, program and supporting services benefited; no costs are allocated across functional categories.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Additionally, ASU 2016-14 requires all not-for-profit organizations to present expenses by their natural and functional expense classifications. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Recent Authoritative Accounting Guidance

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet 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 in the income statement. In October 2019, the FASB voted to delay the effective date of the standard to fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. As the Organization is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, including interim periods. The Organization is currently evaluating the impact of the adoption of this guidance on its financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact of this new standard on its financial statements.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between June 30, 2019 and December 2, 2019, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to the 2018 financial statements to conform to the current year presentation. Such reclassifications had no impact on the change in net assets previously reported.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following as of June 30, 2019:

Financial assets at year end:	
Cash and cash equivalents	$ 13,883,498
Receivables:	
Accounts	244,405
Contributions	123,563
Investments	427,283
Total financial assets at year end	14,678,749
Less amounts not available for general expenditure within one year:	
Deferred compensation liability	(268,666)
Advance ticket sales	(7,943,902)
Deposits held - rental clients	(55,034)
Assets restricted for fundraising events	(256,300)
Total not available for general expenditures within one year	(8,523,902)
Financial assets available for general expenditure within one year	$ 6,154,847

NOTE 3 - LIQUIDITY AND AVAILABILITY (CONTINUED)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization excludes advance ticket sales proceeds as those funds have yet to be earned. The portion of the advance ticket sales proceeds that the Organization retains will be used for operations, including future programming and production costs. The Organization also excludes the liability associated with the deferred compensation plan as those are vested assets of the participants, and are, therefore, not available to meet current operating needs. In addition, certain donor-restricted assets are limited as to use, primarily for fundraising events, and are not available for general expenditure and deducted above.

Annually, the Organization receives distributions from the Foundation to use for general operating needs. The Organization expects the distributions to total approximately $840,000 over the next 12-month period. The Organization also has a line of credit with availability totaling $500,000 to meet cash flow needs (see Note 8).

NOTE 4 - INVESTMENTS

Investments consisted of the following as of June 30:

	2019	2018
Cash and cash equivalents	$ 71,741	$ 58,280
Equity securities	307,300	248,699
Fixed income securities	48,242	40,982
	$ 427,283	$ 347,961

NOTE 5 - FAIR VALUE MEASUREMENTS

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30:

	2019			
	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Equity securities:				
Mid blend	$ 29,469	$ -	$ -	$ 29,469
Large blend	246,657	-	-	246,657
Diversified emerging markets	31,174	-	-	31,174
Total equity securities	307,300	-	-	307,300
Fixed income securities:				
World bond fund	48,242	-	-	48,242
Total fixed income securities	48,242	-	-	48,242
	$ 355,542	$ -	$ -	$ 355,542

	2018			
	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Equity securities:				
Large growth	$ 30,076	$ -	$ -	$ 30,076
Mid blend	185,074	-	-	185,074
Large blend	33,549	-	-	33,549
Total equity securities	248,699	-	-	248,699
Fixed income securities:				
World bond fund	40,982	-	-	40,982
Total fixed income securities	40,982	-	-	40,982
	$ 289,681	$ -	$ -	$ 289,681

NOTE 6 - PROPERTY AND EQUIPMENT

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

	2019	2018
Lobby improvements	$ 4,925,137	$ 4,925,137
Other improvements	3,114,213	2,544,298
Computers	882,847	698,474
Furniture	595,253	547,822
Equipment	1,453,219	1,424,910
Construction in process	31,625	161,163
	11,002,294	10,301,804
Less accumulated depreciation	(5,962,602)	(5,317,226)
	$ 5,039,692	$ 4,984,578

The cost to complete construction in process as of June 30, 2019 is approximately $14,000.

NOTE 7 - OTHER ASSETS

For the years ended June 30, 2019 and 2018, other assets recorded at cost include $563,165 for the musical *Part of the Plan*, a developmental production of a new work that the Organization co-produced and presented during the 2017 - 2018 Broadway season, following a staged reading co-produced and presented by the Organization in the 2016 - 2017 fiscal year. The Organization is an investor in the show, a non-biographical production that features the music of Dan Fogelberg, who began his recording career in Nashville.

NOTE 8 - NOTES PAYABLE

Notes payable consisted of the following as of June 30:

	2019	2018
Note payable to Bank of America for renovations to the theater lobby area, requiring monthly principal payments of $11,703 plus accrued interest. All unpaid principal and interest are due December 1, 2018. Interest is charged at a variable rate based on the 30-day LIBOR fixed rate plus 0.6% Paid in full during fiscal year ended 2019.	$ -	$ 70,218
Note payable to Bank of America, requiring monthly principal payments of $2,992 plus accrued interest. All unpaid principal and interest are due on December 1, 2018. Interest is charged at a variable rate based on the 30-day LIBOR fixed rate plus 1.3%. Paid in full during fiscal year ended 2019.	-	17,950
Note payable to Bank of America for phone system, requiring monthly principal and interest payments of $2,353. All unpaid principal and interest are due on October 5, 2019. Interest is charged at a per annum rate equal to 3.67%. Secured by phone system with a carrying value of $42,936 at June 30, 2019.	9,340	36,688
Note payable to First Foundation Bank for lighting equipment, requiring monthly principal and interest payments of $2,129. All unpaid principal and interest are due August 2021. Interest is charged at a per annum rate equal to 5.99%. Secured by lighting equipment with a carrying value of $326,355 at June 30, 2019.	51,798	73,533
	$ 61,138	$ 198,389

The Organization also has a $500,000 operating line of credit with the bank, which bears interest, payable monthly, on the amount borrowed at a variable interest rate based on the BBA LIBOR Daily Floating Rate plus 2.0%. The line of credit matures November 1, 2020, at which time all unpaid principal and accrued interest will be due. There was no outstanding balance on the line of credit as of June 30, 2019 or 2018.

NOTE 8 - NOTES PAYABLE (CONTINUED)

A schedule of annual principal maturities of notes payable as of June 30, 2019, follows:

For the year ending June 30,	
2020	$ 32,414
2021	24,497
2022	4,227
	$ 61,138

Total interest expense on notes payable recognized by the Organization for the year ended June 30, 2019, was $5,207 ($10,869 in 2018). Interest expense is reported in the statement of activities under operating costs and expenses and management and general functional expenses.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30:

	2019	2018
Annual fund contributions receivable	$ 63,563	$ 86,327
Philanthropic sponsorship for future Broadway seasons	65,000	-
Contributions and contributions receivable restricted for future years programming and/or fundraising events	256,300	178,100
	$ 384,863	$ 264,427

NOTE 10 - LEASES

The Organization leases certain office equipment and a portion of its office space under operating leases. The terms of the office space lease allow for the Organization to cancel its lease with a 180 day notice. The Organization makes monthly lease payments of $6,000 for the use of the office space. Total rental expense incurred under all such agreements for the year ended June 30, 2019, amounted to approximately $113,000 ($111,000 in 2018).

During 2016, the Organization entered into a capital lease for sound equipment, which requires monthly payments of $5,871 through August 2021. The capitalized cost of the leased asset and related accumulated depreciation at June 30, 2019 were $312,292 and $83,278, respectively. Subsequent to year-end, the Organization entered into a capital lease for multiple copiers, which requires monthly payments of $1,551 through September 2024.

NOTE 10 - LEASES (CONTINUED)

Future minimum lease commitments under all non-cancelable leases in effect as of June 30, 2019, and those subsequently entered into, are as follows:

For the year ending June 30,	Operating Leases	Capital Lease
2020	$ 6,195	$ 89,060
2021	4,413	89,060
2022	4,413	24,382
2023	4,413	18,609
2024	734	18,609
	$ 20,168	239,720
Less: imputed interest at 4.62% - 5.00%		(17,880)
Net minimum lease payments		$ 221,840

Total interest expense recognized during the year ended June 30, 2019 on the capital lease totaled $8,266 ($10,840 recognized during the year ended June 30, 2018).

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, accounts receivable and contributions and grants. Contributions receivable consist of individual and corporate contribution pledges. Account receivables represent concentrations of credit risk to the extent they are receivable from concentrated sources. At June 30, 2019, receivables from one source amounted to approximately $192,000, or 52% of total receivables. At June 30, 2018, receivables from one source totaled approximately $152,000, or 40% of total receivables.

For the year ended June 30, 2019, grant revenue from one source totaled $475,865, and in-kind contribution revenue from one source totaled $608,675 (in-kind contribution revenue from one source totaled $630,600 for the year ended June 30, 2018.)

The Organization maintains cash accounts at a reputable financial institution whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Organization's cash balances generally exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

NOTE 12 - RELATED PARTY TRANSACTIONS

Insurance services for the Organization are provided by an entity where a Board member is employed. Also, legal services for the Organization are provided by one firm where a Board member is employed. Additionally, two Board members are employed with two of the banks in which the Organization has accounts and the Organization occasionally pays artist fees to a firm where another Board member is employed.

The Foundation is responsible for the management of its Board-designated endowment fund that was established to support the operations of the Organization. The Foundation is governed by a separate Board and annually distributes 5% of the trailing five-year average investment value of the fund to the Organization. For the year ended June 30, 2019, the Foundation distributed $844,008 to the Organization ($840,237 distributed in 2018), which the Organization recognized as income in the year received.

A condensed summary of financial information of the Foundation as of and for the years ended June 30, follows:

	2019	2018
Total Assets	$ 16,601,562	$ 16,814,183
Total Liabilities	12,010	12,122
Net Assets - Unrestricted	$ 16,589,552	$ 16,802,061
Total Revenues (Expenses):		
Interest, dividends and capital gain distributions	$ 525,195	$ 519,922
Realized and unrealized gains	192,413	308,359
Other income	4,204	10
Investment management fees	(79,301)	(81,330)
Endowment distributions to the Organization	(844,008)	(840,237)
Management and general expenses	(11,012)	(11,112)
Change in Net Assets	$ (212,509)	$ (104,388)

NOTE 13 - DONOR-DESIGNATED ENDOWMENT FUNDS IN TRUST

During 1996, Dr. and Mrs. Thomas Frist established two donor-designated endowment funds with the Community Foundation of Middle Tennessee for the benefit of the Organization and the Institute, respectively. Two other donor-designated endowment funds were established with the Community Foundation of Middle Tennessee by Mrs. Martha Ingram for the benefit of the Children's Educational Program at Tennessee Performing Arts Center and the Organization's HOT program. The Community Foundation of Middle Tennessee has the ultimate authority and control over these Funds and, therefore, these investments are not included in the financial statements of the Organization. Income distributed to the Organization from these funds, which is recognized by the Organization in the year received, amounted to $12,800 during fiscal year 2019 ($12,000 during fiscal year 2018). Total assets held in these funds amounted to $294,399 at June 30, 2019, and $294,788 at June 30, 2018.

NOTE 14 - EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Organization sponsors the Tennessee Performing Arts Center 401(k) Plan (the "Plan") under Section 401(k) of the Internal Revenue Code. All employees of the Organization are eligible to participate upon reaching age 21 and completing one year (1,000 hours) of qualified service, as defined in the Plan. Eligible employees may elect to defer a portion of their compensation through the Plan, not to exceed the allowable amount under Section 401(k). The Organization's contributions to the Plan are at the discretion of the Board of Directors with no minimum contributions guaranteed. The Organization did not make a contribution to the Plan for the year ended June 30, 2019 ($128,500 during the year ended June 30, 2018).

Deferred Compensation Plan

The Organization has a deferred compensation plan for a current and a former member of management and has established a "rabbi trust" for the purpose of accumulating funds applicable thereto. The plan allows for an eligible account, in which the participant is fully vested, and a noneligible account, in which the participant will be eligible to receive the funds upon attaining retirement age, except in the case of death, disability or involuntary termination without cause, in which the balance will be paid to the participant or the participant's estate. Contributions to the trust by the Organization were $62,148 and $49,173 for the years ended June 30, 2019 and 2018, respectively. Trust assets are shown as investments in the accompanying statements of financial position and totaled $427,283 at June 30, 2019 ($347,961 at June 30, 2018). The related liability, equal to the eligible account balance, is included in accounts payable and accrued expenses, and totaled $268,666 at June 30, 2019 ($225,225 at June 30, 2018).