NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS
July 31, 2012 and 2011

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

FINANCIAL STATEMENTS
July 31, 2012 and 2011

CONTENTS

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

We have audited the accompanying statements of financial position of the Nashville Symphony Association (a nonprofit organization), as of July 31, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, as of July 31, 2012 there is evidence of potential impairment of long-lived assets. However, management has not completed an evaluation of impairment to determine the amount of impairment to record. The effects of this departure have not been determined.

In our opinion, except for the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Nashville Symphony Association as of July 31, 2012 and 2011, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, beneficial interests in trusts in the amount of $9,014,534 were reclassified from non-current investments in the 2011 financial statements.

The accompanying financial statements have been prepared assuming that the Association will continue as a going concern. As discussed in Note 13 to the financial statements, effective October 31, 2012 the Association was not in compliance with certain loan covenant provisions of its letter of credit supporting the variable rate revenue bonds. Bank of America did not offer to renew the Letter of Credit and the Association did not seek a renewal of the Letter of Credit supporting the variable rate revenue bonds. As a result, the bonds were subject to mandatory repurchase on April 1, 2013. The Letter of Credit was drawn down and the bonds repurchased by the Trustee on April 1, 2013. This issue raises substantial doubt about the Association's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Crowe Horwath LLP

Crowe Horwath LLP

Brentwood, Tennessee
May 1, 2013

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,409,963	$ 3,167,535
Accounts receivable	632,117	619,984
Investments	12,288,708	7,281,956
Prepaid expenses, and other current assets	2,302,936	1,806,070
Contributions receivable, net	5,519,907	5,541,457
Deferred bond issuance costs, net	1,014,561	-
Total current assets	31,168,192	18,417,002
Noncurrent assets		
Contributions receivable, net	12,501,667	24,758,312
Insurance proceeds receivable	4,409,269	14,218,351
Investments	22,834,568	34,726,353
Beneficial interests in trusts	8,637,012	9,014,534
Property and equipment, net	101,739,095	107,601,603
Deferred bond issuance costs, net	-	1,067,726
Total noncurrent assets	150,121,611	191,386,879
Total assets	$ 181,289,803	$ 209,803,881
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 804,668	$ 1,009,788
Construction and accrued liabilities	-	165,032
Deferred revenues	3,700,484	4,195,518
Fair value of derivative instrument	19,393,797	2,942,416
Bonds payable - current	85,340,000	2,930,000
Total current liabilities	109,238,949	11,242,754
Long-term liabilities		
Bonds payable	-	85,340,000
Notes payable	-	10,000,000
Fair value of derivative instrument	-	10,195,932
Total long-term liabilities	-	105,535,932
Total liabilities	109,238,949	116,778,686
Net assets		
Unrestricted	51,468,555	60,466,150
Temporarily restricted	18,057,113	30,057,410
Permanently restricted	2,525,186	2,501,635
Total net assets	72,050,854	93,025,195
Total liabilities and net assets	$ 181,289,803	$ 209,803,881

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended July 31, 2012
(With Comparative July 31, 2011 Information)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
Operating revenues					
Program revenues					
Ticket sales	$ 7,312,554	$ -	$ -	$ 7,312,554	$ 5,546,395
Orchestra fee engagements	621,656	-	-	621,656	401,200
Concert hall rental	353,005	-	-	353,005	117,886
Ancillary rental	135,525	-	-	135,525	80,650
Concessions	1,724,009	-	-	1,724,009	958,136
Expense reimbursements	300,469	-	-	300,469	182,465
Interest income	438	-	-	438	334
Other income	937,398	-	-	937,398	666,894
Total program revenues	11,385,054	-	-	11,385,054	7,953,960
Distribution from CFMT	536,140	-	-	536,140	527,600
Total transfers	536,140	-	-	536,140	527,600
Total operating revenues	11,921,194	-	-	11,921,194	8,481,560
Operating expenses and casualty losses (recovery)					
Orchestra Operations					
Operations and artistic administration	12,915,373	-	-	12,915,373	10,405,881
Education	359,559	-	-	359,559	610,571
Marketing	2,457,457	-	-	2,457,457	2,325,913
Administration and support	2,735,534	-	-	2,735,534	2,964,930
Fundraising	1,266,659	-	-	1,266,659	1,487,631
Bad debt expense	877,425	-	-	877,425	664,111
In-kind expenses	184,565	-	-	184,565	278,209
Total orchestra expenses	20,796,572	-	-	20,796,572	18,737,246
SSC Operations					
Concession expenses	1,897,227	-	-	1,897,227	1,442,025
Management and building operations	2,444,714	-	-	2,444,714	2,134,954
Debt service	5,224,537	-	-	5,224,537	5,484,093
In-kind expenses	-	-	-	-	378
Total SSC expenses	9,566,478	-	-	9,566,478	9,061,450
Casualty loss (recovery) from Flood, net (Note 2)					
Site remediation	-	-	-	-	113,746
Non-capitalized replacement of fixtures	-	-	-	-	(2,182,867)
Non-capitalized repair of building	-	-	-	-	(342,961)
Other expenses incurred	-	-	-	-	(108,804)
Property and casualty insurance recovery	-	-	-	-	173,918
State contributions to flood losses	-	-	-	-	(2,000,000)
FEMA insurance recovery	-	-	-	-	(14,245,245)
Casualty loss (recovery), net	-	-	-	-	(18,592,213)
Total operating expenses and casualty losses (recovery) before non-cash expense items	30,363,050	-	-	30,363,050	9,206,483
Deficiency from operations before non-cash expense items	(18,441,856)	-	-	(18,441,856)	(724,923)
Non-cash expense Items					
Change in fair value of derivative instrument	6,255,448	-	-	6,255,448	(1,148,579)
Amortization of bond issuance costs	53,165	-	-	53,165	53,165
Subordinated debt service – in-kind	750,000	-	-	750,000	750,000
Depreciation	6,018,707	-	-	6,018,707	7,328,013
Total non-cash expense items	13,077,320	-	-	13,077,320	6,982,599
Deficiency from operations	(31,519,176)	-	-	(31,519,176)	(7,707,522)

(Continued)

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended July 31, 2012
(With Comparative July 31, 2011 Information)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
Support					
Contributions	$ 2,799,142	$ 3,155,768	$ 23,551	$ 5,978,461	$ 13,164,748
Grants	314,900	-	-	314,900	349,750
Fund-raising events	2,999,290	-	-	2,999,290	850,089
In-kind contributions	1,372,065	-	-	1,372,065	1,084,483
Total support	7,485,397	3,155,768	23,551	10,664,716	15,449,070
Net assets released from restrictions	15,156,065	(15,156,065)	-	-	-
Income (deficiency) from operations and fund-raising	(8,877,714)	(12,000,297)	23,551	(20,854,460)	7,741,548
Investment and campaign activity					
Net ATFG and SG campaign activity	(126,664)	-	-	(126,664)	6,330,224
Net investment activity	245,299	-	-	245,299	1,572,036
Total investment expenses	(238,516)	-	-	(238,515)	(361,594)
Net investment and campaign activity	(119,881)	-	-	(119,881)	7,540,666
Increase (decrease) in net assets	(8,997,595)	(12,000,297)	23,551	(20,974,341)	15,282,214
Net assets at beginning of year	60,466,150	30,057,410	2,501,635	93,025,195	77,742,981
Net assets at end of year	$ 51,468,555	$ 18,807,113	$ 2,525,186	$ 72,050,854	$ 93,025,195

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended July 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total
Operating revenues				
Program revenues				
Ticket sales	$ 5,546,395	$ -	$ -	$ 5,546,395
Orchestra fee engagements	401,200	-	-	401,200
Concert hall rental	117,886	-	-	117,886
Ancillary rental	80,650	-	-	80,650
Concessions	958,136	-	-	958,136
Expense reimbursements	182,465	-	-	182,465
Interest income	334	-	-	334
Other income	666,894	-	-	666,894
Total program revenues	7,953,960	-	-	7,953,960
Distribution from CFMT	527,600	-	-	527,600
Total transfers	527,600	-	-	527,600
Total operating revenues	8,481,560	-	-	8,481,560
Operating expenses and casualty losses (recovery)				
Orchestra Operations				
Operations and artistic administration	10,405,881	-	-	10,405,881
Education	610,571	-	-	610,571
Marketing	2,325,913	-	-	2,325,913
Administration and support	2,964,930	-	-	2,964,930
Fundraising	1,487,631	-	-	1,487,631
Bad debt expense	664,111	-	-	664,111
In-kind expenses	278,209	-	-	278,209
Total orchestra expenses	18,737,246	-	-	18,737,246
SSC Operations				
Concession expenses	1,442,025	-	-	1,442,025
Management and building operations	2,134,954	-	-	2,134,954
Debt service	5,484,093	-	-	5,484,093
In-kind expenses	378	-	-	378
Total SSC expenses	9,061,450	-	-	9,061,450
Casualty loss (recovery) from Flood, net (Note 2)				
Site remediation	113,746	-	-	113,746
Non-capitalized replacement of fixtures	(2,182,867)	-	-	(2,182,867)
Non-capitalized repair of building	(342,961)	-	-	(342,961)
Other expenses incurred	(108,804)	-	-	(108,804)
Property and casualty insurance recovery	173,918	-	-	173,918
State contributions to flood losses	(2,000,000)	-	-	(2,000,000)
FEMA insurance recovery	(14,245,245)	-	-	(14,245,245)
Casualty loss (recovery), net	(18,592,213)	-	-	(18,592,213)
Total operating expenses and casualty losses (recovery) before non-cash expense items	9,206,483	-	-	9,206,483
Deficiency from operations before non-cash expense items	(724,923)	-	-	(724,923)

(Continued)

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended July 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total
Non-cash expense Items				
Change in fair value of derivative instrument	$ (1,148,579)	$ -	$ -	$ (1,148,579)
Amortization of bond issuance costs	53,165	-	-	53,165
Subordinated debt service – in-kind	750,000	-	-	750,000
Depreciation	7,328,013	-	-	7,328,013
Total non-cash expense items	6,982,599	-	-	6,982,599
Deficiency from operations	(7,707,522)	-	-	(7,707,522)
Support				
Contributions	3,247,563	9,915,575	1,610	13,164,748
Grants	349,750	-	-	349,750
Fund-raising events	840,089	10,000	-	850,089
In-kind contributions	1,084,483	-	-	1,084,483
Total support	5,521,885	9,925,575	1,610	15,449,070
Net assets released from restrictions	5,486,989	(5,486,989)	-	-
Income (deficiency) from operations and fund-raising	3,301,352	4,438,586	1,610	7,741,548
Investment and campaign activity				
Net ATFG and SG campaign activity	6,330,224	-	-	6,330,224
Net investment activity	1,572,036	-	-	1,572,036
Total investment expenses	(361,594)	-	-	(361,594)
Net investment and campaign activity	7,540,666	-	-	7,540,666
Increase (decrease) in net assets	10,842,018	4,438,586	1,610	15,282,214
Net assets at beginning of year	49,624,132	25,618,824	2,500,025	77,742,981
Net assets at end of year	$ 60,466,150	$ 30,057,410	$ 2,501,635	$ 93,025,195

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended July 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Increase (decrease) in net assets	$ (20,974,341)	$ 15,282,214
Adjustments to reconcile change in net assets to net cash		
Provided by (used in) operating activities		
Depreciation and amortization	6,071,871	7,381,178
Gain on disposal of property and equipment	-	(2,200)
Gain on sale of investments	(814,498)	(5,140,391)
Unrealized loss (gain) on investments, net	2,105,066	(1,461,038)
Bad debt expense	877,425	670,566
Subordinated debt interest forgiveness	750,000	
Donated instruments	(25,465)	(55,896)
Change in fair market value of derivative instruments	6,255,449	(1,148,579)
Contributions to permanently restricted net assets	(23,551)	-
Net change in assets and liabilities:		
Accounts, contributions and grants receivable	638,637	(5,389,718)
Insurance proceeds receivable	9,809,082	(3,324,285)
Prepaid expenses	(496,866)	762
Accounts payable and accrued liabilities	(205,120)	(155,412)
Construction and accrued liabilities	(165,032)	(26,200,064)
Deferred revenues	(495,034)	519,051
Net cash provided by (used in) operating activities	3,307,623	(19,023,812)
Cash flows from investing activities		
Purchases of property and equipment	(130,733)	(4,920,278)
Proceeds from the sale of property and equipment	-	15,816
Sales (purchases) of investments, net	5,971,987	27,815,196
Net cash provided by investing activities	5,841,254	22,910,734
Cash flows from financing activities		
Payments on long-term debt	(2,930,000)	(2,830,000)
Proceeds from contributions of permanently restricted contributions	23,551	-
Net cash used in financing activities	(2,906,449)	(2,830,000)
Net change in cash	6,242,428	1,056,922
Cash and cash equivalents at beginning of year	3,167,535	2,110,613
Cash and cash equivalents at end of year	$ 9,409,963	$ 3,167,535
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 1,985,110	$ 3,369,411

Supplemental disclosures of noncash transaction

During the year ended July 31, 2012, a donor receivable was used to relieve $10,000,000 of subordinated debt.

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 catering, 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 in 1989 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 the Association's 1989 capital campaign.

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.

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.

Investments and Beneficial Interests in Trusts: The Association engages an investment firm to provide direction and reporting of its investing activity, with oversight by the Association's management and Board's Trust Advisory Board. 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 Association.

A portion of the Association's holdings are held in two Board-imposed irrevocable trusts established by the Association's Board of Directors in 1999. They were intended to support the general operation of the Association in perpetuity, subject to the terms of the trusts. These funds, along with the NSET, 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 the irrevocable trusts and the NSET according to the terms of the trusts. Beneficial interests in trusts in the amount of $9,014,534 were reclassified from non-current investments to non-current beneficial interests in trusts in the 2011 financial statements.

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 market 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.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Property and equipment are stated at cost. The Association capitalizes all property and equipment greater than $5,000 individually or in the aggregate. 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.

The Association owns a viola and cello, with a cost of $1,975,000, that are used in its 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.

Bond Issue Costs: Bond issue costs are being amortized on the straight line basis over the life of the bonds, which approximates the effective interest method. Issuance costs of $1,329,120 are presented net of accumulated amortization of $314,558 and $261,394 at July 31, 2012 and 2011. Amortization expense for the years ended July 31, 2012 and 2011 amounted to $53,165. (See NOTE 12 – SUBSEQUENT EVENTS)

Advertising**:** At July 31, 2012 and 2011, prepaid expenses included $391,541 and $309,837, 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 $2,457,457 and $2,325,913 in 2012 and 2011.

Operations: The nature of the Association's operations involves support from donors and activities directly related to the production of concerts and fundraising 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.

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 2012 and 2011, the Association released $15,156,065 and $4,922,502, of temporarily restricted assets to unrestricted assets after meeting stipulated time restrictions. During 2011, the Association released $564,487 of temporarily restricted net assets to unrestricted net assets due to change in nature of pledge as uncollectible.

Temporarily restricted net assets are available for the following purposes:

	2012	2011
Pledges receivable – "ATFG" & "SG"	$ 15,086,874	$ 16,883,909
Annual Campaign & Fundraising Events	494,228	765,230
Debt Service	2,476,011	12,408,271
	$ 18,057,113	$ 30,057,410

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Insurance proceeds receivable and construction and accrued liabilities are significant estimates. Actual results may differ from these estimates.

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. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

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.

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.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable: Donations 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 have been classified as non-current assets. The Association does not require collateral or other security to support the receivables or accrue interest on any of its receivables. The allowance for doubtful accounts is determined by management based on the historical collection of pledges, specific donor circumstances, and general economic conditions. Periodically, management reviews contributions and grants 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. Management has recorded an allowance for uncollectible pledges of $1,067,214 and $343,214 at July 31, 2012 and 2011, respectively.

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 not be recoverable. 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, 2011, management believes that no impairments existed. As of July 31, 2012, there is evidence of potential impairment of long-lived assets. However, management has not completed an evaluation of impairment to determine the amount of impairment to record, if any.

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 were $159,100 and $278,587 in 2012 and 2011. Instruments with an estimated fair value of $25,465 and $55,896 were donated during 2012 and 2011. The Association also had accrued interest of $750,000 forgiven in each of the years ended July 31, 2012 and 2011. This interest forgiveness relates to the $10,000,000 Community Foundation of Middle Tennessee note as described in Note 9, and was recorded as in-kind contributions, with offsetting in-kind interest expense.

Concentrations of Credit Risk: Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash on deposit, accounts, contributions and grants receivable, 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 accounts, contributions and grants receivable are limited to individuals, corporations, ticket subscribers, patrons and associations and are not collateralized. Investments consist primarily of publicly-traded securities in an open market, hedge funds and limited partnerships. Management does not believe the Association has any significant credit risk related to its financial instruments.

Federal Income Taxes: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassification: Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassifications did not affect the total net assets and change in net assets. (SEE NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Investments and Beneficial Interests in Trusts)

NOTE 2 – NASHVILLE FLOOD LOSS

On May 1-2, 2010, Nashville, Tennessee experienced the worst flooding ever recorded in the city's history. Over this two-day period, a torrential rainfall caused the Cumberland River, which runs through downtown Nashville, to crest at a height of 51.9', or 11.9' above flood stage. This high level of water caused catastrophic flooding of buildings throughout downtown Nashville, including the Schermerhorn Symphony Center (SSC), home to the Nashville Symphony. The results of the flood caused extensive damage to the mechanical, electrical and low voltage systems, commercial kitchen, as well as destruction of furnishings, fixtures and equipment, concert grand pianos, and a major portion of the Martin Foundation concert organ. The flood losses incurred in excess of traditional insurance coverage have qualified through FEMA for federal assistance. FEMA exists to provide relief from natural disasters, primarily for property and casualty losses, when losses are so extensive that primary insurance is not sufficient to replace the loss. Claims are made through regional offices and are subject to site inspection, completion of actual loss reports, examination of contracts, review of costs incurred to restore the property, and various levels of approval for funding.

The Symphony ultimately received grant approval from FEMA for $24,493,927, which included additional mitigation funding of $2,581,681 to complete projects to limit casualty losses in the event of another flood. The grant appropriation was approved by Congress, and the grant award was issued by the Tennessee Emergency Management Agency ("TEMA") in May 2011. This overall grant approval will be reduced by salvage proceeds received during the remediation process.

At July 31, 2011, management recorded additional FEMA insurance recoveries of $14,245,245, which is inclusive of salvage proceeds of $5,438. At July 31, 2011 FEMA insurance recovery receivables amounted to $14,218,351. At July 31, 2012 the receivable amounts to $4,409,269 which will not be received until a final walkthrough and inspection of the SSC is completed by FEMA and TEMA officials. Management does not have an estimate of when this process will be completed, due to various other natural disasters requiring attention of these agencies in the near-term. FEMA did not indicate when, or if additional funds will be disbursed prior to final inspection approval. Given the uncertainty of collection timeframe and overall reimbursement to be received, the Symphony has presented the July 31, 2012 insurance proceeds receivable as a noncurrent asset.

Construction and accrued liabilities of $165,032 at July 31, 2011 are recorded based upon final construction invoices, and estimated remaining contents replacement. All known payables were paid during the year ended July 31, 2012.

(Continued)

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2012 and 2011 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	2012 Total	2011 Total
2012	$ -	$ -	$ -	$ 5,720,558
2013	4,729,262	950,903	5,680,165	3,945,800
2014	3,177,488	500,000	3,677,488	3,155,100
2015	3,219,400	613,500	3,832,900	3,195,400
2016	1,980,500	-	1,980,500	1,832,500
2017	1,301,833	-	1,301,833	1,400,500
2018	1,434,000	-	1,434,000	1,266,000
Thereafter	2,771,999	-	2,771,999	12,530,500
Total	18,614,482	2,064,403	20,678,885	33,046,358
Less discount	(1,527,305)	(62,843)	(1,590,148)	(2,403,375)
Net present value of receivables	17,087,177	2,001,560	19,088,737	30,642,983
Less allowance for Doubtful receivables	(1,007,214)	(60,000)	(1,067,214)	(343,214)
Contributions receivable, net	16,079,963	1,941,560	18,021,523	30,299,769
Current maturities, net	4,628,953	890,903	5,519,856	5,541,457
Noncurrent maturities, net	$ 11,451,010	$ 1,050,657	$ 12,501,667	$ 24,758,312

Contributions receivable from the "ATFG" and "SG" campaigns include $15,086,873 and $18,411 of temporarily restricted and permanently restricted assets.

The Association's fundraising campaign "A Time for Greatness" concluded in 2008. In 2010, the Association launched a new campaign, "Sustaining Greatness", to raise funds to support operations.

In 2012 and 2011, long-term contribution receivables have been discounted using the Association's anticipated rate of return of 2.40% and 3.07%.

(Continued)

NOTE 4 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUSTS

As noted in NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Investments and beneficial interests in trusts consist of the following:

	2012		
	Cost	Unrealized Gain (Loss), net	Fair Value
Investments:			
Common stock securities	$ 3,204,203	$ 633,292	$ 3,837,495
Corporate bond securities	1,064,302	101,701	1,166,003
Mutual funds – money market	1,528,963	75,878	1,604,841
Mutual funds – equities	13,896,866	2,252,021	16,148,887
Mutual funds – fixed income	6,750,175	861,619	7,611,793
Hedge Funds and Limited Partnerships	4,280,919	473,338	4,754,257
Beneficial interests in trusts:			
Common stock securities	3,230,702	629,290	3,859,992
Corporate bond securities	401,034	23,866	424,900
U.S. Treasury and agency securities	196,968	4,675	201,643
Mutual funds – money market	375,316	-	375,316
Mutual funds – equities	1,893,280	65,316	1,958,597
Mutual funds – fixed income	1,728,504	88,060	1,816,565
	$ 38,551,232	$ 5,209,056	$ 43,760,288

	2011		
	Cost	Unrealized Gain (Loss), net	Fair Value
Investments:			
Common stock securities	$ 5,073,568	$ 1,196,334	$ 6,269,902
Corporate bond securities	1,201,854	68,302	1,270,156
Mutual funds – money market	579,784	-	579,784
Mutual funds – equities	15,198,292	3,997,046	19,195,339
Mutual funds – fixed income	9,893,151	769,799	10,662,950
Hedge funds	1,500,000	22,035	1,522,035
Private equity funds	2,292,227	215,917	2,508,144
Beneficial interests in trusts:			
Common stock securities	3,521,351	703,818	4,225,169
Corporate bond securities	412,745	12,994	425,739
U.S. Treasury and agency securities	230,954	6,386	237,340
Mutual funds – money market	1,326,957	-	1,326,957
Mutual funds – equities	1,260,974	216,562	1,477,535
Mutual funds – fixed income	1,216,863	104,931	1,321,794
	$ 43,708,721	$ 7,314,122	$ 51,022,843

(Continued)

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

Investment income, net of related fees and expenses, consists of the following:

	2012	2011
Interest	$ 19,629	$ 130,522
Dividends	1,353,127	1,211,693
Realized gains (losses), net	814,498	5,140,391
Unrealized gains, net	(2,105,066)	1,461,038
Other	36,446	(41,384)
Trustee, management and professional fees	(238,515)	(361,594)
	$ (119,881)	$ 7,540,666

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, accounts receivable, accounts payable, and short-term and long-term debt approximate fair value.

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 distribution restrictions. The NSET's distributions are limited to net income of the trust; the two 1999 trusts are limited to quarterly amounts equal to 1.25% of average market value for the preceding twelve quarters. These distribution limits are factored into the Association's annual operating budget.

Following are descriptions of the valuation methods and assumptions used by the Association to estimate the fair values of investments and derivative instruments.

Common stock securities and mutual funds: The fair values of common stock, common stock-based exchange-traded funds (ETF) and mutual fund investments are determined by obtaining quoted prices from a nationally recognized exchange (level 1 inputs).

U.S. Treasury and agency securities: Fair values reflect the closing price reported in the active market in which the security is traded (level 1 inputs). Mortgage-backed securities are valued based upon recent market bid prices or the average of recent market bid and asked prices when available (level 2 inputs) and, if not available, they are valued through matrix pricing models developed by sources considered by management to be reliable. Matrix pricing, which is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (level 2 inputs).

(Continued)

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

Corporate Bonds: Certain corporate bonds and bond-related ETF's are valued at the closing price reported in the active market in which the bond or ETF is traded (level 1 inputs). Other corporate bonds may be valued based upon recent market bid prices or the average of recent market bid and asked prices when available (level 2 inputs) and, if not available, they are valued through matrix pricing models developed by sources considered by management to be reliable. Matrix pricing, which is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (level 2 inputs).

Derivative instruments: The fair values of exchange-traded derivatives are based upon quoted market prices (level 1 inputs). The fair values of derivatives that are not traded on an exchange are based upon valuation models using observable market data as of the measurement date (level 2 inputs).

Hedge funds: The fair values of the Association's investments in hedge funds have been estimated using the net asset value per share of the investments, as reported by the fund managers (level 3 inputs). Investments in hedge funds are redeemable on a quarterly basis, with a 60-day redemption notification requirement, after the one-year period subsequent to initial capital contribution. These redemptions may occur with a minimum amount of $10,000, so long as the Association maintains a balance that does not fall below $50,000 or 20% of the capital commitment. The hedge funds attempts to maximize risk-adjusted returns and achieve low correlation to the equity markets by investing in a diversified group of hedge funds.

Private equity funds: The fair values of the Association's investments in private equity funds have been estimated using the net asset value per share of the investments, as reported by the fund managers (level 3 inputs). Redemptions of private equity investments may only be made at the fund manager's approval, but redemptions are not anticipated to be granted until the funds are dissolved, of which dissolution dates range from 2023 through 2027. The objective of the private equity investments is to realize long-term total return by investing via limited partnerships in a diverse portfolio of funds with investments in the US and around the world. The investment objectives are generally classified as real estate, power & infrastructure; venture; buyout; and distressed & debt..

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

(Continued)

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

Investments, beneficial interests in trusts and derivative instrument liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at July 31, 2012 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments and beneficial interests in trusts:				
Common stock securities				
Domestic small-cap	$ 153,793	$ -	$ -	$ 153,793
Domestic mid-cap	996,632	-	-	996,632
Domestic large-cap	4,910,307	-	-	4,910,307
Domestic REIT	18,973	-	-	18,973
International developed markets	1,071,891	-	-	1,071,891
Emerging markets	545,891	-	-	545,891
Corporate bond securities				
Domestic investment grade	1,590,904	-	-	1,590,904
U.S. Treasury and agency securities				
U.S. government obligations	77,569	-	-	77,569
Federal mortgage-backed securities	-	124,074	-	124,074
Mutual Funds				
Money market funds	1,906,602	-	-	1,906,602
Equity				
International blend	4,837,407	-	-	4,837,407
International growth	528,329	-	-	528,329
Emerging markets blend	1,715,837	-	-	1,715,837
Domestic blend	676,978	-	-	676,978
Domestic value	3,398,112	-	-	3,398,112
Domestic growth	4,535,155	-	-	4,535,155
Real estate	560,778	-	-	560,778
Commodity	1,854,887	-	-	1,854,887
Fixed income				
Intermediate term aggregate bond market	5,479,254	-	-	5,479,254
Inflation protected securities	2,280,894	-	-	2,280,894
High yield	1,471,440	-	-	1,471,440
Emerging markets debt	90,609	-	-	90,609
Global bond	131,572	-	-	131,572
Nontraditional bond	6,273	-	-	6,273
Bank loan	20,112	-	-	20,112
Hedge funds	-	-	3,268,802	3,268,802
Private Equity Funds	-	-	1,485,455	1,485,455
Accrued interest	21,758	-	-	21,758
Total Investments and Beneficial Interests in Trusts	$ 38,881,958	$ 124,074	$ 4,754,257	$ 43,760,288

(Continued)

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

	Fair Value Measurements at July 31, 2012 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liabilities:				
Interest rate swaps	$ -	$ 19,393,797	$ -	$ 19,393,797
Total Liabilities	$ -	$ 19,393,797	$ -	$ 19,393,797

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended July 31, 2012:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Hedge Funds	Private Equity Funds
Beginning balance, August 1, 2011	$ 1,522,035	$ 2,508,144
Net earnings (unrealized)	(36,580)	51,335
Purchases	-	709,323
Ending balance, July 31, 2012	$ 1,485,455	$ 3,268,802

Unrealized appreciation of $14,755 related to the hedge funds and private equity funds is reported within net investment activity in the 2012 statement of activities and change in net assets.

Investments, beneficial interests in trusts, and derivative instrument liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at July 31, 2011 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments and beneficial interests in trusts:				
Common stock securities				
Domestic small-cap	$ 104,649	$ -	$ -	$ 104,649
Domestic mid-cap	1,406,107	-	-	1,406,107
Domestic large-cap	6,332,675	-	-	6,332,675
Domestic REIT	-	-	-	-
International developed markets	2,110,617	-	-	2,110,617
Emerging markets	541,024	-	-	541,024
Corporate bond securities				
Domestic investment grade	1,695,894	-	-	1,695,894
International investment grade	-	-	-	-
Global high yield	-	-	-	-

(Continued)

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

	Fair Value Measurements at July 31, 2011 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments and beneficial interests in trusts (Continued):				
U.S. Treasury and agency securities				
U.S. government obligations	$ 143,362	$ -	$ -	$ 143,362
Inflation protected securities	-	-	-	-
Federal mortgage-backed securities	-	93,978	-	93,978
Mutual Funds				
Money market funds	1,907,092	-	-	1,907,092
Equity				
International blend	5,869,553	-	-	5,869,553
International value	-	-	-	-
International growth	28,984	-	-	28,984
Emerging markets blend	1,792,118	-	-	1,792,118
Domestic blend	677,790	-	-	677,790
Domestic value	3,838,857	-	-	3,838,857
Domestic growth	5,855,302	-	-	5,855,302
Domestic balanced	108,700	-	-	108,700
Convertible securities	-	-	-	-
Real estate	783,489	-	-	783,489
Commodity	1,718,081	-	-	1,718,081
Fixed income				
Short-term bond fund	-	-	-	-
Intermediate term aggregate bond market	8,429,254	-	-	8,429,254
Inflation protected securities	2,416,406	-	-	2,416,406
High yield	1,087,417	-	-	1,087,417
Emerging markets debt	-	-	-	-
Global bond	51,315	-	-	51,315
Corporate bond	-	-	-	-
Hedge funds	-	-	1,522,035	1,522,035
Private equity funds	-	-	2,508,144	2,508,144
Total Investments and Beneficial Interests in Trusts	$ 46,898,686	$ 93,978	$ 4,030,179	$ 51,022,843

	Fair Value Measurements at July 31, 2011 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liabilities:				
Interest rate swaps	$ -	$ 13,138,348	$ -	$ 13,138,348
Total Liabilities	$ -	$ 13,138,348	$ -	$ 13,138,348

(Continued)

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

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended July 31, 2011:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Hedge Funds	Private Equity Funds
Beginning balance, August 1, 2010	$ 1,488,569	$ 1,644,686
Net earnings (unrealized)	33,466	130,561
Purchases	-	732,897
Ending balance, July 31, 2011	$ 1,522,035	$ 2,508,144

Unrealized appreciation of $164,027 related to the hedge funds and private equity funds is reported within net investment activity in the 2011 statement of activities and change in net assets.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2012	2011
Land	$ 4,824,167	$ 4,824,167
Building	127,453,105	127,686,755
Musical instruments - depreciable	2,085,902	2,059,606
Musical instruments – non-depreciable	1,975,000	1,975,000
Furniture and equipment	4,622,875	4,577,706
Art, décor & sculptures – non-depreciable	1,194,855	1,192,979
	142,155,904	142,316,213
Less accumulated depreciation	(40,416,809)	(34,714,610)
	$ 101,739,095	$ 107,601,603

Depreciation expense was $6,018,707 and $7,328,013 for the years ended July 31, 2012 and 2011.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

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 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 present collective bargaining agreement expires July 31, 2013.

(Continued)

NOTE 6 - COMMITMENTS AND CONTINGENCIES (Continued)

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.

At July 31, 2012 and 2011, the Association had subscription agreements to invest in certain alternative investments, hedge funds and private equity funds, in the amount of $8,200,000. Approximately $3,800,000 has been invested as of July 31, 2012 and 2011. Additional capital calls are contingent upon the underlying general partners' capital need.

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. The Association's contributions to the plan were $260,001 and $284,180 in 2012 and 2011.

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 with 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 $462,550 and $414,623 to the plan in 2012 and 2011.

NOTE 8 - NOTES PAYABLE AND LETTER OF CREDIT

The Association entered into two separate $5,000,000 subordinated loan agreements with the Community Foundation of Middle Tennessee. The notes accrued interest at 7.5% with a maturity date of November 1, 2033. Interest accumulated on an annual basis was due upon maturity of the note. The Association also incurred interest expense totaling $750,000 for the years ended July 31, 2012 and 2011. During 2012, the Association offset a specific pledge receivable against the note payable. The total interest expense amounts were forgiven by the lender in each year, and the principal balance of these notes were forgiven at July 31, 2012.

The Association has issued a note payable held by a single trustee, related to the financing obtained through the original issuance of $102,000,000 in variable rate revenue bonds sponsored by the Industrial Development Board of The Metropolitan Government of Nashville and Davidson County, Tennessee for the acquisition, construction and equipping of a symphony hall facility located in Nashville, Tennessee. At the end of the fiscal year on July 31, 2012, the bonds were to bear interest at a variable rate not to exceed 12% and are due December 31, 2031. The note was secured by an irrevocable, direct-pay Letter of Credit issued by certain financial institutions which had an expiration date of April 30, 2013. As of April 1, 2013, it is believed that the letter of credit has been drawn upon in full.

(Continued)

NOTE 8 - NOTES PAYABLE AND LETTER OF CREDIT (Continued)

The interest rate on the entire outstanding principal amount of the debt is artificially fixed on a cash flow basis on a weighted average interest rate of approximately 3.76% through a series of interest rate SWAP agreements. In April 2009, the Association entered into an agreement to amend two SWAP agreements held by a bank on approximately 63% of the outstanding principal of the bond debt, in order to 'time out" the cash flow of those SWAP agreements for a period of one year, beginning April 1, 2009, in exchange for a slightly higher fixed rate through maturity. The normal cash flow of these swaps was reinstated on April 1, 2010, until maturity of the agreements. The rate on the entire principal is currently a blended rate of approximately 3.76%.

The bond financing agreement also includes a requirement to maintain an account with the equivalent of 35 days of interest accrued at 10% of the current balance. As of July 31, 2012 and 2011, the Association maintained balances of $1,155,470 and $1,143,999 in this account, which is presented within prepaid expenses and other current assets in the statement of financial position. Under the bond financing agreement, the Association has agreed to maintain certain levels of net assets and financial ratios related to debt and cash flows. At July 31, 2012 the Association was in compliance with all covenants.

Subsequent to year end, the Association was not in compliance with the covenants on the Letter of Credit at October 31, 2012 and January 31, 2013. Effective November 30, 2012, the Association entered into a Forbearance Agreement with Bank of America, in which, among other terms, Bank of America agreed to forbear the exercise of its available remedies in connection with the October 31, 2012 covenant defaults. The Forbearance Agreement was amended effective January 22, 2013. Through this period, the Association attempted to negotiate with its lenders, in an attempt to restructure its obligations under the bond issuance and the letter of credit. Those negotiations have not resulted in an agreement with the lenders to restructure the debt obligations. On March 11, 2013, the Association elected not to seek a renewal of the Letter of Credit. Bank of America never offered to renew the Letter of Credit. Due to these actions by the parties, the standby Letter of Credit was drawn and bonds repurchased by the Trustee on April 1, 2013. They are classified as a current liability and the unamortized bond costs as a current asset at July 31, 2012. See Note 14, Management's Plan for additional disclosure regarding this matter.

Debt consists of the following at June 30, 2012 and 2011:

	2012	2011
Bonds payable	$ 85,340,000	$ 88,270,000
Subordinated debt	-	10,000,000
	85,340,000	98,270,000
Less current portion of long-term debt	(85,340,000)	(2,930,000)
Total long-term debt	$ -	$ 95,340,000

NOTE 9 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Association uses interest rate swap agreements as part of its interest rate risk management strategy to fix its cost of variable rate debt and designates these swaps as cash flow hedges of its variable rate debt, not for speculation. Although the Association believes the derivatives would qualify as a hedge, it has elected for simplicity to report the instruments as freestanding derivatives. As a result, gains and losses are recognized in current earnings, outside of operations.

The derivatives are separated into current and non-current assets or liabilities based on its expected cash flows. Cash inflows expected within one year, including derivative assets that the Association intends to settle, are reported as current assets. Cash inflows expected beyond one year are reported as non-current assets. Cash outflows expected within one year, including derivative liabilities in which the counterparty has the contractual right to settle, are reported as current liabilities. Cash outflows expected beyond one year are reported as non-current liabilities. Subsequent to July 31, 2012, the related debt became subject to mandatory repurchase at April 1, 2013. Accordingly, the derivatives are classified as a current liability at July 31, 2012.

NOTE 9 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

The following table presents a summary of the notional amounts and fair values of the Association's derivative contracts at July 31, 2012:

	Maturity Date	Notional Amounts	Fair Value	Rate
	12/1/2031	$ 10,200,000	$ (2,175,470)	3.50%
	12/1/2031	20,400,000	(4,356,613)	3.50%
	12/1/2031	20,400,000	(5,144,686)	3.93%
	12/1/2031	30,600,000	(7,717,028)	3.93%
Total		$ 81,600,000	$ (19,393,797)	

The following table presents a summary of the notional amounts and fair values of the Association's derivative contracts at July 31, 2011:

	Maturity Date	Notional Amounts	Fair Value	Rate
	12/1/2031	$ 10,710,000	$ (1,390,599)	3.50%
	12/1/2031	21,420,000	(2,781,542)	3.50%
	12/1/2031	21,420,000	(3,586,483)	3.93%
	12/1/2031	32,130,000	(5,379,724)	3.93%
Total		$ 85,680,000	$ (13,138,348)	

Summary information about the interest-rate swaps not designated as hedges as of year-end is as follows:

	2012	2011
Notional amounts	$ 81,600,000	$ 85,680,000
Settlements on swap	2,989,114	3,133,216
Weighted average pay rates (fixed)	3.77%	3.74%
Weighted average receive rates (67% of 1 Mo. LIBOR)	0.16%	0.13%
Weighted average maturity	19.3 years	20.4 years

NOTE 10 - 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 as follows:

	2012	2011
Orchestra	$ 16,794,379	$ 14,284,685
SSC Operation	22,643,798	16,044,049
Total program	39,438,177	30,328,734
Administrative (G&A)	2,735,534	2,964,930
Fund raising	1,266,659	1,487,631
Total expenses	$ 43,440,370	$ 34,781,295

(Continued)

NOTE 11 - RESTRICTIONS ON NET ASSETS

Permanently restricted net assets amounted to $2,525,186 and $2,501,635 at July 31, 2012 and 2011. Included in these permanently restricted net assets are investment funds of $550,186 and $526,635 to be held indefinitely, the income from which is expendable to support specific educational and operational activities of the Association. The remaining net assets at July 31, 2012 and 2011 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, 2012 and 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2012				
Donor restricted funds	$ -	$ -	$ 550,186	$ 550,186
Board designated endowment	8,637,012	-	-	8,637,012
	$ 8,637,012	$ -	$ 550,186	$ 9,187,198
2011				
Donor restricted funds	$ -	$ -	$ 526,635	$ 526,635
Board designated endowment	9,014,534	-	-	9,014,534
	$ 9,014,534	$ -	$ 526,635	$ 9,541,169

Changes in restricted net assets for years ended July 31, 2012 and 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Restricted net assets, August 1, 2010	$ 7,945,099	$ -	$ 525,025	$ 8,470,124
Investment income, net	1,502,791	95,131	-	1,597,922
Transfers, net	(361,844)	(95,131)	-	(456,975)
Administrative expenses	(71,512)	-	-	(71,512)
Donor restricted contributions	-	-	1,610	1,610
Restricted net assets, July 31, 2011	9,014,534	-	526,635	9,541,169
Investment income, net	61,163	553	-	61,716
Transfers, net	(348,226)	(553)	-	(348,779)
Administrative expenses	(90,459)	-	-	(90,459)
Donor restricted contributions	-	-	23,551	23,551
Restricted net assets, July 31, 2012	$ 8,637,012	$ -	$ 550,186	$ 9,187,198

(Continued)

NOTE 11 - RESTRICTIONS ON NET ASSETS (Continued)

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) accumulation to the Association made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to Associations 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, 2012 and July 31, 2011.

NOTE 12 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to July 31, 2012 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended July 31, 2012. Management has performed their analysis through May 1, 2013, the date the financial statements were issued. Subsequent to year end, the Letter of Credit supporting the variable rate revenue bonds was drawn and the bonds were repurchased by the Trustee on April 1, 2013. They are classified as a current liability and the unamortized bond costs as a current asset, at July 31, 2012. (see Note 8).

NOTE 13 – MANAGEMENT PLANS

As disclosed in Notes 8 and 12 to the financial statements, subsequent to year-end, Bank of America did not offer to renew the Letter of Credit, and the Association did not seek a renewal of the Letter of Credit supporting the variable rate revenue bonds. As a result, the Letter of Credit was drawn and the bonds repurchased by the Trustee on April 1, 2013. The bonds and related liabilities are, therefore, classified as current liabilities and the unamortized bond costs have been classified as a current asset at July 31, 2012. As a result, there is substantial doubt about the Association's ability to continue as a going concern. Management entered into negotiations with its Letter of Credit lenders to restructure its debt obligations and those negotiations continue, but have not yet resulted in an agreement with the lenders. In addition, management is actively working to restructure its operations to sustain the institution into the future.

SUPPLEMENTARY INFORMATION

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

We have audited the financial statements of Nashville Symphony Association as of and for the years ended July 31, 2012 and 2011, and our report thereon dated May 1, 2013, which expressed a qualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of financial position, and activities and changes in net assets, and schedules of operating expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Brentwood, Tennessee
May 1, 2013

NASHVILLE SYMPHONY ASSOCIATION
COMBINING STATEMENT OF FINANCIAL POSITION
July 31, 2012 (With Comparative July 31, 2011 Information)

	2012										
	Unrestricted				Temporarily Restricted						
	Nashville Symphony Orchestra	Schermerhorn Symphony Center	ATFG and Other Investments	Total Unrestricted	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Pledges Receivable	Total Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
Current assets											
Cash and cash equivalents	$ 636,783	$ 2,045,260	$ 6,727,920	$ 9,409,963	$ -	$ -	$ -	$ -	$ -	$ 9,409,963	$ 3,167,535
Accounts receivable	296,197	335,920	-	632,117	-	-	-	-	-	632,117	619,984
Investments	-	-	12,288,708	12,288,708	-	-	-	-	-	12,288,708	7,281,956
Prepaid expenses and other current asse	624,158	1,678,778	-	2,302,936	-	-	-	-	-	2,302,936	1,806,070
Contributions and grants receivable, net	210,318	-	974,730	1,185,048	180,585	500,000	3,654,274	4,334,859	-	5,519,907	5,541,457
Deferred bond issuance costs, net	-	1,014,561	-	1,014,561	-	-	-	-	-	1,014,561	-
Total current assets	1,767,456	5,074,519	19,991,358	26,833,333	180,585	500,000	3,654,274	4,334,859	-	31,168,192	18,417,002
Noncurrent assets											
Contributions receivable, net	-	-	-	-	108,235	942,421	11,432,600	12,483,256	18,411	12,501,667	24,758,312
Insurance proceeds receivable	-	4,409,269	-	4,409,269	-	-	-	-	-	4,409,269	14,218,351
Due from (to) funds	54,289,550	(61,977,428)	6,442,105	(1,245,773)	205,408	1,033,590	-	1,238,998	6,775	-	-
Investments	114,733	-	22,194,835	22,309,568	-	-	-	-	525,000	22,834,568	34,726,353
Beneficial interests in trusts	-	-	8,637,012	8,637,012	-	-	-	-	-	8,637,012	9,014,534
Property and equipment, net	-	99,764,095	-	99,764,095	-	-	-	-	1,975,000	101,739,095	107,601,603
Deferred bond issuance costs, net	-	-	-	-	-	-	-	-	-	-	1,067,726
Total noncurrent assets	54,404,283	42,195,936	37,273,952	133,874,171	313,643	1,976,011	11,432,600	13,722,254	2,525,186	150,121,611	191,386,879
Total assets	$ 56,171,739	$ 47,270,455	$ 57,265,310	$ 160,707,504	$ 494,228	$ 2,476,011	$15,086,874	$18,057,113	$ 2,525,186	$ 181,289,803	$ 209,803,881
Current liabilities											
Accounts payable and accrued liabilities	$ 492,616	$ 312,052	$ -	$ 804,668	$ -	$ -	$ -	$ -	$ -	$ 804,668	$ 1,009,788
Construction & accrued liabilities	-	-	-	-	-	-	-	-	-	-	165,032
Deferred revenues	3,389,898	310,586	-	3,700,484	-	-	-	-	-	3,700,484	4,195,518
Fair value of derivative instrument	-	19,393,797	-	19,393,797	-	-	-	-	-	19,393,797	2,942,416
Bonds payable - current	-	85,340,000	-	85,340,000	-	-	-	-	-	85,340,000	2,930,000
Total current liabilities	3,882,514	105,356,435	-	109,238,949	-	-	-	-	-	109,238,949	11,242,754
Long-term liabilities											
Bonds payable	-	-	-	-	-	-	-	-	-	-	85,340,000
Notes payable	-	-	-	-	-	-	-	-	-	-	10,000,000
Fair value of derivative instrument	-	-	-	-	-	-	-	-	-	-	10,195,932
Total long term liabilities	-	-	-	-	-	-	-	-	-	-	105,535,932
Total liabilities	3,882,514	105,356,435	-	109,238,949	-	-	-	-	-	109,238,949	116,778,686
Net assets (deficit)											
Unrestricted	52,289,225	(58,085,980)	57,265,310	51,468,555	-	-	-	-	-	51,468,555	60,466,150
Temporarily restricted	-	-	-	-	494,228	2,476,011	15,086,874	18,057,113	-	18,057,113	30,057,410
Permanently restricted	-	-	-	-	-	-	-	-	2,525,186	2,525,186	2,501,635
Total net assets (deficit)	52,289,225	(58,085,980)	57,265,310	51,468,555	494,228	2,476,011	15,086,874	18,057,113	2,525,186	72,050,854	93,025,195
Total liabilities and net assets	$ 56,171,739	$ 47,270,455	$ 57,265,310	$ 160,707,504	$ 494,228	$ 2,476,011	$15,086,874	$18,057,113	$ 2,525,186	$ 181,289,803	$ 209,803,881

See report of independent auditors on supplementary information.

NASHVILLE SYMPHONY ASSOCIATION
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended July 31, 2012 (With Comparative July 31, 2011 Information)

	2012										
	Unrestricted				Temporarily Restricted						
	Nashville Symphony Orchestra	Schermerhorn Symphony Center	ATFG and Other Investments	Total Unrestricted	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Pledges Receivable	Total Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
Operating revenues											
Program revenues											
Ticket sales	$ 7,312,554	$ -	$ -	$ 7,312,554	$ -	$ -	$ -	$ -	$ -	$ 7,312,554	$ 5,546,395
Orchestra fee engagements	621,656	-	-	621,656	-	-	-	-	-	621,656	401,200
Concert Hall Rental	-	353,005	-	353,005	-	-	-	-	-	353,005	117,886
Ancillary Rental	-	135,525	-	135,525	-	-	-	-	-	135,525	80,650
Concessions	9,353	1,714,656	-	1,724,009	-	-	-	-	-	1,724,009	958,136
Expense Reimbursements	-	300,469	-	300,469	-	-	-	-	-	300,469	182,465
Interest income	79	191	168	438	-	-	-	-	-	438	334
Other income	464,008	473,390	-	937,398	-	-	-	-	-	937,398	666,894
Total program revenues	8,407,650	2,977,236	168	11,385,054	-	-	-	-	-	11,385,054	7,953,960
Distribution from CFMT	536,140	-	-	536,140	-	-	-	-	-	536,140	527,600
Transfers from endowments	16,011,639	-	(16,011,639)	-	-	-	-	-	-	-	-
Total transfers	16,547,779	-	(16,011,639)	536,140	-	-	-	-	-	536,140	527,600
Total operating revenues	24,955,429	2,977,236	(16,011,471)	11,921,194	-	-	-	-	-	11,921,194	8,481,560
Operating expenses and casualty losses (recovery)											
Orchestra Operations											
Operations and artistic administration	12,915,373	-	-	12,915,373	-	-	-	-	-	12,915,373	10,405,881
Education	359,559	-	-	359,559	-	-	-	-	-	359,559	610,571
Marketing	2,457,457	-	-	2,457,457	-	-	-	-	-	2,457,457	2,325,913
Administration and support	2,304,284	431,250	-	2,735,534	-	-	-	-	-	2,735,534	2,964,930
Fundraising	938,016	-	328,643	1,266,659	-	-	-	-	-	1,266,659	1,487,631
Bad debt expense	27,425	-	850,000	877,425	-	-	-	-	-	877,425	664,111
In-kind expenses	184,565	-	-	184,565	-	-	-	-	-	184,565	278,209
Total orchestra expenses	19,186,679	431,250	1,178,643	20,796,572	-	-	-	-	-	20,796,572	18,737,246
SSC Operations											
Concessions expenses	-	1,897,227	-	1,897,227	-	-	-	-	-	1,897,227	1,442,025
Management and building operations	-	2,444,714	-	2,444,714	-	-	-	-	-	2,444,714	2,134,954
Debt service	-	5,224,537	-	5,224,537	-	-	-	-	-	5,224,537	5,484,093
In-kind expenses	-	-	-	-	-	-	-	-	-	-	378
Total SSC expenses	-	9,566,478	-	9,566,478	-	-	-	-	-	9,566,478	9,061,450
Casualty loss (recovery) from Flood, net (Note 2)											
Site remediation	-	-	-	-	-	-	-	-	-	-	113,746
Impairment of equipment	-	-	-	-	-	-	-	-	-	-	-
Non-capitalized replacement of fixtures	-	-	-	-	-	-	-	-	-	-	(2,182,867)
Non-capitalized repair of building	-	-	-	-	-	-	-	-	-	-	(342,961)
Other expenses incurred	-	-	-	-	-	-	-	-	-	-	(108,804)
Property and casualty insurance recovery	-	-	-	-	-	-	-	-	-	-	173,918
Business interruption insurance recovery	-	-	-	-	-	-	-	-	-	-	-
State contribution to flood losses	-	-	-	-	-	-	-	-	-	-	(2,000,000)
FEMA insurance recovery	-	-	-	-	-	-	-	-	-	-	(14,245,245)
Casualty loss (recovery), net	-	-	-	-	-	-	-	-	-	-	(18,592,213)
Total operating expenses and casualty losses (recovery), before non-cash expense items	19,186,679	9,997,728	1,178,643	30,363,050	-	-	-	-	-	30,363,050	9,206,483
Income (Deficiency) from operations before non-cash e	5,768,750	(7,020,492)	(17,190,114)	(18,441,856)	-	-	-	-	-	(18,441,856)	(724,923)
Non-cash expense items											
Change in fair value of derivative instruments	-	6,255,448	-	6,255,448	-	-	-	-	-	6,255,448	(1,148,579)
Amortization of bond issuance costs	-	53,165	-	53,165	-	-	-	-	-	53,165	53,165
Subordinated debt service - in-kind	-	750,000	-	750,000	-	-	-	-	-	750,000	750,000
Depreciation	-	6,018,707	-	6,018,707	-	-	-	-	-	6,018,707	7,328,013
Total non-cash expense items	-	13,077,320	-	13,077,320	-	-	-	-	-	13,077,320	6,982,599
Income (deficiency) from operations	5,768,750	(20,097,812)	(17,190,114)	(31,519,176)	-	-	-	-	-	(31,519,176)	(7,707,522)
Support											
Contributions	2,118,949	12,500	667,693	2,799,142	470,108	77,219	2,608,441	3,155,768	23,551	5,978,461	13,164,748
Grants	314,900	-	-	314,900	-	-	-	-	-	314,900	349,750
Fund-raising events	2,999,290	-	-	2,999,290	-	-	-	-	-	2,999,290	850,089
In-kind contributions	184,565	1,187,500	-	1,372,065	-	-	-	-	-	1,372,065	1,084,483
Total support	5,617,704	1,200,000	667,693	7,485,397	470,108	77,219	2,608,441	3,155,768	23,551	10,664,716	15,449,070
Net assets released from restrictions	741,110	10,009,479	4,405,476	15,156,065	(741,110)	(10,009,479)	(4,405,476)	(15,156,065)	-	-	-
Income (deficiency) from operations and fund-raising	12,127,564	(8,888,333)	(12,116,945)	(8,877,714)	(271,002)	(9,932,260)	(1,797,035)	(12,000,297)	23,551	(20,854,460)	7,741,548
Investment and campaign activity											
Net ATFG and SG campaign activity	-	-	(126,664)	(126,664)	-	-	-	-	-	(126,664)	6,330,224
Net investment activity	-	-	245,299	245,299	-	-	-	-	-	245,299	1,572,036
Total investment expenses	-	-	(238,516)	(238,516)	-	-	-	-	-	(238,516)	(361,594)
Net investment and campaign activity	-	-	(119,881)	(119,881)	-	-	-	-	-	(119,881)	7,540,666
Increase (decrease) in net assets	12,127,564	(8,888,333)	(12,236,826)	(8,997,595)	(271,002)	(9,932,260)	(1,797,035)	(12,000,297)	23,551	(20,974,341)	15,282,214
Net assets at beginning of year	40,161,661	(49,197,647)	69,502,136	60,466,150	765,230	12,408,271	16,883,909	30,057,410	2,501,635	93,025,195	77,742,981
Net assets at end of year	$ 52,289,225	$ (58,085,980)	$ 57,265,310	$ 51,468,555	$ 494,228	$ 2,476,011	$ 15,086,874	$ 18,057,113	$ 2,525,186	$ 72,050,854	$ 93,025,195

See report of independent auditors on supplementary information.

NASHVILLE SYMPHONY ASSOCIATION
SCHEDULES OF OPERATING EXPENSES
Years Ended July 31, 2012 and 2011

	2012	2011
Operations and artistic administration		
Conductor, orchestra salaries and benefits	$ 8,019,789	$ 7,394,877
Orchestra management, artistic administration salaries and benefits	677,611	635,663
Assisting artists' fees and guest conductor	2,824,683	1,745,960
Hall rental	69,703	7,831
Music purchase, rental, royalties and commissions	362,807	165,135
Stagehands' salaries and benefits	131,265	88,309
Travel	474,279	15,389
Instrument rental and repair	115,352	110,032
Insurance – instruments	17,668	26,029
Concert production	214,790	202,706
Printing	903	4,864
Postage	1,455	2,131
Truck rental	5,068	6,955
Total operations and artistic administration	$12,915,373	$10,405,881
Education expenses		
Salaries and benefits	$ 132,606	$ 399,040
Travel / entertainment	2,582	7,997
Printing	49	3,958
Professional fees	-	7,700
Miscellaneous	224,322	191,876
Total education expenses	$ 359,559	$ 610,571
Marketing expenses		
Marketing, salaries and benefits	$ 988,028	$ 918,615
Advertising	809,012	526,036
Telemarketing	337,581	382,532
Printing	96,295	122,093
Postage	14,053	51,249
Miscellaneous marketing	212,488	325,388
Total marketing expenses	$ 2,457,457	$ 2,325,913
Administrative and support expenses		
Salaries and benefits	$ 1,485,112	$ 1,390,357
Insurance	40,486	36,973
Professional fees	504,581	834,328
Office supplies and maintenance	81,799	74,958
Dues and subscriptions	32,276	31,684
Meals and entertainment	91,399	88,402
Information technology	206,158	220,968
Bank charges	234,427	213,740
Telephone	34,709	39,002
Printing	121	1,238
Miscellaneous	24,466	33,280
Total administrative and support expenses	$ 2,735,534	$ 2,964,930

(Continued)

NASHVILLE SYMPHONY ASSOCIATION
SCHEDULES OF OPERATING EXPENSES
Years Ended July 31, 2012 and 2011

	2012	2011
Fundraising expenses		
Salaries, benefits and professional fees	$ 855,446	$ 879,619
Professional fees	283,750	393,939
Printing	30,688	41,230
Postage	14,424	34,675
Travel	7,899	7,832
Miscellaneous	74,452	130,336
Total fund-raising expenses	$ 1,266,659	$ 1,487,631
Management and building operations		
Salaries and benefits	$ 1,009,972	$ 923,945
Utilities	613,649	550,792
Property insurance	214,496	182,610
Office Supplies	1,559	839
Housekeeping and janitorial	239,909	152,833
Security	210,570	218,235
General contracts	82,747	57,897
Gain/loss on Sale	-	(2,200)
Tools, equipment and maintenance	40,582	24,033
Valet service	14,346	1,400
Institutional marketing	21,449	18,433
Miscellaneous	(4,565)	6,137
Total management and building operations	$ 2,444,714	$ 2,134,954
Debt service		
Miscellaneous carrying costs	$ 2,051,927	$ 2,114,682
SWAP – Bank of America	692,001	723,724
SWAP – Regions	345,693	362,597
SWAP – SunTrust A	1,170,852	1,228,137
SWAP – SunTrust B	780,568	818,758
Regions - Interest	183,496	236,195
	$ 5,224,537	$ 5,484,093

See report of independent auditors on supplementary information.