NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS
July 31, 2018 and 2017

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

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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 the Nashville Symphony Association (a nonprofit organization), which comprise the statements of financial position as of July 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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, 2018 and 2017, and the change 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.

Crowe LLP

Crowe LLP

Franklin, Tennessee
October 10, 2018

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,458,671	$ 8,078,176
Accounts receivable	800,995	1,023,066
Prepaid expenses and other assets	1,742,045	1,088,412
Certificates of deposit	-	2,400,000
Contributions receivable, net	1,360,420	2,154,849
Other receivable	-	112,315
Total current assets	11,362,131	14,856,818
Noncurrent assets		
Contributions receivable, net	1,852,351	2,086,576
Investments	2,360,156	841,571
Beneficial interests in trusts	10,241,921	10,081,049
Property and equipment, net	75,553,346	77,614,930
Total noncurrent assets	90,007,774	90,624,126
Total assets	$ 101,369,905	$ 105,480,944
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 914,989	$ 805,868
Deferred revenues	5,400,217	6,216,741
Note payable - current	-	632,192
Total current liabilities	6,315,206	7,654,801
Long-term liabilities		
Note payable	20,000,000	20,000,000
Total long-term liabilities	20,000,000	20,000,000
Total liabilities	26,315,206	27,654,801
Net assets		
Unrestricted	66,863,004	68,700,467
Temporarily restricted	5,337,376	6,435,510
Permanently restricted	2,854,319	2,690,166
Total net assets	75,054,699	77,826,143
Total liabilities and net assets	$ 101,369,905	$ 105,480,944

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2018 (with comparative July 31, 2017 information)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Operating revenues					
Program revenues					
Ticket sales	$ 11,209,431	$ -	$ -	$ 11,209,431	$ 10,435,010
Orchestra fee engagements	417,108	-	-	417,108	481,603
Concert hall rental	589,416	-	-	589,416	685,300
Ancillary rental	90,050	-	-	90,050	120,650
Concessions and symphony store	1,114,304	-	-	1,114,304	1,107,759
Expense reimbursements	344,115	-	-	344,115	308,595
Interest and other income	2,255,273	-	-	2,255,273	2,140,981
Total program revenues	16,019,697	-	-	16,019,697	15,279,898
Community Foundation distribution	436,500	-	-	436,500	475,700
Total operating revenues	16,456,197	-	-	16,456,197	15,755,598
Operating expenses					
Orchestra operating expenses					
Operations and artistic administration	15,548,623	-	-	15,548,623	14,637,909
Education	435,828	-	-	435,828	366,572
Marketing	2,622,285	-	-	2,622,285	2,525,278
Administration and support	2,754,681	-	-	2,754,681	2,589,381
Fund-raising	1,430,415	-	-	1,430,415	1,385,912
In-kind expenses	377,525	-	-	377,525	405,311
Total orchestra operating expenses	23,169,357	-	-	23,169,357	21,910,363
Symphony Center operating expenses					
Concessions and symphony store	666,995	-	-	666,995	671,780
Management and building operations	1,377,827	-	-	1,377,827	2,300,139
Total Symphony Center operating expenses	2,044,822	-	-	2,044,822	2,971,919
Casualty recovery from flood					
FEMA flood proceeds	-	-	-	-	(112,315)
Total casualty recovery from flood	-	-	-	-	(112,315)
Total operating expenses before depreciation	25,214,179	-	-	25,214,179	24,769,967
Deficit before support, investment income and depreciation	(8,757,982)	-	-	(8,757,982)	(9,014,369)
Support					
Contributions	5,279,134	736,252	164,153	6,179,539	5,790,762
Grants	262,130	15,000	-	277,130	265,405
Fund-raising events	862,494	804	-	863,298	834,030
In-kind contributions	377,525	-	-	377,525	405,311
Total support	6,781,283	752,056	164,153	7,697,492	7,295,508
Net assets released from restrictions	1,850,190	(1,850,190)	-	-	-
Surplus (deficit) before investment income and depreciation	(126,509)	(1,098,134)	164,153	(1,060,490)	(1,718,861)
Investment income, net					
Net investment income	83,296	-	-	83,296	-
Net beneficial interests in trusts income	711,734	-	-	711,734	894,966
Total investment expenses	(125,636)	-	-	(125,636)	(96,244)
Total investment income, net	669,394	-	-	669,394	798,722
Surplus (deficit) before depreciation	542,885	(1,098,134)	164,153	(391,096)	(920,139)
Depreciation	(2,380,348)	-	-	(2,380,348)	(2,634,844)
Increase (decrease) in net assets	(1,837,463)	(1,098,134)	164,153	(2,771,444)	(3,554,983)
Net assets at beginning of year	68,700,467	6,435,510	2,690,166	77,826,143	81,381,126
Net assets at end of year	$ 66,863,004	$ 5,337,376	$ 2,854,319	$ 75,054,699	$ 77,826,143

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Operating revenues				
Program revenues				
Ticket sales	$ 10,435,010	$ -	$ -	$ 10,435,010
Orchestra fee engagements	481,603	-	-	481,603
Concert hall rental	685,300	-	-	685,300
Ancillary rental	120,650	-	-	120,650
Concessions and symphony store	1,107,759	-	-	1,107,759
Expense reimbursements	308,595	-	-	308,595
Interest and other income	2,140,981	-	-	2,140,981
Total program revenues	15,279,898	-	-	15,279,898
Community Foundation distribution	475,700	-	-	475,700
Total operating revenues	15,755,598	-	-	15,755,598
Operating expenses				
Orchestra operating expenses				
Operations and artistic administration	14,637,909	-	-	14,637,909
Education	366,572	-	-	366,572
Marketing	2,525,278	-	-	2,525,278
Administration and support	2,589,381	-	-	2,589,381
Fund-raising	1,385,912	-	-	1,385,912
In-kind expenses	405,311	-	-	405,311
Total orchestra operating expenses	21,910,363	-	-	21,910,363
Symphony Center operating expenses				
Concessions and symphony store	671,780	-	-	671,780
Management and building operations	2,300,139	-	-	2,300,139
Total Symphony Center operating expenses	2,971,919	-	-	2,971,919
Casualty recovery from flood				
FEMA flood proceeds	(112,315)	-	-	(112,315)
Total casualty recovery from flood	(112,315)	-	-	(112,315)
Total operating expenses before depreciation	24,769,967	-	-	24,769,967
Deficit before support, investment income and depreciation	(9,014,369)	-	-	(9,014,369)
Support				
Contributions	5,086,540	652,527	51,695	5,790,762
Grants	265,405	-	-	265,405
Fund-raising events	834,030	-	-	834,030
In-kind contributions	405,311	-	-	405,311
Total support	6,591,286	652,527	51,695	7,295,508
Net assets released from restrictions	2,123,622	(2,123,622)	-	-
Surplus (deficit) before investment income and depreciation	(299,461)	(1,471,095)	51,695	(1,718,861)
Investment income, net				
Net beneficial interests in trusts income	894,966	-	-	894,966
Total investment expenses	(96,244)	-	-	(96,244)
Total investment income, net	798,722	-	-	798,722
Surplus (deficit) before depreciation	499,261	(1,471,095)	51,695	(920,139)
Depreciation	(2,634,844)	-	-	(2,634,844)
Increase (decrease) in net assets	(2,135,583)	(1,471,095)	51,695	(3,554,983)
Net assets at beginning of year	70,836,050	7,906,605	2,638,471	81,381,126
Net assets at end of year	$ 68,700,467	$ 6,435,510	$ 2,690,166	$ 77,826,143

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
Years ended July 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Decrease in net assets	$ (2,771,444)	$ (3,554,983)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,380,348	2,634,844
Gain on sale of property and equipment	(1,067,240)	(30,000)
Gain on sale of investments and beneficial interests in trusts	(260,640)	(926,209)
Unrealized loss (gain) on investments and beneficial interests in trusts, net	(174,677)	242,671
Bad debt expense (recoveries)	46,587	(12,759)
Contributions to permanently restricted net assets	(164,153)	(51,695)
Net change in assets and liabilities:		
Accounts and contributions receivable	1,316,453	4,275,566
Prepaid expenses and other current assets	(653,633)	219,302
Accounts payable and accrued liabilities	109,121	186,501
Deferred revenue	(816,524)	176,463
Net cash provided by (used in) operating activities	(2,055,802)	3,159,701
Cash flows from investing activities		
Purchases of property and equipment	(546,521)	(865,316)
Proceeds from sale of property and equipment	1,294,997	30,000
Proceeds of sale of certificates of deposit	2,400,000	-
Proceeds from sales of investments and beneficial interests in trusts	3,736,725	25,631,583
Purchases of investments and beneficial interests in trusts	(4,980,865)	(25,453,702)
Net cash provided by (used in) investing activities	1,904,336	(657,435)
Cash flows from financing activities		
Payments on note payable	(632,192)	(650,000)
Proceeds from permanently restricted contributions	164,153	51,695
Net cash used in financing activities	(468,039)	(598,305)
Net change in cash and cash equivalents	(619,505)	1,903,961
Cash and cash equivalents at beginning of year	8,078,176	6,174,215
Cash and cash equivalents at end of year	$ 7,458,671	$ 8,078,176

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.

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 have been prepared on the accrual basis and include the assets, liabilities and financial activities of all program services of the Association.

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 trusts 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.

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.

Cash and Cash Equivalents: The Association considers all highly liquid investments with a 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Beneficial Interests in Trusts: The Association's investments and beneficial interests in trusts are held in various financial institutions, which manage the funds they hold within guidelines established by the Trust Advisory Board and implemented by the investment firm. The financial institutions report directly to the Trust Advisory Board.

These NSET funds are reported in non-current assets as beneficial interests in trusts and qualify as an unrestricted board-designated endowment. 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, 2018 and 2017, there were no investments classified as current for this purpose.

Investment income is recorded on the accrual basis and considered unrestricted 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.

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 permanently restricted, 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, 2018 and 2017, management believes that no impairment existed.

Unrestricted Net Assets: Unrestricted net assets consist of funds that are available for use in current operations.

Temporarily Restricted Net Assets: Temporarily restricted net assets include certain grants and other contributions with donor imposed restrictions. These restrictions may be purpose-restricted or time-restricted. Unconditional promises to give are recognized when such promises are received. Contributions to support future symphony seasons received prior to year-end are recognized as temporarily restricted income. If a restriction has been met in the same year that it was imposed, then the revenues are reflected in unrestricted net assets. During the years ended July 31, 2018 and 2017, the Association released temporarily restricted net assets to unrestricted net assets in the amounts of $1,850,190 and $2,123,622, after meeting stipulated time or purpose restrictions.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted net assets are available for the following purposes at July 31, 2018 and 2017:

	2018	2017
Contributions receivable – “ATFG” & “SG” – available for operating expenditures	$ 1,519,665	$ 1,664,428
Annual campaign & fund-raising events	1,635,601	2,390,412
Debt service & building maintenance	2,182,110	2,380,670
	$ 5,337,376	$ 6,435,510

Permanently Restricted Net Assets: Contributions received in which donors have stipulated that the principal be maintained in perpetuity are classified as permanently restricted net assets. The earnings from permanently restricted net assets are temporarily restricted until appropriated for use in current operating expenses by the board, as permanently restricted donations were silent to usage of earnings.

Advertising: At July 31, 2018 and 2017, prepaid expenses included $401,529 and $420,322 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. Total promotional, marketing, telemarketing and advertising expense was $2,622,285 and $2,525,278 in 2018 and 2017.

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 trusts. 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 trusts 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.

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, 2018 and 2017, 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, 2018 and 2017, 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 $377,525 and $405,311 during the years ending July 31, 2018 and 2017.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to July 31, 2018 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2018. Management has performed their analysis through October 10, 2018, the date the financial statements were issued.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2018	2017
Land	$ 3,500,000	$ 4,824,167
Building	130,267,721	130,178,787
Musical instruments – depreciable	2,152,327	2,126,355
Musical instruments – non-depreciable	1,975,000	1,975,000
Furniture and equipment	5,690,531	5,313,917
Art, décor & sculptures – non-depreciable	1,194,855	1,194,855
Construction in process – parking structure	1,096,411	-
	145,876,845	145,613,079
Less accumulated depreciation	(70,323,499)	(67,998,151)
	$ 75,553,346	$ 77,614,930

Depreciation expense was $2,380,348 and $2,634,844 for the years ended July 31, 2018 and 2017.

NOTE 2 - PROPERTY AND EQUIPMENT (Continued)

During 2018, the Association exchanged land ($1,324,168) for cash ($1,250,000) and an interest in a parking structure that is under construction ($1,096,411), resulting in a gain on the transaction of $1,022,243, which is included in unrestricted management and building operations on the Statements of Activities and Changes in Net Assets.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2018 and 2017 consist of promises to give based on commitments made by corporate and individual donors, including board members. Unrestricted receivables include donations to the general fund and to the annual campaign. Temporarily restricted receivables 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	2018 Total	2017 Total
2018	$	$	$	$ 2,297,081
2019	460,123	982,529	1,442,652	488,500
2020	282,000	176,500	458,500	409,135
2021	260,135	154,999	415,134	367,000
2022	242,000	120,000	362,000	342,000
2023	141,000	100,000	241,000	241,000
Thereafter	1,110,000	100,000	1,210,000	1,210,000
Total	2,495,258	1,634,028	4,129,286	5,354,716
Less discount	(512,470)	(51,813)	(564,283)	(651,059)
Net present value of receivables	1,982,788	1,582,215	3,565,003	4,703,657
Less allowance for doubtful accounts	(315,000)	(37,232)	(352,232)	(462,232)
Contributions receivable, net	1,667,788	1,554,983	3,212,771	4,241,425
Current maturities, net	415,123	945,297	1,360,420	2,154,849
Noncurrent maturities, net	$ 1,252,665	$ 599,686	$ 1,852,351	$ 2,086,576

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. Contributions receivable from the "ATFG" and "SG" campaigns include $1,519,665 and $1,664,428 of temporarily restricted assets as of July 31, 2018 and 2017.

NOTE 4 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUSTS

Fair values of financial instruments are estimated using relevant market information and other assumptions. The Association's carrying amount for its cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable and note payable approximate fair value.

Following are descriptions of the valuation methods and assumptions used by the Association to estimate the fair values of investments and beneficial interests in trusts.

(Continued)

NOTE 4 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUSTS (Continued)

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)

Beneficial Interests in Trusts: The fair values of the Association's investments in beneficial interests in trusts 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 trusts 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, 2018:				
Investments:				
Mutual funds:				
Money market funds	$ 25,051	$ -	$ -	$ 25,051
Domestic equity funds	1,619,939	-	-	1,619,939
Fixed income bond funds	715,166	-	-	715,166
Total investments	2,360,156	-	-	2,360,156
Beneficial interests in trusts	-	-	-	10,241,921
Total investments and beneficial interests in trusts at July 31, 2018	$ 2,360,156	$ -	$ -	$ 12,602,077
At July 31, 2017:				
Investments:				
Mutual funds:				
Money market funds	$ 10,931	$ -	$ -	$ 10,931
Domestic equity funds	115,474	-	-	115,474
Fixed income bond funds	715,166	-	-	715,166
Total investments	841,571	-	-	841,571
Beneficial interests in trusts	-	-	-	10,081,049
Total investments and beneficial interests in trusts at July 31, 2017	$ 841,571	$ -	$ -	$ 10,922,620

(Continued)

NOTE 4 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUSTS (Continued)

Investment income, net of related fees and expenses, consists of the following for the years ended July 31, 2018 and 2017:

	2018	2017
Interest	$ -	$ 13,311
Dividends	359,640	178,941
Realized gains, net	260,640	926,209
Unrealized gains (losses), net	174,677	(242,671)
Other	73	19,176
Trustee, management and professional fees	(125,636)	(96,244)
	$ 669,394	$ 798,722

NOTE 5 - NOTE PAYABLE

On June 21, 2013, the Association refinanced its debt and issued a twenty million mortgage note payable bearing interest at prime maturing June 2018. In accordance with accounting for troubled debt restructurings, the twenty million mortgage note payable was initially recorded at $23,250,000, which included an estimate of all future cash payments on this note, including interest. The note payable is held by a private entity affiliated with a board member of the Association. The note is secured by the building. On November 30, 2016, the note was extended to July 2025 and amended to a fixed interest rate of 3.25%. As of July 31, 2018, the total note payable of $20,000,000 is classified as long-term and due July 2025.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

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.

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. The Association's current collective bargaining agreement is effective August 1, 2014 through July 31, 2018. Subsequent to year-end, the Association entered into a new collective bargaining agreement effective August 1, 2018 through July 31, 2022.

The Association has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes any required reimbursements would not be material to the financial statements of the Association.

The Association has entered into a license agreement whereby the Association may use certain intellectual properties in conjunction with its performances. Under the agreement, the Association is obligated to pay annual minimum guarantee fees for each of the fiscal years ending July 31, 2018 through 2021. Future annual minimum guarantee fees remaining under the agreement are $360,000 at July 31, 2018.

(Continued)

NOTE 7 - 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, 2018 and 2017.

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 $483,466 and $460,333 to the plan in 2018 and 2017.

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, 2018 and 2017 is summarized in the table below. The zone status included in the table is based on information that the Association received from the plan 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	EIN/ Pension Plan Number	PPA Zone Status [2]	FIP/RP Status	2018	2017	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	$ 483,466	$ 460,333	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 2018 and 2017.

(2) This zone status represents the most recent available information for the respective MEPP, which is for the plan year ended March 31, 2017.

NOTE 8 - RESTRICTIONS ON NET ASSETS

Permanently restricted net assets amounted to $2,854,319 and $2,690,166 at July 31, 2018 and 2017. Included in these permanently restricted net assets are investment funds and cash and cash equivalents restricted for investments of $879,319 and $715,166 to be held indefinitely, the income from which is expendable to support specific educational and operational activities of the Association. The remaining permanently restricted net assets at July 31, 2018 and 2017 consist of $1,975,000 of musical instruments owned by the Association for indefinite use by the Symphony.

Restricted net asset composition by type of fund as of July 31, 2018 and 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2018				
Donor restricted funds	$ -	$ -	$ 879,319	$ 879,319
Board designated endowment	10,241,921	-	-	10,241,921
	$ 10,241,921	$ -	$ 879,319	$ 11,121,240
2017				
Donor restricted funds	$ -	$ -	$ 715,166	$ 715,166
Board designated endowment	10,081,049	-	-	10,081,049
	$ 10,081,049	$ -	$ 715,166	$ 10,796,215

Changes in restricted net assets for years ended July 31, 2018 and 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2018				
Beginning restricted net assets	$ 10,081,049	$ -	$ 715,166	$ 10,796,215
Investment return:				
Investment income	285,979	-	-	285,979
Net appreciation	425,755	-	-	425,755
Administrative expenses	(102,954)	-	-	(102,954)
Total investment return	608,780	-	-	608,780
Transfers, net	(447,908)	-	-	(447,908)
Donor restricted contributions	-	-	164,153	164,153
Ending restricted net assets	$ 10,241,921	$ -	$ 879,319	$ 11,121,240

(Continued)

NOTE 8 - RESTRICTIONS ON NET ASSETS (Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2017				
Beginning restricted net assets	$ 9,669,101	$ -	$ 663,471	$ 10,332,572
Investment return:				
Investment income	211,090	-	-	211,090
Net appreciation	683,876	-	-	683,876
Administrative expenses	(96,244)	-	-	(96,244)
Total investment return	798,722	-	-	798,722
Transfers, net	(386,774)	-	-	(386,774)
Donor restricted contributions	-	-	51,695	51,695
Ending restricted net assets	$ 10,081,049	$ -	$ 715,166	$ 10,796,215

Interpretation of UPMIFA: The Board of Directors have interpreted the 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 permanently restricted net assets (a) the original value of permanently restricted gifts donated to the Association, (b) the original value of subsequently permanently 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 temporarily restricted amounts are reported as an offset to unrestricted net assets. There were no deficiencies in these funds as of July 31, 2018 and 2017.

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 trusts are subject to various distribution restrictions based on the trust documents and capital campaign. The trust distributions of 1989 capital campaign proceeds are limited to net income of the trust, and the trust distributions from the 1999 capital campaign proceeds are limited to quarterly amounts equal to 1.25% of average market value for the preceding twelve quarters.

(Continued)

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been reported based upon categories prescribed by management in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs of providing the various programs and activities have been summarized on a functional basis for the years ended July 31, 2018 and 2017 as follows:

	2018		2017	
Orchestra and concert operations	$ 18,984,261	75%	$ 17,935,070	72%
Schermerhorn Symphony Center	2,044,822	8%	2,971,919	12%
Total program	21,029,083	83%	20,906,989	84%
Administrative (G&A)	2,754,681	11%	2,589,381	10%
Fund-raising	1,430,415	6%	1,385,912	6%
FEMA proceeds	-	0%	(112,315)	0%
Total expenses	$ 25,214,179	100%	$ 24,769,967	100%