NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS
July 31, 2020 and 2019

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

FINANCIAL STATEMENTS
July 31, 2020 and 2019

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Nashville Symphony Association (a nonprofit organization), which comprise the statements of financial position as of July 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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 from 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 the 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 entity'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 entity'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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Symphony Association as of July 31, 2020 and 2019, 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.

Emphasis of a Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Association will continue as a going concern. As discussed in Note 2 to the financial statements, the Association has canceled all concerts and events through July 31, 2021 due to the COVID-19 pandemic and was in default on its mortgage note payable at July 31, 2020. Additionally, the Association has suffered recurring losses and negative cash flows from operations and has stated that substantial doubt exists about the Association's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Crowe LLP

Crowe LLP

Franklin, Tennessee
December 11, 2020

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,260,404	$ 3,771,849
Accounts receivable	128,065	577,961
Prepaid expenses and other assets	513,039	1,019,790
Contributions receivable, net	1,159,653	1,640,700
Total current assets	7,061,161	7,010,300
Long-term assets		
Contributions receivable, net	1,318,648	1,660,703
Investments	2,402,185	3,830,148
Beneficial interests in trust	9,354,329	9,903,015
Property and equipment, net	72,387,534	74,788,601
Total long-term assets	85,462,696	90,182,467
Total assets	$ 92,523,857	$ 97,192,767
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,889,214	$ 985,483
Current portion of mortgage note payable	20,000,000	-
Current portion of installment note payable	1,411,193	-
Deferred revenues	4,608,834	5,376,769
Total current liabilities	27,909,241	6,362,252
Long-term liabilities		
Mortgage note payable	-	20,000,000
Installment note payable	1,436,187	-
Total long-term liabilities	1,436,187	20,000,000
Total liabilities	29,345,428	26,362,252
Net assets		
Without donor restrictions		
Undesignated	45,489,965	53,218,922
Board designated	10,426,260	10,940,453
With donor restrictions	7,262,204	6,671,140
Total net assets	63,178,429	70,830,515
Total liabilities and net assets	$ 92,523,857	$ 97,192,767

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2020 (with comparative July 31, 2019 information)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Operating revenues				
Program revenues				
Ticket sales	$ 5,907,830	$ -	$ 5,907,830	$ 10,271,817
Orchestra fee engagements	306,836	-	306,836	482,206
Concert hall rental	388,850	-	388,850	732,025
Ancillary rental	64,375	-	64,375	64,050
Concessions and symphony store	623,353	-	623,353	1,046,237
Expense reimbursements	376,878	-	376,878	319,290
Interest and other income	1,287,897	-	1,287,897	2,331,609
Total program revenues	8,956,019	-	8,956,019	15,247,234
Community Foundation distribution	383,800	-	383,800	405,300
Total operating revenues	9,339,819	-	9,339,819	15,652,534
Operating expenses				
Orchestra operating expenses				
Operations and artistic administration	13,136,939	-	13,136,939	15,515,689
Education	385,773	-	385,773	505,841
Marketing	2,565,009	-	2,565,009	2,597,225
Administration and support	2,513,011	-	2,513,011	2,699,657
Fund-raising	1,394,458	-	1,394,458	1,493,018
In-kind expenses	211,457	-	211,457	374,198
Total orchestra operating expenses	20,206,647	-	20,206,647	23,185,628
Symphony Center operating expenses				
Concessions and symphony store	421,668	-	421,668	628,936
Management and building operations	2,799,452	-	2,799,452	3,126,529
Total Symphony Center operating expenses	3,221,120	-	3,221,120	3,755,465
Total operating expenses before depreciation	23,427,767	-	23,427,767	26,941,093
Deficit before support, investment income and depreciation	(14,087,948)	-	(14,087,948)	(11,288,559)
Support				
Contributions	5,931,329	1,793,308	7,724,637	7,348,670
Grants	25,000	55,000	80,000	452,900
Fund-raising events	887,360	-	887,360	1,077,163
In-kind contributions	211,457	-	211,457	374,198
Total support	7,055,146	1,848,308	8,903,454	9,252,931
Net assets released from restrictions	1,257,244	(1,257,244)	-	-
Surplus (deficit) before investment income and depreciation	(5,775,558)	591,064	(5,184,494)	(2,035,628)
Investment income, net				
Net investment income	156,754	-	156,754	129,585
Net beneficial interests in trust income	63,949	-	63,949	301,030
Total investment expenses	(95,043)	-	(95,043)	(125,123)
Total investment income, net	125,660	-	125,660	305,492
Surplus (deficit) before depreciation	(5,649,898)	591,064	(5,058,834)	(1,730,136)
Depreciation	(2,593,252)	-	(2,593,252)	(2,494,048)
Increase (decrease) in net assets	(8,243,150)	591,064	(7,652,086)	(4,224,184)
Net assets at beginning of year	64,159,375	6,671,140	70,830,515	75,054,699
Net assets at end of year	$ 55,916,225	$ 7,262,204	$ 63,178,429	$ 70,830,515

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Operating revenues			
Program revenues			
Ticket sales	$ 10,271,817	$ -	$ 10,271,817
Orchestra fee engagements	482,206	-	482,206
Concert hall rental	732,025	-	732,025
Ancillary rental	64,050	-	64,050
Concessions and symphony store	1,046,237	-	1,046,237
Expense reimbursements	319,290	-	319,290
Interest and other income	2,331,609	-	2,331,609
Total program revenues	15,247,234	-	15,247,234
Community Foundation distribution	405,300	-	405,300
Total operating revenues	15,652,534	-	15,652,534
Operating expenses			
Orchestra operating expenses			
Operations and artistic administration	15,515,689	-	15,515,689
Education	505,841	-	505,841
Marketing	2,597,225	-	2,597,225
Administration and support	2,699,657	-	2,699,657
Fund-raising	1,493,018	-	1,493,018
In-kind expenses	374,198	-	374,198
Total orchestra operating expenses	23,185,628	-	23,185,628
Symphony Center operating expenses			
Concessions and symphony store	628,936	-	628,936
Management and building operations	3,126,529	-	3,126,529
Total Symphony Center operating expenses	3,755,465	-	3,755,465
Total operating expenses before depreciation	26,941,093	-	26,941,093
Deficit before support, investment income and depreciation	(11,288,559)	-	(11,288,559)
Support			
Contributions	6,535,350	813,320	7,348,670
Grants	249,700	203,200	452,900
Fund-raising events	1,077,163	-	1,077,163
In-kind contributions	374,198	-	374,198
Total support	8,236,411	1,016,520	9,252,931
Net assets released from restrictions	2,537,075	(2,537,075)	-
Deficit before investment income and depreciation	(515,073)	(1,520,555)	(2,035,628)
Investment income, net			
Net investment income	129,585	-	129,585
Net beneficial interests in trust income	301,030	-	301,030
Total investment expenses	(125,123)	-	(125,123)
Total investment income, net	305,492	-	305,492
Deficit before depreciation	(209,581)	(1,520,555)	(1,730,136)
Depreciation	(2,494,048)	-	(2,494,048)
Decrease in net assets	(2,703,629)	(1,520,555)	(4,224,184)
Net assets at beginning of year	66,863,004	8,191,695	75,054,699
Net assets at end of year	$ 64,159,375	$ 6,671,140	$ 70,830,515

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Year ended July 31, 2020 (with comparative July 31, 2019 information)

	Program Expenses						
	Orchestra and Concert Operations	Schermerhorn Symphony Center	Total Program Expenses	General and Administrative Expenses	Fund-raising Expenses	2020 Total	2019 Total
Salaries and benefits	$ 10,584,227	$ 1,238,414	$ 11,822,641	$ 1,530,449	$ 829,123	$ 14,182,213	$ 14,701,045
Accelerando	96,276	-	96,276	-	-	96,276	132,782
Advertising	547,398	-	547,398	-	-	547,398	720,958
Assisting artists' fees and guest conductor	3,149,153	-	3,149,153	-	-	3,149,153	4,733,933
Bad debt expense	-	-	-	-	160,802	160,802	50,565
Bank charges	-	-	-	249,817	-	249,817	319,636
Concert production	198,683	-	198,683	-	-	198,683	380,474
Cost of goods sold	-	67,787	67,787	-	-	67,787	206,764
Debt service	-	650,000	650,000	-	-	650,000	650,000
Dues and subscriptions	-	-	-	41,572	-	41,572	50,072
Ensemble	15,467	-	15,467	-	-	15,467	19,245
Gain on sale of property and equipment	-	(46,420)	(46,420)	-	-	(46,420)	(8,000)
General contracts	-	62,411	62,411	-	-	62,411	78,798
Hall rental	2,400	-	2,400	-	-	2,400	16,083
Housekeeping and janitorial	-	156,975	156,975	-	-	156,975	251,625
Information technology	-	-	-	280,067	-	280,067	280,360
Instrument rental and repair	203,111	-	203,111	-	-	203,111	434,086
Insurance	-	162,381	162,381	120,258	-	282,639	273,828
Meals and entertainment	-	347	347	21,917	-	22,264	40,633
Music purchase, rental, royalties and commissions	250,743	-	250,743	-	-	250,743	381,492
Office supplies and maintenance	-	5,256	5,256	46,263	-	51,519	59,955
Parking	-	-	-	944	-	944	3,449
Postage	63,408	-	63,408	-	15,782	79,190	103,799
Printing	78,592	-	78,592	-	50,437	129,029	150,335
Professional fees	-	-	-	161,620	234,311	395,931	385,856
Security	-	139,521	139,521	-	-	139,521	206,838
Symphony store	-	74,087	74,087	-	-	74,087	93,049
Taxes and licenses	-	4,668	4,668	-	-	4,668	8,455
Telemarketing	730,198	-	730,198	-	-	730,198	456,806
Telephone	-	-	-	14,213	-	14,213	15,757
Tools, equipment and maintenance	-	44,660	44,660	-	-	44,660	68,010
Travel	8,303	-	8,303	-	9,070	17,373	43,206
Truck rental	5,398	-	5,398	-	-	5,398	8,066
Utilities	-	613,027	613,027	-	-	613,027	688,279
Valet service	-	10,800	10,800	-	-	10,800	12,000
Miscellaneous	154,364	37,206	191,570	45,891	94,933	332,394	548,656
In-kind expenses	211,457	-	211,457	-	-	211,457	374,198
Total expenses	$ 16,299,178	$ 3,221,120	$ 19,520,298	$ 2,513,011	$ 1,394,458	$ 23,427,767	$ 26,941,093

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Year ended July 31, 2019

	Program Expenses					
	Orchestra and Concert Operations	Schermerhorn Symphony Center	Total Program Expenses	General and Administrative Expenses	Fund-raising Expenses	2019 Total
Salaries and benefits	$ 10,875,023	$ 1,279,605	$ 12,154,628	$ 1,579,834	$ 966,583	$ 14,701,045
Accelerando	132,782	-	132,782	-	-	132,782
Advertising	720,958	-	720,958	-	-	720,958
Assisting artists' fees and guest conductor	4,733,933	-	4,733,933	-	-	4,733,933
Bad debt expense	-	-	-	-	50,565	50,565
Bank charges	-	-	-	319,636	-	319,636
Concert production	380,474	-	380,474	-	-	380,474
Cost of goods sold	-	206,764	206,764	-	-	206,764
Debt service	-	650,000	650,000	-	-	650,000
Dues and subscriptions	-	-	-	50,072	-	50,072
Ensemble	19,245	-	19,245	-	-	19,245
Gain on sale of property and equipment	-	(8,000)	(8,000)	-	-	(8,000)
General contracts	-	78,798	78,798	-	-	78,798
Hall rental	16,083	-	16,083	-	-	16,083
Housekeeping and janitorial	-	251,625	251,625	-	-	251,625
Information technology	-	-	-	280,360	-	280,360
Instrument rental and repair	434,086	-	434,086	-	-	434,086
Insurance	-	165,743	165,743	108,085	-	273,828
Meals and entertainment	-	221	221	40,412	-	40,633
Music purchase, rental, royalties and commissions	381,492	-	381,492	-	-	381,492
Office supplies and maintenance	-	8,788	8,788	51,167	-	59,955
Parking	-	-	-	3,449	-	3,449
Postage	84,577	-	84,577	-	19,222	103,799
Printing	104,296	-	104,296	-	46,039	150,335
Professional fees	-	-	-	138,532	247,324	385,856
Security	-	206,838	206,838	-	-	206,838
Symphony store	-	93,049	93,049	-	-	93,049
Taxes and licenses	-	8,455	8,455	-	-	8,455
Telemarketing	456,806	-	456,806	-	-	456,806
Telephone	-	-	-	15,757	-	15,757
Tools, equipment and maintenance	-	68,010	68,010	-	-	68,010
Travel	26,510	-	26,510	-	16,696	43,206
Truck rental	8,066	-	8,066	-	-	8,066
Utilities	-	688,279	688,279	-	-	688,279
Valet service	-	12,000	12,000	-	-	12,000
Miscellaneous	244,424	45,290	289,714	112,353	146,589	548,656
In-kind expenses	374,198	-	374,198	-	-	374,198
Total expenses	$ 18,992,953	$ 3,755,465	$ 22,748,418	$ 2,699,657	$ 1,493,018	$ 26,941,093

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
Years ended July 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Decrease in net assets	$ (7,652,086)	$ (4,224,184)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,593,252	2,494,048
Gain on sale of property and equipment	(46,420)	(8,000)
Loss (gain) on sale of investments and beneficial interests in trust	299,605	(17,934)
Unrealized gain on investments and beneficial interests in trust	(172,600)	(68,562)
Bad debt expense	160,802	50,565
Contributions with perpetual restrictions	(53,499)	(4,687)
Net change in assets and liabilities:		
Accounts and contributions receivable	1,112,196	83,837
Prepaid expenses and other current assets	506,751	722,255
Accounts payable and accrued liabilities	903,731	70,494
Deferred revenue	(767,935)	(23,448)
Net cash used in operating activities	(3,116,203)	(925,616)
Cash flows from investing activities		
Purchases of property and equipment	(192,185)	(1,729,303)
Proceeds from sale of property and equipment	46,420	8,000
Proceeds from sales of investments and beneficial interests in trust	10,648,891	3,407,127
Purchases of investments and beneficial interests in trust	(8,799,247)	(4,451,717)
Net cash provided by (used in) investing activities	1,703,879	(2,765,893)
Cash flows from financing activities		
Borrowings on installment note payable	2,847,380	-
Proceeds from contributions with perpetual donor restrictions	53,499	4,687
Net cash provided by financing activities	2,900,879	4,687
Net change in cash and cash equivalents	1,488,555	(3,686,822)
Cash and cash equivalents at beginning of year	3,771,849	7,458,671
Cash and cash equivalents at end of year	$ 5,260,404	$ 3,771,849
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 325,000	$ 650,000

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities: The Nashville Symphony Association (the "Association") is dedicated to achieving the highest standard for excellence in musical performance and educational programs, while engaging the community, enriching audiences and shaping cultural life. Funding for operations comes primarily from ticket sales, concert and other sponsorships, grants, venue rental, concessions and contributions. Contributions are received from individuals, guilds, foundations, corporations and other donating bodies.

The Nashville Symphony Endowment Trust ("NSET") is a separate entity that was formed for the purpose of supporting the Association. The NSET, structured as a Board-imposed irrevocable trust, was intended by the Association's Board of Directors to support the general operation of the Association in perpetuity subject to the terms of the NSET and was funded with proceeds of various capital campaigns in 1989 and 1999. These NSET funds are included as part of the Beneficial Interests in Trust line in the accompanying Statements of Financial Position.

Due to the purpose for which the NSET was formed, the Association and the NSET are considered to be financially interrelated organizations. The Association has recognized its interest in the net assets of the NSET in its financial statements. NSET qualifies under Internal Revenue Service guidelines as a functionally integrated Type I supporting organization.

Basis of Presentation: The accompanying financial statements of the Association have been prepared on the accrual basis and include the assets, liabilities and financial activities of all program services of the Association. In accordance with U.S. generally accepted accounting principles, the financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions. Net assets are classified as without donor restriction or with donor restriction as described below:

> *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 Association. Net assets without donor restrictions include undesignated net assets and net assets that are Board designated for endowment or other purposes.
>
> *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature while others are perpetual in nature. These restrictions may be purpose-restricted or time-restricted.

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

Operations: The nature of the Association's operations involves support from donors and activities directly related to the production of concerts and fund-raising expenses. The Association's investments and beneficial interests in trust and related activities, as well as activity related to the "A Time for Greatness" (ATFG) and "Sustaining Greatness" (SG) campaigns are not considered to be part of operations and are reported separately.

Contributions: Contributions received and unconditional promises to give are recognized when such gifts or promises are received. Contributions are recorded as net assets with or without restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions to support future symphony seasons received prior to year-end are recognized as income with donor restrictions. If a restriction has been met in the same year that it was imposed, then the revenues are reflected in net assets without donor restrictions.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction accomplished, net assets with donor restrictions are released from restrictions and reclassified to net assets without donor restrictions. During the years ended July 31, 2020 and 2019, the Association released net assets with donor restrictions to net assets without donor restrictions in the amounts of $1,257,244 and $2,537,075, after meeting stipulated time or purpose restrictions.

Contributions received in which donors have stipulated that the principal be maintained in perpetuity are also classified as net assets with donor restrictions. The earnings from these net assets are classified as with donor restrictions until appropriated for use in current operating expenses by the board, as these donations were silent to usage of earnings.

Cash and Cash Equivalents: The Association considers all highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents for the Statement of Cash Flows.

Accounts Receivable: Accounts receivable primarily consists of balances owed for catering and venue rental for special events hosted at the Schermerhorn Symphony Center. Interest is not charged on past due accounts receivable.

Contributions Receivable: Contributions to be received within the next 12 months or with restrictions that have been met at year-end are classified as current assets. Contributions designated by the donor to be received more than 12 months after year-end are discounted and classified as noncurrent assets. The Association calculates the net present value of the contribution using the treasury rate and payment streams as of the date of the pledge made by the donor.

The Association does not require collateral or other security to support the receivables or accrue interest on any of its receivables. The allowance for uncollectible pledges is determined by management based on the historical collection of pledges, specific donor circumstances and general economic conditions. Periodically, management reviews contributions receivable and records an allowance for specific donors based on current circumstances. Receivables are charged off against the allowance when all attempts to collect the receivable have failed.

Investments and Beneficial Interests in Trust: The Association's investments and beneficial interests in trust are held at one financial institution, which manages the funds they hold within guidelines established by the Trust Advisory Board and implemented by the investment firm. The Association also has a separate Trustee who provides compliance and oversight to the investment firm. These NSET funds are reported in non-current assets as beneficial interests in trust and qualify as a board-designated endowment without donor restrictions. The Association receives regular distributions from NSET according to the terms of the trust documents and amendments.

Investments are valued at fair value as determined by the investment advisors and are based on quoted prices in an active market. Unrealized gains and losses in fair value are recognized as changes in net assets in the period such gains and losses occur. Investments budgeted for use in operations during the next fiscal year are classified as current assets. At July 31, 2020 and 2019, there were no investments classified as current for this purpose.

Investment income is recorded on the accrual basis and considered without donor restrictions unless specifically restricted by the donor. Realized gains and losses on investment transactions are recorded as the difference between proceeds received and cost, net of any commissions or related management expenses.

Investment securities are exposed to various risks such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities and the sensitivity of certain fair value estimates to changes in valuation assumptions, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Association.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Property and equipment are stated at cost. Donated property is recorded at fair value. Depreciation is computed on a straight-line basis over the estimated useful lives of assets, ranging from three to fifty years. Certain assets such as land and some instruments and art are considered non-depreciable.

The Association owns a viola and cello, with a cost of $1,975,000, that are used in performances on a permanent basis. The Association has the ability and intent to retain the instruments. The instruments are classified as assets with donor restrictions, recorded at cost and are not depreciated.

Impairment of Long-Lived Assets: On an ongoing basis, the Association reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Association recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of July 31, 2020 and 2019, management believes that no impairment existed.

Advertising: At July 31, 2020 and 2019, prepaid expenses included $32,768 and $462,502 of capitalized direct response advertising costs. The costs are related to the annual season ticket drive, which incorporates brochure and telemarketing solicitation of potential season ticket holders. The capitalized direct response advertising costs are amortized over the following year's symphony season. Outside of the annual season ticket drive, all other advertising costs are expensed as incurred.

Concentrations of Credit Risk: Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash on deposit, receivables, investments and beneficial interests in trust. The Association's cash deposits are primarily in financial institutions in Tennessee and may at times exceed federally insured amounts. Concentrations of credit risk with respect to receivables are limited to individuals, corporations, ticket subscribers, patrons and associations and are not collateralized. Investments and beneficial interests in trust consist primarily of publicly-traded securities and mutual funds in an open market. Management does not believe the Association has any significant credit risk related to its financial instruments.

Fair Value Measurements: Fair value is the price that would be received by the Association for an asset or paid by the Association to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Association's principal or most advantageous market for the asset or liability. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

> Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Association has the ability to access as of the measurement date.
>
> Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Significant unobservable inputs that reflect the Association's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: Concert sponsorships, contributions and grants are recognized as support upon receipt of the pledge from donor or grant approval for the donating entity. Season ticket sales and other support attributable to the current concert season are recorded as deferred revenue and recognized over the course of the season. Season ticket sales for the next concert season are recorded as deferred revenue in the current year. Any refunds of performances yet to occur are recorded directly against the related deferred revenue balances.

Federal Income Taxes: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes has been made in the accompanying financial statements.

In accordance with applicable guidance, the Association will recognize a tax benefit only if it is more-likely-than-not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. As of July 31, 2020 and 2019, management is not aware of any uncertain tax positions. The Association does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Association did not recognize or accrue any interest or penalties related to uncertain tax positions as of July 31, 2020 and 2019, and for the years then ended.

Donated Services: Donated services from volunteers for fund-raising are not recorded in the accounts of the Association as a clear, measurable basis, for the monetary value of such services does not exist, and the Association does not exercise control over these activities.

In-Kind Contributions and Expenses: The Association receives donated services such as advertising, professional services and guest artist services that are recognized as in-kind contributions. The Association also incurs expenses related to the use of such services, which are reflected in operating expenses. In-kind contributions and expenses were $211,457 and $374,198 during the years ending July 31, 2020 and 2019, respectively.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Staff, committees, benefits and taxes expense line items are allocated based on time spent related to general and administrative and programmatic purposes. Consultants and vendors expenses are normally directly charged to the functional category to which they relate.

Accounting Pronouncements Issued, Not Yet Adopted: In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers ("Topic 606").* Topic 606 supersedes virtually all existing revenue recognition guidance, including industry-specific guidance, and replaces it with a single, comprehensive framework for recognizing revenue from contracts with customers. Topic 606 also requires enhanced disclosures about the Association's revenue from contract with customers.

As allowed by the FASB, the Association has elected to implement Topic 606 beginning with fiscal year 2021 using one of the two transition methods allowed in the guidance. The Association continues to assess the effect of Topic 606 on the Association's policies, processes, controls and disclosures. The Association does not anticipate material changes to the timing or recognition of revenues as a result of adoption of Topic 606.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to July 31, 2020 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2020. Management has performed their analysis through December 11, 2020, the date the financial statements were issued.

(Continued)

NOTE 2 – MANAGEMENT'S PLANS REGARDING GOING CONCERN

In December 2019, a novel strain of the coronavirus surfaced in Wuhan, China and subsequently spread around the world causing unprecedented disruptions in the global economy as efforts to contain the spread of the virus have intensified. On March 11, 2020, the World Health Organization officially declared the coronavirus outbreak (also referred to as COVID-19) a pandemic. The Association's operations have been and will continue to be adversely affected by the coronavirus pandemic. On March 15, 2020, the city of Nashville instituted 'shelter-in place' orders as well as guidance in response to the pandemic and the need to contain it. After carefully reviewing all rules, regulations, and orders, the Association was forced to postpone or cancel all concerts and events. The closure of the Association's Symphony Center had a material adverse effect on revenues and cash flows. There is uncertainty as to when the Symphony Center will be allowed to re-open and as such, the Association is likely to experience continued reduction of ticket sales and event revenue primarily due to COVID-19 and not a complete reduction in the Association's high operating costs. With no clear indication of how long the pandemic might last, and with dwindling cash reserves, the Association's Board of Directors voted to postpone all scheduled program activity through at least July 31, 2021, and to furlough all musicians and 75% of the administrative staff.

If the current pace of the coronavirus pandemic cannot be slowed and the spread of the virus is not contained, the Association's operations could be further delayed or interrupted. It is reasonably expected that government and health authorities may announce new or extend existing restrictions, which could require the Association to make further adjustments to operations in order to comply with any such restrictions. These adjustments could include extending the cancellation of any concerts further into the future. The adverse effects of the coronavirus pandemic on the Association could be material in future periods. The duration of any business disruption and related financial impact cannot be reasonably estimated at this time but may materially affect the Association's ability to operate and result in additional costs. The extent to which the coronavirus pandemic may impact operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted at this time, including new information that may emerge concerning the severity of the coronavirus and steps taken to contain the coronavirus or treat its impact, among others.

After the shutdown of concert and event operations, the Association did not make two quarterly interest payments on their mortgage note payable and was provided a formal notice of default. Although the Association is in negotiations with the note holder as discussed fully in Note 7, the mortgage note payable is classified as a current liability on the accompanying statement of financial position at July 31, 2020. Additionally, the Association has suffered recurring losses and negative cash flows from operations in the current year and prior to the COVID-19 pandemic. These factors coupled with the uncertainties related to the COVID-19 pandemic raise substantial doubt about the Association's ability to continue as a going concern within one year after the date the financial statements are issued.

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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 balance sheet date, comprise the following:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 5,260,404	$ 3,771,849
Accounts receivable	128,065	577,961
Contributions receivable, net	2,478,301	3,301,403
Investments	2,402,185	3,830,148
Beneficial interests in trust	9,354,329	9,903,015
Total financial assets	19,623,284	21,384,376
Less amounts unavailable for general expenditures within one year, due to:		
Board designations	(10,426,260)	(10,940,453)
Donor restrictions based upon purpose or time	(5,287,204)	(4,696,140)
Financial assets unavailable to be used within one year	(15,713,464)	(14,599,155)
Financial assets available to meet general expenditures within one year	$ 3,909,820	$ 5,747,783

The majority of the Association's board designated endowment of $10,426,260 is subject to an annual spending policy as discussed in detail in Note 12. The Association's management monitors cash daily, weekly, monthly and annually by forecasting the inflows and outflows of cash in order to satisfy the general operating expenditures of the Association. Additionally, the Board has adopted a strategy that focuses on growth of the investment portfolio with the goal of providing the maximum amount of funding to support the mission of the Association. This strategy includes a multifaceted investment allocation mix, which the overarching goal of maximizing earnings, and is not focused on maximizing liquidity.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2020	2019
Land	$ 3,500,000	$ 3,500,000
Building	131,582,504	131,543,589
Musical instruments – depreciable	2,239,909	2,170,015
Musical instruments – non-depreciable	1,975,000	1,975,000
Furniture and equipment	6,191,553	6,126,278
Art, décor and sculptures – non-depreciable	1,194,855	1,194,855
Construction in process - parking structure	1,096,411	1,096,411
	147,780,232	147,606,148
Less accumulated depreciation	(75,392,698)	(72,817,547)
	$ 72,387,534	$ 74,788,601

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2020 and 2019 consist of promises to give based on commitments made by corporate and individual donors, including board members. Receivables without donor restrictions include donations to the general fund and to the annual campaign. Receivables with donor restrictions include contributions to fund specific programs that will occur in the future. Collection of contributions receivable is anticipated over the following maturity schedules:

Year Ending July 31,	"A Time for Greatness" and "Sustaining Greatness"	Other	2020 Total	2019 Total
2020	$ -	$ -	$ -	$ 1,722,931
2021	195,726	1,046,159	1,241,885	611,500
2022	106,000	300,000	406,000	356,000
2023	105,000	150,000	255,000	205,000
2024	105,000	150,000	255,000	205,000
2025	105,000	-	105,000	105,000
Thereafter	900,000	-	900,000	900,000
Total	1,516,726	1,646,159	3,162,885	4,105,431
Less discount	(377,713)	(34,639)	(412,352)	(491,796)
Net present value of receivables	1,139,013	1,611,520	2,750,533	3,613,635
Less allowance for doubtful accounts	(235,000)	(37,232)	(272,232)	(312,232)
Contributions receivable, net	904,013	1,574,288	2,478,301	3,301,403
Current maturities, net	150,726	1,008,927	1,159,653	1,640,700
Noncurrent maturities, net	$ 753,287	$ 565,361	$ 1,318,648	$ 1,660,703

The Association's fund-raising campaign "A Time for Greatness" concluded in 2008. In 2010, the Association launched a new campaign, "Sustaining Greatness", to raise funds to support operations. While both of these campaigns have concluded, the Association still has receivables initially pledged under these campaigns. Contributions receivable from the "ATFG" and "SG" campaigns include $819,287 and $879,851, of assets with donor restrictions as of July 31, 2020 and 2019. During the years ended July 31, 2020 and 2019, the Association had collections totaling $2,821,880 and $2,679,347, respectively, from donors that are considered related parties, such as board members and others.

NOTE 6 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUST

Fair values of financial instruments are estimated using relevant market information and other assumptions. The following are descriptions of the valuation methods and assumptions used by the Association to estimate the fair values of investments and beneficial interests in trust.

Mutual funds: The fair values of mutual fund investments and common stock-based exchange-traded funds (ETF) are determined by obtaining quoted prices from a nationally recognized exchange (level 1 inputs). Bond-related ETF's are valued at the closing price reported in the active market in which the ETF is traded (level 1 inputs)

(Continued)

NOTE 6 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUST (Continued)

Beneficial Interests in Trust: The fair values of the Association's investments in beneficial interests in trust have been determined based on the net asset values of the underlying investments as a practical expedient and have not been classified in a specific level within the fair value hierarchy.

Investments and beneficial interests in trust measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At July 31, 2020:				
Investments:				
Mutual funds:				
Money market funds	$ 54,133	$ -	$ -	$ 54,133
Domestic equity funds	1,251,376	-	-	1,251,376
Fixed income bond funds	1,096,676	-	-	1,096,676
Total investments	2,402,185	-	-	2,402,185
Beneficial interests in trust	-	-	-	9,354,329
Total investments and beneficial interests in trust at July 31, 2020	$ 2,402,185	$ -	$ -	$ 11,756,514
At July 31, 2019:				
Investments:				
Mutual funds:				
Money market funds	$ 71,942	$ -	$ -	$ 71,942
Domestic equity funds	2,681,468	-	-	2,681,468
Fixed income bond funds	1,076,738	-	-	1,076,738
Total investments	3,830,148	-	-	3,830,148
Beneficial interests in trust	-	-	-	9,903,015
Total investments and beneficial interests in trust at July 31, 2019	$ 3,830,148	$ -	$ -	$ 13,733,163

Investment income, net of related fees and expenses, is as follows for the years ended July 31, 2020 and 2019:

	2020	2019
Dividends	$ 347,708	$ 344,119
Realized gains/(losses), net	(299,605)	17,934
Unrealized gains, net	172,600	68,562
Trustee, management and professional fees	(95,043)	(125,123)
	$ 125,660	$ 305,492

(Continued)

NOTE 7 – MORTGAGE NOTE PAYABLE

The Association has a mortgage note payable for twenty million dollars that is held by a private entity affiliated with a board member of the Association. The note is due in July 2025 and bears interest at a fixed rate of 3.25%. Quarterly interest payments are due on January 31, April 30, July 31 and October 31 of each year. The note is secured by the building.

After the shutdown of concert and event operations discussed in Note 2, the Association did not make two quarterly interest payments on their mortgage note payable during the year ended July 31, 2020. Subsequent to year end, the Association received a formal notice of default that included a discussion on possible forbearance for a period of time. The Association is in negotiations with the note holder regarding forbearance of any collections or acceleration of maturities, including the stipulations of certain nonfinancial reporting conditions and the period of forbearance. Accordingly, the entire balance of the mortgage note payable is presented as a current liability on the accompanying statement of financial position at July 31, 2020.

NOTE 8 – INSTALLMENT NOTE PAYABLE

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic discussed in Note 2, the Association received a Paycheck Protection Program (PPP) loan on April 15, 2020 in the principal amount of $2,847,380 from the US Small Business Administration (SBA). The PPP loan has a stated interest rate of 1% per annum and no payments of principal or interest are required until the end of a statutorily provided deferral period, which occurs when the SBA concludes on the amount of the loan that will be forgiven. The contractual maturity date of the loan is April 15, 2022.

Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if the Association utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels for a specified period of time. Although the Association believes the conditions for full forgiveness of the PPP loan will be met, ultimate forgiveness also is conditioned upon the SBA concurring with the Association's good-faith assessment that the current economic uncertainty made the loan request necessary to support ongoing operations and the loan proceeds were used for admissible expenses. If the Association is later determined to have violated the provisions of the Paycheck Protection Program, the Association may be required to repay the PPP loan in its entirety and/or be subject to additional penalties.

If not forgiven, the loan requires 18 monthly payments beginning in November 2020 through maturity in April 2022. The Association believes it has followed the guidelines established by the federal government and does not foresee any issue with full forgiveness of the loan. However, as such forgiveness cannot be assured until received, the Association has presented the full amount of the loan of $2,847,380 as an installment note payable on the accompanying statement of financial position. Subsequent to year-end, the Association applied for loan forgiveness and is awaiting approval by the SBA based on their review of the Association's expenditures and eligibility under the provisions of the PPP.

NOTE 9 - BENEFIT PLANS

The Association has a defined contribution pension plan, which covers all full-time non-orchestra employees of the Association with one year of credited service. This plan is designed to conform to Internal Revenue Code Section 403(b) and to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The Association's contributions to the plan are based upon a percentage of the participant's salary and are entirely discretionary. There were no contributions to the plan during the years ended July 31, 2020 and 2019.

(Continued)

NOTE 9 - BENEFIT PLANS (Continued)

The Association also has a voluntary tax-sheltered annuity plan, which covers all full-time employees of the Association. This plan is not subject to ERISA requirements as there is limited involvement by the Association. It is a contributory plan whereby contributions are made entirely by plan participants.

In addition, the Association participates in a multi-employer defined benefit plan administered by a national trust, known as the American Federation of Musicians and Employers' Pension Fund, which covers all union musician employees of the Association. This plan is also designed to conform to the requirements of ERISA. Contributions to the plan are based upon a percentage of the participant's salary, as determined by the terms of the Collective Bargaining Agreement between the Association and American Federation of Musicians Local 257. Participants do not contribute to the plan. The Association contributed $494,167 and $514,525 to the plan in 2020 and 2019. The risks of participating in a multi-employer pension plan ("MEPP") differ from single-employer plans. The potential risks include, but are not limited to, the use of the Association's contributions to provide benefits to employees of other participating employers, the Association becoming obligated for other participating employers' unfunded obligations, and, upon the Association's withdrawal from a plan, the Association being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The plan in which the Association participated in the years ended July 31, 2020 and 2019 is summarized in the table below. The Pension Protection Act ("PPA") zone status represents the most recent available information from the MEPP which is for the plan year ended March 31, 2019 and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

Pension Fund	Employer ID Number/ Pension Plan Number	PPA Zone Status	FIP/RP Status [2]	2020	2019	Contributions Greater Than 5% of Total Plan Contributions [1]	Expiration Date of CBA
American Federation of Musicians and Employers' Pension Plan	51-6120204	Red	Yes	$ 494,167	$ 514,525	No	July 2022

[1] This information was obtained from the respective plan's Form 5500 for the most current available and prior year filing. These dates may not correspond with the Association's calendar year contributions. The above noted percentage of total plan contributions column is based upon disclosures contained in the plan's Form 5500 filing ("Forms"). Those Forms, among other things, disclose the names of individual participating employers whose annual contributions account for more than 5% of the aggregate annual amount contributed by all participating employers for plan years 2020 and 2019.

[2] The FIP/RP Status column indicates a yes or no for plans which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Association is subject to a collective bargaining agreement whereby certain requirements and restrictions are placed upon the Association in return for qualified union musicians. The agreement establishes various requirements including compensation, pension funding and other terms of employment, and places certain other restrictions upon the Association.

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NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Subsequent to year-end, the Association revised its collective bargaining agreement effective December 4, 2020. This revised collective bargaining agreement provides musicians with a weekly wages of $500, for which the musicians will commit to participating in community performances and other activities to be determined in collaboration with the orchestra's administrative staff. The Association will also continue to provide musicians with health insurance benefits for the duration of the agreement, which ends July 31, 2021. Due to the short-term nature of this agreement, negotiations between the Association and the musicians will continue with the goal of reaching a new agreement before the start of the 2021-2022 season. Also, under the terms of the agreement, musicians will engage in a variety of activities as the Association continues to work toward its return to normal operations.

The Association is party to various legal proceedings incidental to its operations. In management's opinion, all such matters are covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, which would not have a significant effect on the financial position or results of operations of the Association if disposed of unfavorably.

NOTE 11 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods at July 31, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Annual campaign and fund-raising events	$ 2,280,677	$ 1,338,519
Debt service and building maintenance	625,961	663,316
Operating activities of the Association	819,287	879,851
	3,725,925	2,881,686
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	623,709	930,383
Subject to spending policy and appropriation:		
Investment in perpetuity (including amounts above original gift amounts of $715,166), which, once appropriated, is expendable to support any activities of the Association	937,570	884,071
Not subject to appropriation or expenditures:		
Musical instruments required to be used by the Association	1,975,000	1,975,000
Total net assets with donor restrictions	$ 7,262,204	$ 6,671,140

Additionally, the Association's board has designated, from net assets without donor restrictions, the Association's beneficial interests in trust and a portion of the investments as a board designated quasi endowment. The board designated endowment totaled $10,426,260 and $10,940,453 at July 31, 2020 and 2019, respectively.

(Continued)

NOTE 12 – ENDOWMENT ASSETS

The Association's endowment assets consist of donor restricted funds required to be held in perpetuity and certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. Endowment net asset composition by type of fund is as follows as of July 31, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
As of July 31, 2020			
Board designated endowment	$ 10,426,260	$ -	$ 10,426,260
Donor restricted funds:			
Original donor restricted gift amounts required to be maintained in perpetuity by donors	-	715,166	715,166
Additional gift amounts required to be maintained until appropriated and expendable	-	222,404	222,404
	$ 10,426,260	$ 937,570	$ 11,363,830
As of July 31, 2019:			
Board designated endowment	$ 10,940,453	$ -	$ 10,940,453
Donor restricted funds:			
Original donor restricted gift amounts required to be maintained in perpetuity by donors	-	715,166	715,166
Additional gift amounts required to be maintained until appropriated and expendable	-	168,905	168,905
	$ 10,940,453	$ 884,071	$ 11,824,524

Changes in endowment net assets for years ended July 31, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
2020			
Beginning net assets	$ 10,940,453	$ 884,071	$ 11,824,524
Investment return	20,028	-	20,028
Transfers, net	(534,221)	-	(534,221)
Contributions	-	53,499	53,499
Ending net assets	$ 10,426,260	$ 937,570	$ 11,363,830
2019			
Beginning net assets	$ 10,241,921	$ 879,319	$ 11,121,240
Investment return	192,128	-	192,128
Transfers, net	(531,034)	-	(531,034)
Contributions	1,037,438	4,752	1,042,190
Ending net assets	$ 10,940,453	$ 884,071	$ 11,824,524

(Continued)

NOTE 12 – ENDOWMENT ASSETS (Continued)

Interpretation of UPMIFA: The Board of Directors have interpreted the Tennessee Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of perpetually restricted gifts donated to the Association, (b) the original value of subsequently perpetually restricted gifts donated to the Association, and (c) accumulations to the Association made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Association's assets.

From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related amounts with temporary donor restrictions are reported as an offset to net assets without donor restrictions. There were no deficiencies in these funds as of July 31, 2020 and 2019.

Return Objectives and Risk Parameters: The Association's investment objectives are 1) to preserve principal assets, 2) to grow the real purchasing power of the assets above inflation, and 3) to control and mitigate the risks that act against the long-term growth of the assets, such as poor performance by investment managers and excessive fees. A key component in pursuit of these objectives is the adequate diversification of investment funds among and within asset classes. The Association's investments may from time to time be subject to constraints that will dictate changes in the asset mix, liquidity characteristics, and, potentially, time horizon.

Spending Policy: The Association's beneficial interests in trust are subject to various distribution restrictions based upon the terms of the Trust Agreement of the Nashville Symphony Association. The NSET shall make quarterly distributions to or for the benefit of the Association. The distributions shall be based upon the "rolling 3-year average" of the market value of the investments held in the NSET, being the sum of the market value of the Trust determined on and as of the last day of each of the immediately preceding 12 calendar quarters, divided by 12. For purposes of this, the "market value" of the Trust, to be determined on and as of the last day of each applicable quarter, shall consist of the market value of the principal of the trust estate (to include stocks, bonds and mutual funds and unrealized gains and losses thereon), cash and cash equivalents. The distributions shall be an amount equal to one and 25/100 percent (1.25%) per quarter of the "average market value" of the trust estate (to include both principal and income as of the applicable date) of the Trust.

The Trust Advisory Board may direct the Trustee to withhold some or all of any distribution and may request distributions to be made less frequently than quarterly. The Trustee shall not make any distribution in the event the market value (as defined) has decreased in value for two successive quarters unless the Executive Committee of the Association and the Trust Advisory Board so directs the Trustee to make a distribution. In the event the market value declines for three successive quarters, the Trustee shall withhold all distributions until directed by the Trust Advisory Board and the Executive Committee of the Association, and the Executive Committee shall meet to review the distribution policy set forth herein prior to directing the Trustee to do so. Distributions may not exceed one and 25/100 percent (1.25%) of the "rolling 3-year average" in any calendar quarter. Distributions, at the request of the Trust Advisory Board, may be deferred until such time as is convenient with the financial needs of the Association.

The Trustee shall make all calculations necessary to determine the market valuations and amount of distributions. The decision of the Trustee shall be final. During the fiscal year 2020, the trustee calculated the trust distributions to the Association at $534,221. Subsequent to July 31, 2020, there has been a 1.25% trust distribution to the Association in the amount of $130,842.

(Continued)

NOTE 12 – ENDOWMENT ASSETS (Continued)

Other than as allowed by the Trust Agreement, the Trustee may not encroach upon the principal of the Trust or any other funds contributed to this Trust pursuant to the provisions of or otherwise and to be administered hereunder except and only to the extent that the terms and conditions of such contributions specifically allow encroachment, which terms and conditions shall be communicated in writing to the Trustee by the Trust Advisory Board which shall also direct or authorize any encroachment in accordance with such terms and conditions.

The rights and obligations of the Association are described more fully in the Trust Agreement which also includes a “spendthrift” clause that is intended to restrain both voluntary and involuntary transfers of the Association's interest in the Trust to the fullest extent allowed by the laws of the State of Tennessee.