# NASHVILLE SYMPHONY ASSOCIATION

## FINANCIAL STATEMENTS

July 31, 2010 and 2009

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

FINANCIAL STATEMENTS
July 31, 2010 and 2009

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# 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, 2010 and 2009, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nashville Symphony Association as of July 31, 2010 and 2009, 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 described in Note 2, there was extensive flood damage to the Schermerhorn Symphony Center in May 2010, which disrupted operations and resulted in a significant casualty loss for the year ended July 31, 2010.

Crowe Horwath LLP

Crowe Horwath LLP

Brentwood, Tennessee
January 18, 2011

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 2,110,613 | $ 1,357,082 |
| Accounts receivable | 277,663 | 441,107 |
| Accrued insurance proceeds receivable | 10,894,066 | - |
| Prepaid expenses, and other current assets | 1,806,832 | 1,975,845 |
| Contributions and grants receivable, net | 5,098,142 | 4,224,735 |
| Total current assets | 20,187,316 | 7,998,769 |
| | | |
| Noncurrent assets | | |
| Contributions receivable, net | 20,824,796 | 18,750,182 |
| Investments | 72,236,610 | 74,235,314 |
| Property and equipment, net | 109,967,058 | 118,096,709 |
| Deferred bond issuance costs, net | 1,120,891 | 1,174,056 |
| Total noncurrent assets | 204,149,355 | 212,256,261 |
| | | |
| Total assets | $224,336,671 | $ 220,255,030 |
| | | |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | $ 1,165,200 | $ 616,084 |
| Construction and accrued liabilities | 26,365,096 | - |
| Deferred revenues | 3,676,467 | 4,168,829 |
| Fair value of derivative instrument | 3,082,426 | 1,664,374 |
| Bonds payable - current | 2,830,000 | 2,740,000 |
| Total current liabilities | 37,119,189 | 9,189,287 |
| | | |
| Long-term liabilities | | |
| Bonds payable | 88,270,000 | 91,100,000 |
| Notes payable | 10,000,000 | 10,000,000 |
| Fair value of derivative instrument | 11,204,501 | 7,382,254 |
| Total long-term liabilities | 109,474,501 | 108,482,254 |
| | | |
| Total liabilities | 146,593,690 | 117,671,541 |
| | | |
| Net assets | | |
| Unrestricted | 49,624,132 | 77,443,200 |
| Temporarily restricted | 25,618,824 | 22,640,289 |
| Permanently restricted | 2,500,025 | 2,500,000 |
| Total net assets | 77,742,981 | 102,583,489 |
| | | |
| Total liabilities and net assets | $224,336,671 | $ 220,255,030 |

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended July 31, 2010 and 2009

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2010 Total | 2009 Total |
|---|---|---|---|---|---|
| Operating revenues | | | | | |
| Program revenues | | | | | |
| Ticket sales | $ 6,040,950 | $ - | $ - | $ 6,040,950 | $ 7,402,179 |
| Orchestra fee engagements | 416,293 | - | - | 416,293 | 331,028 |
| Concert hall rental | 169,400 | - | - | 169,400 | 353,779 |
| Ancillary rental | 56,288 | - | - | 56,288 | 87,750 |
| Concessions (net) | (486,358) | - | - | (486,358) | 121,155 |
| Expense reimbursements | 128,978 | - | - | 128,978 | 233,506 |
| Interest income | 268 | - | - | 268 | 20,153 |
| Other income | 174,161 | - | - | 174,161 | 193,623 |
| Total program revenues | 6,499,980 | - | - | 6,499,980 | 8,743,173 |
| Distribution from CFMT | 485,874 | - | - | 485,874 | 595,740 |
| Total transfers | 485,874 | - | - | 485,874 | 595,740 |
| Total operating revenues | 6,985,854 | - | - | 6,985,854 | 9,338,913 |
| Operating expenses and casualty losses | | | | | |
| *Orchestra Operations* | | | | | |
| Operations and artistic administration | 10,372,937 | - | - | 10,372,937 | 11,860,636 |
| Education | 470,428 | - | - | 470,428 | 548,889 |
| Marketing | 2,093,263 | - | - | 2,093,263 | 2,412,074 |
| Administration and support | 2,122,512 | - | - | 2,122,512 | 2,221,790 |
| Fundraising | 1,430,714 | - | - | 1,430,714 | 1,603,843 |
| In-kind expenses | 211,684 | - | - | 211,684 | 211,299 |
| Total orchestra expenses | 16,701,538 | - | - | 16,701,538 | 18,858,531 |
| *SSC Operations* | | | | | |
| Concert hall expenses | - | - | - | - | - |
| Management and building operations | 2,091,807 | - | - | 2,091,807 | 2,732,522 |
| Debt service | 4,294,019 | - | - | 4,294,019 | 4,018,639 |
| In-kind expenses | 2,000 | - | - | 2,000 | 51,369 |
| Total SSC expenses | 6,387,826 | - | - | 6,387,826 | 6,802,530 |
| *Casualty loss from Flood, net (Note 2)* | | | | | |
| Site remediation | 12,699,428 | - | - | 12,699,428 | - |
| Loss of equipment | 899,933 | - | - | 899,933 | - |
| Non-capitalized replacement of fixtures | 2,942,222 | - | - | 2,942,222 | - |
| Non-capitalized repair of building | 18,433,746 | - | - | 18,433,746 | - |
| Other expenses incurred | 1,669,776 | - | - | 1,669,776 | - |
| Property and casualty insurance recovery | (9,047,646) | - | - | (9,047,646) | - |
| Business interruption insurance recovery | (1,768,013) | - | - | (1,768,013) | - |
| FEMA insurance recovery | (10,248,681) | - | - | (10,248,681) | - |
| Casualty loss, net | 15,580,765 | - | - | 15,580,765 | - |
| Total operating expenses and casualty losses before non-cash expense items | 38,670,129 | - | - | 38,670,129 | 25,661,061 |
| Deficiency from operations before non-cash expense items | (31,684,275) | - | - | (31,684,275) | (16,322,148) |
| Non-cash expense Items | | | | | |
| Change in fair value of derivative instrument | 5,240,299 | - | - | 5,240,299 | 5,957,711 |
| Amortization of bond issuance costs | 56,019 | - | - | 56,019 | 56,019 |
| Subordinated debt service – in-kind | 750,000 | - | - | 750,000 | 913,438 |
| Depreciation | 7,403,684 | - | - | 7,403,684 | 7,845,500 |
| Total non-cash expense items | 13,450,002 | - | - | 13,450,002 | 14,772,668 |
| Deficiency from operations | (45,134,277) | - | - | (45,134,277) | (31,094,816) |

(Continued)

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended July 31, 2010 and 2009

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2010 Total | 2009 Total |
|---|---|---|---|---|---|
| Support | | | | | |
| Contributions | $ 4,023,695 | $ 6,928,758 | $ 25 | $ 10,952,478 | $ 12,529,413 |
| Grants | 308,800 | - | - | 308,800 | 492,182 |
| Fund-raising events | 602,771 | - | - | 602,771 | 625,237 |
| In-kind contributions | 963,684 | - | - | 963,684 | 1,176,106 |
| Total support | 5,898,950 | 6,928,758 | 25 | 12,827,733 | 14,822,938 |
| Net assets released from restrictions | 3,950,223 | (3,950,223) | - | - | - |
| Income (deficiency) from operations and fund-raising | (35,285,104) | 2,978,535 | 25 | (32,306,544) | (16,271,878) |
| Investment and campaign activity | | | | | |
| Net ATFG and SG campaign activity | 4,374,001 | - | - | 4,374,001 | (6,914,246) |
| Net investment activity | 3,595,740 | - | - | 3,595,740 | 2,228,285 |
| Total investment expenses | (503,705) | - | - | (503,705) | (400,091) |
| Net investment and campaign activity | 7,466,036 | - | - | 7,466,036 | (5,086,052) |
| Increase (decrease) in net assets | (27,819,068) | 2,978,535 | 25 | (24,840,508) | (21,357,930) |
| Net assets at beginning of year | 77,443,200 | 22,640,289 | 2,500,000 | 102,583,489 | 123,941,419 |
| Net assets at end of year | $ 49,624,132 | $ 25,618,824 | $ 2,500,025 | $ 77,742,981 | $ 102,583,489 |

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended July 31, 2009

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2009 Total |
|---|---|---|---|---|
| Operating revenues | | | | |
| Program revenues | | | | |
| Ticket sales | $ 7,402,179 | $ - | $ - | $ 7,402,179 |
| Orchestra fee engagements | 331,028 | - | - | 331,028 |
| Concert hall rental | 353,779 | - | - | 353,779 |
| Ancillary rental | 87,750 | - | - | 87,750 |
| Concessions (net) | 121,155 | - | - | 121,155 |
| Expense reimbursements | 233,506 | - | - | 233,506 |
| Interest income | 20,153 | - | - | 20,153 |
| Other income | 193,623 | - | - | 193,623 |
| Total program revenues | 8,743,173 | - | - | 8,743,173 |
| Distribution from CFMT | 595,740 | - | - | 595,740 |
| Total transfers | 595,740 | - | - | 595,740 |
| Total operating revenues | 9,338,913 | - | - | 9,338,913 |
| Operating expenses | | | | |
| *Orchestra Operations* | | | | |
| Operations and artistic administration | 11,860,636 | - | - | 11,860,636 |
| Education | 548,889 | - | - | 548,889 |
| Marketing | 2,412,074 | - | - | 2,412,074 |
| Administration and support | 2,221,790 | - | - | 2,221,790 |
| Fundraising | 1,603,843 | - | - | 1,603,843 |
| In-kind expenses | 211,299 | - | - | 211,299 |
| Total orchestra expenses | 18,858,531 | - | - | 18,858,531 |
| *SSC Operations* | | | | |
| Concert hall expenses | - | - | - | - |
| Management and building operations | 2,732,522 | - | - | 2,732,522 |
| Debt service | 4,018,639 | - | - | 4,018,639 |
| In-kind expenses | 51,369 | - | - | 51,369 |
| Total SSC expenses | 6,802,530 | - | - | 6,802,530 |
| Total operating expenses before non-cash expense items | 25,661,061 | - | - | 25,661,061 |
| Deficiency from operations before non-cash expense items | (16,322,148) | - | - | (16,322,148) |
| Non-cash expense Items | | | | |
| Change in fair value of derivative instrument | 5,957,711 | - | - | 5,957,711 |
| Amortization of bond issuance costs | 56,019 | - | - | 56,019 |
| Subordinated debt service | 913,438 | - | - | 913,438 |
| Depreciation | 7,845,500 | - | - | 7,845,500 |
| Total non-cash expense items | 14,772,668 | - | - | 14,772,668 |
| Deficiency from operations | (31,094,816) | - | - | (31,094,816) |

(Continued)

# NASHVILLE SYMPHONY ASSOCIATION
## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
### Year Ended July 31, 2009

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2009 Total |
|---|---|---|---|---|
| Support | | | | |
| Contributions | $ 3,559,552 | $ 8,969,861 | $ - | $ 12,529,413 |
| Grants | 492,182 | - | - | 492,182 |
| Fund-raising events | 625,237 | - | - | 625,237 |
| In-kind contributions | 1,176,106 | - | - | 1,176,106 |
| Total support | 5,853,077 | 8,969,861 | - | 14,822,938 |
| Net assets released from restrictions | 3,722,583 | (3,722,583) | - | - |
| Income (deficiency) from operations and fund-raising | (21,519,156) | 5,247,278 | - | (16,271,878) |
| Investment and campaign activity | | | | |
| Net ATFG campaign activity | (6,914,246) | - | - | (6,914,246) |
| Net investment activity | 2,228,285 | - | - | 2,228,285 |
| Total investment expenses | (400,091) | - | - | (400,091) |
| Net investment and campaign activity | (5,086,052) | - | - | (5,086,052) |
| Increase (decrease) in net assets | (26,605,208) | 5,247,278 | - | (21,357,930) |
| Net assets at beginning of year | 104,048,408 | 17,393,011 | 2,500,000 | 123,941,419 |
| Net assets at end of year | $ 77,443,200 | $ 22,640,289 | $ 2,500,000 | $ 102,583,489 |

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended July 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Decrease in net assets | $ (24,840,508) | $ (21,357,930) |
| Adjustments to reconcile change in net assets to net cash used in operating activities | | |
| Depreciation and amortization | 7,459,703 | 7,901,519 |
| Loss on disposal of property and equipment | - | 12,466 |
| Loss of equipment from flood | 899,933 | - |
| Loss (gain) on sale of investments | (5,068,686) | 10,788,795 |
| Unrealized gain on investments, net | (1,276,999) | (3,675,265) |
| Bad debt expense | 902,339 | 65,812 |
| Change in fair market value of derivative instruments | 5,240,299 | 5,957,711 |
| Net change in assets and liabilities: | | |
| Increase in accounts, contributions and grants receivable | (3,686,916) | (5,528,411) |
| Increase in insurance proceeds receivable | (10,894,066) | - |
| Decrease in prepaid expenses | 169,013 | 142,137 |
| Increase (decrease) in accounts payable and accrued liabilities | 549,116 | (347,493) |
| Increase in construction and accrued liabilities | 26,365,096 | - |
| Decrease in deferred revenues | (492,362) | (1,260,757) |
| Net cash used in operating activities | (4,674,038) | (7,301,416) |
| **Cash flows from investing activities** | | |
| Purchases of property and equipment | (173,966) | (322,553) |
| Proceeds from the sale of property and equipment | - | 41,137 |
| Sales (purchases) of investments, net | 8,341,535 | 10,636,558 |
| Net cash provided by investing activities | 8,167,569 | 10,355,142 |
| **Cash flows from financing activities** | | |
| Payments on long-term debt | (2,740,000) | (4,080,000) |
| Net cash used in financing activities | (2,740,000) | (4,080,000) |
| Net change in cash | 753,531 | (1,026,274) |
| Cash and cash equivalents at beginning of year | 1,357,082 | 2,383,356 |
| **Cash and cash equivalents at end of year** | $ 2,110,613 | $ 1,357,082 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid during the year for interest | $ 2,112,156 | $ 1,156,749 |

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 enhancing the quality of life in Nashville and the surrounding region by providing opportunities for all citizens to enjoy the highest quality live performances of symphonic music in its various forms. Funding for operations comes from ticket sales, concert sponsorships, concert hall rental and contributions. Contributions are received from corporations, individuals, guilds, foundations, and other donating bodies.

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: The Association uses various banking institutions as their investment trustees and advisors. Each advisor independently manages the funds it holds in trust and reports directly to the Association. The Association engages an investment firm to act as Chief Investment Officer over the various investment managers.

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.

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. 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.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Bond Issue Costs: Bond issue costs of $1,471,828, net of accumulated amortization of $350,937 at July 31, 2010, are being amortized on the straight line basis over the life of the bonds, which approximates the effective interest method. Amortization expense for each year ended July 31, 2010 and 2009 amounted to $56,019.

Advertising**:** At July 31, 2010 and 2009, prepaid expenses included $322,105 and $356,993, respectively, 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 $2,093,245 and $2,412,074 in 2010 and in 2009, respectively.

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 Endowment and "A Time for Greatness" (ATFG) and "Sustaining Greatness" (SG) campaign activity 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 2010 and 2009, the Association released $3,950,223 and $3,722,583, respectively, of temporarily restricted assets to unrestricted assets after meeting stipulated time restrictions.

Temporarily restricted net assets are available for the following purposes:

| | 2010 | 2009 |
|---|---|---|
| Pledges receivable – "ATFG" & "SG" | $ 15,217,870 | $ 12,667,233 |
| Annual Campaign & Fundraising Events | 1,057,661 | 1,452,357 |
| Debt Service | 9,343,293 | 8,520,699 |
| | $ 25,618,824 | $ 22,640,289 |

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 in the current period. 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 or designated from 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.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Contributions and Grants 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 accounts 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 $436,185 and $385,817 at July 31, 2010 and 2009, 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 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, 2010 and 2009, management believes that no impairments existed.

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 $213,684 and $262,668 in 2010 and 2009, respectively. The Association also had accrued interest of $750,000 and $913,438 forgiven during the years ended July 31, 2010 and 2009. This interest forgiveness relates to the $10,000,000 Community Foundation of Middle TN 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, and investments. 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.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

New Accounting Pronouncements: Effective September 15, 2009, the Association adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105 (previously SFAS No 168, "FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles"). FASB ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009 and establishes the ASC as the source of authoritative GAAP, except for rules and interpretive releases of the Securities and Exchange Commission (SEC), which are sources of authoritative GAAP for SEC registrants. The adoption of the ASC was not intended to change or alter existing GAAP and therefore did not have any impact on the Association's financial statements. References to the relevant ASC section and the previously existing GAAP standard have been provided for accounting standards adopted in 2009 but prior to the effective date of the ASC.

Effective June 30, 2009, the Association adopted the requirements of FASB ASC 855 (previously FASB SFAS No. 165, "Subsequent Events") for subsequent events, which established standards for the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are available to be issued (subsequent events). This standard is largely the same guidance on subsequent events which previously existed only in auditing literature. The requirements include disclosure of the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued.

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.

**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. Prior to the flood, this area was designated by the Federal Emergency Management Agency (“FEMA”) Flood maps to be in a 500 to 1,000 year flood zone, and therefore, not particularly susceptible to flooding. Performances within the SSC were discontinued after the flood but resumed on December 31, 2010. During the period that the SSC could not be used, the majority of performances were moved to alternate venues and employees were moved to temporary office space.

**NOTE 2 – NASHVILLE FLOOD LOSS** (Continued)

During the period ended July 31, 2010, the Symphony recorded losses of $36,645,105 and insurance recoveries of $21,064,340 for a net casualty loss from the Nashville Flood of $15,580,765. The Symphony has segregated all costs directly incurred and all insurance proceeds received as casualty losses from operations in the statement of activities and changes in net assets. Site remediation, in the amount of $12,699,428, began as soon as flood waters receded and included expenditures for outside contractors to perform water extraction, debris removal and humidity control, cleaning and sanitizing the SSC, and establishing temporary utilities. The Symphony sustained a loss from involuntary conversion of assets of $899,933 related to equipment which had a gross carrying value of $2,157,897 and accumulated depreciation of $1,257,964. Non-capitalized costs of $2,942,222 and $18,433,746 were recorded for repair and replacement of equipment and building components. These expenditures were necessary to restore the building structure, mechanical and electrical systems, auditorium and theatrical systems and various exterior features to their pre-flood operative condition. Other expenses, amounting to $1,669,776, include write-off of inventory, food and other perishable items that were no longer able to be used due to flood damage, temporary facility and equipment rentals, consulting fees, and other costs directly incurred due to flood damage.

The Symphony had a property and casualty and business interruption insurance policy which provided combined coverage not to exceed $10,000,000 per occurrence. Other policy riders and endorsements existed which provided coverage for technology, computer equipment, and specific contents. Total property and casualty and business interruption recoveries were $9,047,646 and $1,768,013, respectively.

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, 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. Subsequent to July 31, 2010, the Symphony has filed claims with FEMA for approximately $22,362,000, and received $10,248,681 in FEMA insurance recoveries. The recoveries from FEMA are reported in the statement of activities at July 31, 2010.

The remaining FEMA claim balance outstanding of approximately $12,113,300 is subject to various contingencies and additional approval processes and the ultimate recovery amount cannot be currently determined. Due to the uncertain nature of the ultimate recovery amount, no additional recoveries have been recorded at July 31, 2010. Management believes the outstanding balance of the claim meets the criteria established by FEMA and will be substantially collected based on actual uninsured losses incurred. Any additional recoveries will be recognized in the period received. In addition, the Association has applied for mitigation funding for certain capital expenditures incurred in the subsequent year, which we believe will be reimbursed at the full 100% rate.

The insurance proceeds receivable of $10,894,066 was collected subsequent to year end. Construction and accrued liabilities of $26,365,096 are recorded based on estimated remediation and restoration costs incurred, replacement and repair of the SCC and other estimated direct costs due to flood loss.

(Continued)

## NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2010 and 2009 consist of promises to give based on commitments made by corporate and individual donors, including board members. Unrestricted receivables include donations to the endowment 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 | 2010 Total | 2009 Total |
|---|---|---|---|---|
| 2010 | $ - | $ - | $ - | $ 4,501,720 |
| 2011 | 4,516,712 | 809,576 | 5,326,288 | 4,246,057 |
| 2012 | 2,433,260 | 10,260,000 | 12,693,260 | 11,950,760 |
| 2013 | 2,474,200 | 10,000 | 2,484,200 | 1,735,200 |
| 2014 | 1,619,600 | - | 1,619,600 | 1,154,600 |
| 2015 | 1,752,400 | - | 1,752,400 | 907,400 |
| Thereafter | 5,684,500 | - | 5,684,500 | 2,692,258 |
| Total | 18,480,672 | 11,079,576 | 29,560,248 | 27,187,995 |
| Less discount | (2,524,764) | (676,361) | (3,201,125) | (3,827,261) |
| Net present value of receivables | 15,955,908 | 10,403,215 | 26,359,123 | 23,360,734 |
| Less allowance for Doubtful receivables | (376,185) | (60,000) | (436,185) | (385,817) |
| Contributions receivable, net | 15,579,723 | 10,343,215 | 25,922,938 | 22,974,917 |
| Current maturities, net | 4,519,804 | 578,338 | 5,098,142 | 4,224,735 |
| | $ 11,059,919 | $ 9,764,877 | $ 20,824,796 | $ 18,750,182 |

Total contributions receivable of $15,579,723 from the "ATFG" and "SG" campaigns include $361,853 and $15,217,870 of unrestricted and temporarily restricted assets, respectively.

The Association discontinued their fund raising campaign, "A Time For Greatness," in 2008. The Association has begun work to launch a new campaign, "Sustaining Greatness" to ensure the orchestra's future and to endow its expanded operations in the Schermerhorn Symphony Center.

In 2010 and 2009, long-term contribution receivables have been discounted using the Association's anticipated rate of return of 3.46% and 4.08%, respectively.

(Continued)

**NOTE 4 - INVESTMENTS**

Investments consist of the following. Refer to Note 12 for applicable fair value hierarchy disclosures.

| | 2010 | | |
|---|---|---|---|
| | Cost | Market | Unrealized Gain (Loss) |
| Investments in bank managed trust funds: | | | |
| Common stock securities | $ 16,277,651 | $ 17,898,488 | $ 1,620,837 |
| Corporate bond securities | 3,949,159 | 4,174,187 | 225,028 |
| U.S. Treasury and agency securities | 2,866,866 | 3,053,748 | 186,882 |
| Mutual funds – money market | 1,713,202 | 1,713,202 | - |
| Mutual funds – equities | 25,651,705 | 28,050,988 | 2,399,283 |
| Mutual funds – fixed income | 12,929,937 | 14,212,742 | 1,282,805 |
| Hedge funds and limited partnerships | 3,111,734 | 3,133,255 | 21,521 |
| | $ 66,500,254 | $ 72,236,610 | $ 5,736,356 |

| | 2009 | | |
|---|---|---|---|
| | Cost | Market | Unrealized Gain (Loss) |
| Investments in bank managed trust funds: | | | |
| Common stock securities | $ 23,737,582 | $ 24,277,641 | $ 540,059 |
| Corporate bond securities | 5,938,159 | 6,341,092 | 402,933 |
| U.S. Treasury and agency securities | 107,297 | 106,775 | (522) |
| Mutual funds – money market | 1,090,965 | 1,090,965 | - |
| Mutual funds – equities | 24,339,033 | 26,007,576 | 1,668,543 |
| Mutual funds – fixed income | 16,406,648 | 15,370,726 | (1,035,922) |
| Hedge funds and limited partnerships | 1,030,709 | 1,040,539 | 9,830 |
| | $ 72,650,393 | $ 74,235,314 | $ 1,584,921 |

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

| | 2010 | 2009 |
|---|---|---|
| Interest | $ 291,029 | $ 856,256 |
| Dividends | 1,420,074 | 1,816,431 |
| Realized gains (losses), net | 5,068,686 | (10,788,795) |
| Unrealized gains, net | 1,276,999 | 3,675,265 |
| Trustee, management and professional fees | (605,548) | (479,173) |
| | $ 7,451,240 | $ (4,920,016) |

(Continued)

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

| | 2010 | 2009 |
|---|---|---|
| Land | $ 4,824,167 | $ 4,815,800 |
| Building | 125,146,624 | 125,450,405 |
| Musical instruments - depreciable | 1,656,601 | 1,948,219 |
| Musical instruments – non-depreciable | 1,975,000 | 1,975,000 |
| Furniture and equipment | 3,150,236 | 4,686,027 |
| Art, décor & sculptures – non-depreciable | 918,914 | 1,133,595 |
| | 137,671,542 | 140,009,046 |
| Less accumulated depreciation | (27,704,484) | (21,912,337) |
| | $109,967,058 | $118,096,709 |

Depreciation expense was $7,403,684 and $7,845,500 for the years ended July 31, 2010 and 2009, respectively.

**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 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, 2010 and 2009, the Association had subscription agreements to invest in certain alternative investments in the amount of $8,200,000 and $6,400,000. Approximately $3,100,000 and $1,150,000 has been invested as of July 31, 2010 and 2009. Additional capital calls are contingent upon the underlying general partners capital need.

(Continued)

**NOTE 7 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE**

The Community Foundation of Middle Tennessee (the "Foundation"), an unrelated entity, had investments with a market value of approximately $10,158,440 and $9,768,434 at July 31, 2010 and 2009, respectively, in which the Association has been designated the primary income beneficiary. Management believes these funds will be advised for the Association. Investment income is recorded as a contribution when received from the Foundation and totaled $485,874 and $595,740 for the years ended July 31, 2010 and 2009, respectively. As the Association has no claim to the investments, the principal has not been reflected in the financial statements.

**NOTE 8 - 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. The 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 $294,908 and $268,964 in 2010 and 2009, respectively.

The Association also has a voluntary tax-sheltered annuity plan, which covers all full-time employees of the Association. The 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 $343,917 and $338,256 to the plan in 2010 and 2009, respectively.

**NOTE 9 - NOTES PAYABLE AND LINE OF CREDIT**

The Association entered into two separate $5,000,000 subordinated loan agreements with the Community Foundation of Middle TN. The notes bear interest at 7.5% and mature November 1, 2033. Interest accumulates on an annual basis and is due upon maturity of the note. The Association also incurred interest expense totaling $750,000 and $913,438 for the years ended July 31, 2010 and 2009, respectively. The total interest expense amounts were forgiven by the lender in each year, and the remaining accrued interest outstanding at July 31, 2010 and 2009 was $437,500.

The Association maintained an unsecured $1,200,000 line of credit with a third-party bank, bearing interest at LIBOR. The Association had no balance at July 31, 2009, and the line matured on January 31, 2010, and was not renewed.

(Continued)

**NOTE 9 - NOTES PAYABLE AND LINE OF CREDIT** (Continued)

The Association has issued a note payable held by a single trustee, related to the financing obtained through the 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, TN. Currently, the bonds bear interest at a variable rate not to exceed 12% and are due December 1, 2031. The note is secured by an irrevocable, direct-pay Letter of Credit issued by Bank of America, N.A. which had an initial expiration date of January 8, 2009. This Letter of Credit was renewed for a one year period on January 9, 2009, and subsequently amended to include somewhat more favorable terms and extend the expiration date to April 30, 2010. On April 30, 2010, the letter of credit was renewed for a period of one year until April 30, 2011.

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 SunTrust 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%.

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, 2010 the Association was in compliance with all covenants.

Debt consists of the following at June 30, 2010 and 2009:

| | 2010 | 2009 |
|---|---|---|
| Bonds payable | $ 91,100,000 | $ 93,840,000 |
| Subordinated debt | 10,000,000 | 10,000,000 |
| | 101,100,000 | 103,840,000 |
| Less current portion of long-term debt | (2,830,000) | (2,740,000) |
| Total long-term debt | $ 98,270,000 | $101,100,000 |

Maturities of principal of debt at July 31, 2010 are as follows:

| Year Ending July 31, | |
|---|---|
| 2011 | $ 2,830,000 |
| 2012 | 2,930,000 |
| 2013 | 3,140,000 |
| 2014 | 3,250,000 |
| 2015 | 3,360,000 |
| Thereafter | 85,590,000 |
| | $101,100,000 |

(Continued)

**NOTE 10 - 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.

The following table presents a summary of the notional amounts and fair values of the Association's derivative contracts at July 31, 2010:

| | Maturity Date | Notional Amounts | Fair Value | Rate |
|---|---|---|---|---|
| | 12/1/2031 | $ 11,220,000 | $ (1,514,378) | 3.50% |
| | 12/1/2031 | 22,440,000 | (3,028,394) | 3.50% |
| | 12/1/2031 | 22,440,000 | (3,897,662) | 3.93% |
| | 12/1/2031 | 33,660,000 | (5,846,493) | 3.93% |
| Total | | $ 89,760,000 | $ (14,286,927) | |

The following table presents a summary of the notional amounts and fair values of the Association's derivative contracts at July 31, 2009:

| | Maturity Date | Notional Amounts | Fair Value | Rate |
|---|---|---|---|---|
| | 12/1/2031 | $ 11,730,000 | $ (1,050,459) | 3.50% |
| | 12/1/2031 | 23,460,000 | (2,100,292) | 3.50% |
| | 12/1/2031 | 22,440,000 | (2,358,351) | 3.93% |
| | 12/1/2031 | 33,660,000 | (3,537,526) | 3.93% |
| Total | | $ 91,290,000 | $ (9,046,628) | |

(Continued)

**NOTE 10 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES** (Continued)

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

| | 2010 | 2009 |
|---|---|---|
| Notional amounts | $ 89,760,000 | $ 91,290,000 |
| Weighted average pay rates (fixed) | 3.76% | 3.81% |
| Weighted average receive rates (67% of 1 Mo. LIBOR) | 0.23% | 0.21% |
| Weighted average maturity | 21.4 years | 22.4 years |

**NOTE 11 - 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:

| | 2010 | 2009 |
|---|---|---|
| Orchestra | $ 13,148,312 | $ 15,032,898 |
| SSC Operation | 19,837,828 | 21,575,198 |
| Total program | 32,986,140 | 36,608,096 |
| Administrative (G&A) | 2,122,512 | 2,221,790 |
| Fund raising | 1,430,714 | 1,603,843 |
| Total expenses | $ 36,539,366 | $ 40,433,729 |

**NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

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.

The following descriptions of the valuation methods and assumptions used by the Association to estimate the fair values of investments and derivative instruments apply to financial instruments held directly by the Association.

*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. Government securities*: Fair values reflect the closing price reported in the active market in which the security is traded (level 1 inputs).

(Continued)

**NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS** (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 are valued based upon recent bid prices or the average of recent 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 and limited partnerships*: The fair values of exchange traded hedge funds and limited partnerships held by the Association are based upon quoted market prices (level 1 inputs). The fair values of the Association's investments in hedge funds and limited partnerships that are not traded in an active market have been estimated using the net asset value per share of the investments, as reported by the fund managers (level 3 inputs). Generally, these investments are redeemable on a semi-annual basis, with a 60-day redemption notification requirement, after the one-year period subsequent to initial capital contribution. The hedge funds utilize diversified investment strategies (multi-strategy funds) to reduce risks and volatility and maximize capital appreciation. The investments held by the multi-strategy funds are primarily located outside of the United States, including foreign limited partnerships focusing on real estate, venture capital, and buyout opportunities (making up approximately 80% of one fund) and foreign investment funds focusing on equity value investments (approximately 30% of one fund).

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 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

Investments and derivative instrument liabilities measured at fair value on a recurring basis are summarized below:

| | Fair Value Measurements at July 31, 2010 Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Investments: | | | | |
| Common stock securities | | | | |
| Domestic small cap | $ 442,175 | $ - | $ - | $ 442,175 |
| Domestic mid cap | 2,306,726 | - | - | 2,306,726 |
| Domestic large cap | 13,594,009 | - | - | 13,594,009 |
| Domestic REIT | 35,764 | - | - | 35,764 |
| International developed markets | 1,255,016 | - | - | 1,255,016 |
| Emerging markets | 264,798 | - | - | 264,798 |
| Corporate bond securities | | | | |
| Domestic investment grade | 3,824,895 | - | - | 3,824,895 |
| International investment grade | 295,375 | - | - | 295,375 |
| Global high yield | - | 53,917 | - | 53,917 |
| U.S. Treasury and agency securities | | | | |
| U.S. government obligations | 2,025,155 | - | - | 2,025,155 |
| Inflation protected securities | - | 328,980 | - | 328,980 |
| Federal mortgage-backed securities | - | 699,613 | - | 699,613 |
| Mutual Funds | | | | |
| Money market funds | 1,713,202 | - | - | 1,713,202 |
| Equity | | | | |
| International blend | 9,187,564 | - | - | 9,187,564 |
| International value | 97,851 | - | - | 97,851 |
| International growth | 203,545 | - | - | 203,545 |
| Emerging markets blend | 2,267,075 | - | - | 2,267,075 |
| Domestic blend | 3,150,210 | - | - | 3,150,210 |
| Domestic value | 4,313,226 | - | - | 4,313,226 |
| Domestic growth | 5,978,511 | - | - | 5,978,511 |
| Domestic balanced | 30,641 | - | - | 30,641 |
| Convertible securities | 48,328 | - | - | 48,328 |
| Real estate | 1,244,454 | - | - | 1,244,454 |
| Commodity | 1,529,583 | - | - | 1,529,583 |
| Fixed income | | | | |
| Short-term bond fund | 3,557,289 | - | - | 3,557,289 |
| Intermediate term aggregate bond market | 6,547,652 | - | - | 6,547,652 |
| Inflation protected securities | 2,209,178 | - | - | 2,209,178 |
| High yield | 1,547,179 | - | - | 1,547,179 |
| Emerging markets debt | 52,373 | - | - | 52,373 |
| Global bond | 127,430 | - | - | 127,430 |
| Corporate bond | 171,641 | - | - | 171,641 |
| Hedge funds and limited partnerships | - | - | 3,133,255 | 3,133,255 |
| Total Investments | $68,020,845 | $ 1,082,510 | $ 3,133,255 | $72,236,610 |

(Continued)

**NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

| | Fair Value Measurements at July 31, 2010 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 | $ - | $ 14,286,927 | $ - | $ 14,286,927 |
| Total Liabilities | $ - | $ 14,286,927 | $ - | $ 14,286,927 |

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, 2010:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) |
|---|---|
| Hedge Funds and Limited Partnerships | |
| Beginning balance, August 1, 2009 | $ 1,040,539 |
| Net earnings (realized and unrealized) | 12,837 |
| Purchases, issuances, and settlements (net) | 2,079,879 |
| Ending balance, July 31, 2010 | $ 3,133,255 |

Unrealized appreciation of $22,245 related to the hedge funds and limited partnerships is reported within net investment activity in the 2010 statement of activities and change in net assets.

The following tables present the Association's assets and liabilities measured at fair value on a recurring basis at July 31, 2009:

| | Fair Value Measurements at July 31, 2009 Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Investments: | | | | |
| Common stock securities | $ 24,277,641 | $ - | $ - | $ 24,277,641 |
| Corporate bond securities | 6,341,092 | - | - | 6,341,092 |
| U.S. Treasury and agency securities | - | 106,775 | - | 106,775 |
| Mutual funds – money market | 1,090,965 | - | - | 1,090,965 |
| Mutual funds – equities | 26,007,576 | - | - | 26,007,576 |
| Mutual funds – fixed income | 15,370,726 | - | - | 15,370,726 |
| Hedge funds and limited partnerships | - | - | 1,040,539 | 1,040,539 |
| Total Investments | $ 73,088,000 | $ 106,775 | $ 1,040,539 | $ 74,235,314 |

(Continued)

**NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

| | Fair Value Measurements at July 31, 2009 Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | July 31, 2009 Total |
| Liabilities: | | | | |
| Interest rate swaps | $ - | $ 9,046,628 | $ - | $ 9,046,628 |
| Total Liabilities | $ - | $ 9,046,628 | $ - | $ 9,046,628 |

The table below presents a reconciliation and income statement 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, 2009:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) |
|---|---|
| Hedge Funds and Limited Partnerships | |
| Beginning balance, August 1, 2008 | $ - |
| Net earnings (realized and unrealized) | 9,830 |
| Purchases, issuances, and settlements (net) | 1,030,709 |
| Ending balance, July 31, 2009 | $ 1,040,539 |

Unrealized appreciation of $9,796 related to the hedge funds and limited partnerships is reported within net investment activity in the 2009 statement of activities and change in net assets.

**NOTE 13 - RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION**

Permanently restricted net assets, amounted to $2,500,025 and $2,500,000 at July 31, 2010 and 2009, respectively. The net assets consist of endowment funds of $525,025 and $525,000 to be held indefinitely, the income from which is expendable to support the educational and operational purpose of the Association. The remaining net assets at July 31, 2010 and 2009 consist of $1,975,000 of musical instruments owned by the Association for indefinite use by the Symphony.

The cumulative Endowment, which totals $525,025 and $8,898,472 at July 31, 2010 and 2009, respectively, is composed of permanently restricted net assets and unrestricted, board-designated, net assets. These unrestricted board-designated net assets totaled $0 and $8,373,472 at July 31, 2010 and 2009.

**NOTE 13 - RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION**
(Continued)

The Endowment is managed by professional investment management firms with oversight provided by the Association's management and the Board's Investment Committee. The Association's Endowment primarily consists of mutual funds held by one of the Association's custodians. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of July 31, 2010 and 2009 are as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| 2010 | | | | |
| Donor restricted endowment funds | $ - | $ - | $ 525,025 | $ 525,025 |
| | $ - | $ - | $ 525,025 | $ 525,025 |
| 2009 | | | | |
| Donor restricted endowment funds | $ - | $ - | $ 525,000 | $ 525,000 |
| Board designated endowment funds | 8,373,472 | - | - | 8,373,472 |
| Total funds | $ 8,373,472 | $ - | $ 525,000 | $ 8,898,472 |

Changes in endowment net assets for years ended July 31, 2010 and 2009:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets, August 1, 2008 | $ 8,373,472 | $ - | $ 525,000 | $ 8,898,472 |
| Investment income, net | 200,546 | - | - | 200,546 |
| Endowment transfers, net | (200,546) | - | - | (200,546) |
| Endowment net assets, July 31, 2009 | 8,373,472 | - | 525,000 | 8,898,472 |
| Donor restricted contributions | - | - | 25 | 25 |
| Investment income, net | - | 13,801 | - | 13,801 |
| Endowment transfers, net | - | (13,801) | - | (13,801) |
| Board restrictions released | (8,373,472) | - | - | (8,373,472) |
| Endowment net assets, July 31, 2010 | $ - | $ - | $ 525,025 | $ 525,025 |

(Continued)

**NOTE 13 - RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION** (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 endowment 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 Endowment, (b) the original value of subsequently permanently restricted gifts donated to the Endowment, and (c) accumulation to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Return Objectives and Risk Parameters: The Association has adopted investment and spending policies for Endowment assets that attempt to provide a predictable stream of funding to programs supported by the Endowment. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s), as Unrestricted (Board-designated) funds, which the Association allocated for expenditure per its long-range financial plans. Under these policies, as approved by the Board of Directors, the Endowment assets are invested in a manner which is intended to produce results that achieve the Association's goals in support of its mission.

Spending Policy and How the Investment Objectives Related to Spending Policy: The Association's Board of Directors have established an Endowment Fund spending policy for the permanently restricted portion of the Endowment, which attempts to balance the long-term objective of maintaining the purchasing power of the Endowment with the goal of providing funds to underwrite the current and future operations needs of the Symphony and to enhance the financial well-being of the Association. The spending formula previously approved by the Board is computed at 5% of the average fair value of the portfolio for the prior twelve quarters fair values. This spending formula is factored into the Association's annual operating budget. The unrestricted (Board-designated) portion of the Endowment is not subject to this spending policy, but rather to appropriations reflected in the Association's long-range financial plans and subject to approval by the Board of Directors on an annual basis. During the current year, the Board-designated portion of the Endowment was released for use in general operations.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment 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, 2010 and July 31, 2009.

**NOTE 14 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to July 31, 2010 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended July 31, 2010. Management has performed their analysis through January 18, 2011, the date the financial statements were issued.

# SUPPLEMENTARY INFORMATION

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

Our report on our audits of the basic financial statements of the Nashville Symphony Association for 2010 and 2009 appear on page 1. The audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, consisting of combining statements of financial position, activities and changes in net assets and schedules of operating expenses, contained on the following pages is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Brentwood, Tennessee
January 18, 2011

NASHVILLE SYMPHONY ASSOCIATION
COMBINING STATEMENT OF FINANCIAL POSITION
July 31, 2010 and 2009

| | 2010 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Unrestricted | | | | | Temporarily Restricted | | | | | | |
| | Nashville Symphony Orchestra | Schermerhorn Symphony Center | Board Designated Endowments | ATFG and Other Investments | Total Unrestricted | Nashville Symphony Orchestra | Schermerhorn Symphony Center | Pledges Receivable | Total Temporarily Restricted | Permanently Restricted | 2010 Total | 2009 Total |
| Current assets | | | | | | | | | | | | |
| Cash and cash equivalents | $ 349,787 | $ 862,648 | $ - | $ 898,178 | $ 2,110,613 | $ - | $ - | $ - | $ - | $ - | $ 2,110,613 | $ 1,357,082 |
| Accounts receivable | 223,010 | 54,653 | - | - | 277,663 | - | - | - | - | - | 277,663 | 441,107 |
| Insurance proceeds receivable | - | 10,894,066 | - | - | 10,894,066 | - | - | - | - | - | 10,894,066 | - |
| Prepaid expenses and other current asset | 432,655 | 1,374,177 | - | - | 1,806,832 | - | - | - | - | - | 1,806,832 | 1,975,845 |
| Contributions and grants receivable, net | 216,485 | - | - | 361,853 | 578,338 | 533,091 | - | 3,986,713 | 4,519,804 | - | 5,098,142 | 4,224,735 |
| Total current assets | 1,221,937 | 13,185,544 | - | 1,260,031 | 15,667,512 | 533,091 | - | 3,986,713 | 4,519,804 | - | 20,187,316 | 7,998,769 |
| Noncurrent assets | | | | | | | | | | | | |
| Contributions receivable, net | | - | - | - | - | 251,914 | 9,341,725 | 11,231,157 | 20,824,796 | - | 20,824,796 | 18,750,182 |
| Investments | 124,547 | - | - | - | 124,547 | - | - | - | - | - | 124,547 | 74,235,314 |
| Due from/(to) funds | 32,961,592 | (33,335,355) | - | 99,514 | (274,249) | 272,656 | 1,568 | - | 274,224 | 25 | - | - |
| Endowments Unrestricted | - | - | - | 71,587,063 | 71,587,063 | - | - | - | - | - | 71,587,063 | - |
| Endowments Restricted | - | - | - | - | - | - | - | - | - | 525,000 | 525,000 | - |
| Property and equipment, net | - | 107,992,058 | - | - | 107,992,058 | - | - | - | - | 1,975,000 | 109,967,058 | 118,096,709 |
| Deferred bond issuance costs, net | - | 1,120,891 | - | - | 1,120,891 | - | - | - | - | - | 1,120,891 | 1,174,056 |
| Total noncurrent assets | 33,086,139 | 75,777,594 | - | 71,686,577 | 180,550,310 | 524,570 | 9,343,293 | 11,231,157 | 21,099,020 | 2,500,025 | 204,149,355 | 212,256,261 |
| Total assets | $34,308,076 | $ 88,963,138 | $ - | $ 72,946,608 | $ 196,217,822 | $ 1,057,661 | $ 9,343,293 | $15,217,870 | $ 25,618,824 | $ 2,500,025 | $224,336,671 | $ 220,255,030 |
| Current liabilities | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | $ 149,334 | $ 983,365 | $ - | $ 32,501 | $ 1,165,200 | $ - | $ - | $ - | $ - | $ - | $ 1,165,200 | $ 616,084 |
| Construction & accrued liabilities | - | 26,365,096 | - | - | 26,365,096 | - | - | - | - | - | 26,365,096 | - |
| Deferred revenues | 3,601,490 | 74,977 | - | - | 3,676,467 | - | - | - | - | - | 3,676,467 | 4,168,829 |
| Fair value of derivative instrument | - | 3,082,426 | - | - | 3,082,426 | - | - | - | - | - | 3,082,426 | 1,664,374 |
| Bonds payable - current | - | 2,830,000 | - | - | 2,830,000 | - | - | - | - | - | 2,830,000 | 2,740,000 |
| Total current liabilities | 3,750,824 | 33,335,864 | - | 32,501 | 37,119,189 | - | - | - | - | - | 37,119,189 | 9,189,287 |
| Long-term liabilities | | | | | | | | | | | | |
| Bonds payable | - | 88,270,000 | - | - | 88,270,000 | - | - | - | - | - | 88,270,000 | 91,100,000 |
| Notes payable | - | 10,000,000 | - | - | 10,000,000 | - | - | - | - | - | 10,000,000 | 10,000,000 |
| Fair value of derivative instrument | - | 11,204,501 | - | - | 11,204,501 | - | - | - | - | - | 11,204,501 | 7,382,254 |
| Total long term liabilities | - | 109,474,501 | - | - | 109,474,501 | - | - | - | - | - | 109,474,501 | 108,482,254 |
| Total liabilities | 3,750,824 | 142,810,365 | - | 32,501 | 146,593,690 | - | - | - | - | - | 146,593,690 | 117,671,541 |
| Net assets (deficit) | | | | | | | | | | | | |
| Unrestricted | 30,557,252 | (53,847,227) | - | 72,914,107 | 49,624,132 | - | - | - | - | - | 49,624,132 | 77,443,200 |
| Temporarily restricted | - | - | - | - | - | 1,057,661 | 9,343,293 | 15,217,870 | 25,618,824 | - | 25,618,824 | 22,640,289 |
| Permanently restricted | - | - | - | - | - | - | - | - | - | 2,500,025 | 2,500,025 | 2,500,000 |
| Total net assets | 30,557,252 | (53,847,227) | - | 72,914,107 | 49,624,132 | 1,057,661 | 9,343,293 | 15,217,870 | 25,618,824 | 2,500,025 | 77,742,981 | 102,583,489 |
| Total liabilities and net assets | $34,308,076 | $ 88,963,138 | $ - | $ 72,946,608 | $ 196,217,822 | $ 1,057,661 | $ 9,343,293 | $15,217,870 | $ 25,618,824 | $ 2,500,025 | $224,336,671 | $ 220,255,030 |

See report of independent auditors on supplementary information.

NASHVILLE SYMPHONY ASSOCIATION
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended July 31, 2010 and 2009

| | 2010 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Unrestricted | | | | | Temporarily Restricted | | | | | | |
| | Nashville Symphony Orchestra | Schermerhorn Symphony Center | Board Designated Endowments | ATFG and Other Investments | Total Unrestricted | Nashville Symphony Orchestra | Schermerhorn Symphony Center | Pledges Receivable | Total Temporarily Restricted | Permanently Restricted | 2010 Total | 2009 Total |
| Operating revenues | | | | | | | | | | | | |
| Program revenues | | | | | | | | | | | | |
| Ticket sales | $ 6,040,950 | $ - | $ - | $ - | $ 6,040,950 | $ - | $ - | $ - | $ - | $ - | $ 6,040,950 | $ 7,402,179 |
| Orchestra fee engagements | 416,293 | - | - | - | 416,293 | - | - | - | - | - | 416,293 | 331,028 |
| Concert Hall Rental | - | 169,400 | - | - | 169,400 | - | - | - | - | - | 169,400 | 353,779 |
| Ancillary Rental | - | 56,288 | - | - | 56,288 | - | - | - | - | - | 56,288 | 87,750 |
| Concessions (net) | 16,834 | (503,192) | - | - | (486,358) | - | - | - | - | - | (486,358) | 121,155 |
| Expense Reimbursements | - | 128,978 | - | - | 128,978 | - | - | - | - | - | 128,978 | 233,506 |
| Interest income | 74 | 194 | - | - | 268 | - | - | - | - | - | 268 | 20,153 |
| Other income | 166,948 | 7,213 | - | - | 174,161 | - | - | - | - | - | 174,161 | 193,623 |
| Total program revenues | 6,641,099 | (141,119) | - | - | 6,499,980 | - | - | - | - | - | 6,499,980 | 8,743,173 |
| Distribution from CFMT | 485,874 | - | - | - | 485,874 | - | - | - | - | - | 485,874 | 595,740 |
| Transfers from endowments | 13,627,675 | 9,972 | - | (13,637,647) | - | - | - | - | - | - | - | - |
| Total transfers | 14,113,549 | 9,972 | - | (13,637,647) | 485,874 | - | - | - | - | - | 485,874 | 595,740 |
| Total operating revenues | 20,754,648 | (131,147) | - | (13,637,647) | 6,985,854 | - | - | - | - | - | 6,985,854 | 9,338,913 |
| Operating expenses and casualty losses | | | | | | | | | | | | |
| *Orchestra Operations* | | | | | | | | | | | | |
| Concert production | 10,372,937 | - | - | - | 10,372,937 | - | - | - | - | - | 10,372,937 | 11,860,636 |
| Education | 470,428 | - | - | - | 470,428 | - | - | - | - | - | 470,428 | 548,889 |
| Marketing | 2,093,263 | - | - | - | 2,093,263 | - | - | - | - | - | 2,093,263 | 2,412,074 |
| Administration and support | 1,778,307 | 344,205 | - | - | 2,122,512 | - | - | - | - | - | 2,122,512 | 2,221,790 |
| Fundraising | 1,055,631 | - | - | 375,083 | 1,430,714 | - | - | - | - | - | 1,430,714 | 1,603,843 |
| In-kind expenses | 211,684 | - | - | - | 211,684 | - | - | - | - | - | 211,684 | 211,299 |
| Total orchestra expenses | 15,982,250 | 344,205 | - | 375,083 | 16,701,538 | - | - | - | - | - | 16,701,538 | 18,858,531 |
| *SSC Operations* | | | | | | | | | | | | |
| Management and building operations | - | 2,091,807 | - | - | 2,091,807 | - | - | - | - | - | 2,091,807 | 2,732,522 |
| Debt service | - | 4,294,019 | - | - | 4,294,019 | - | - | - | - | - | 4,294,019 | 4,018,639 |
| In-kind expenses | - | - | - | 2,000 | 2,000 | - | - | - | - | - | 2,000 | 51,369 |
| Total SSC expenses | - | 6,385,826 | - | 2,000 | 6,387,826 | - | - | - | - | - | 6,387,826 | 6,802,530 |
| *Casualty loss from Flood, net (Note 2)* | | | | | | | | | | | | |
| Site remediation | - | 12,699,428 | - | - | 12,699,428 | - | - | - | - | - | 12,699,428 | - |
| Impairment of equipment | - | 899,933 | - | - | 899,933 | - | - | - | - | - | 899,933 | - |
| Non-capitalized replacement of fixtures | - | 2,942,222 | - | - | 2,942,222 | - | - | - | - | - | 2,942,222 | - |
| Non-capitalized repair of building | - | 18,433,746 | - | - | 18,433,746 | - | - | - | - | - | 18,433,746 | - |
| Other expenses incurred | - | 1,669,776 | - | - | 1,669,776 | - | - | - | - | - | 1,669,776 | - |
| Property and casualty insurance recovery | - | (9,047,646) | - | - | (9,047,646) | - | - | - | - | - | (9,047,646) | - |
| Business interruption insurance recovery | - | (1,768,013) | - | - | (1,768,013) | - | - | - | - | - | (1,768,013) | - |
| FEMA insurance recovery | - | (10,248,681) | - | - | (10,248,681) | - | - | - | - | - | (10,248,681) | - |
| Casualty loss, net | - | 15,580,765 | - | - | 15,580,765 | - | - | - | - | - | 15,580,765 | - |
| Total operating expenses and casualty losses, before non-cash expense items | 15,982,250 | 22,310,796 | - | 377,083 | 38,670,129 | - | - | - | - | - | 38,670,129 | 25,661,061 |
| Income (Deficiency) from operations before non-cash expense items | 4,772,398 | (22,441,943) | - | (14,014,730) | (31,684,275) | - | - | - | - | - | (31,684,275) | (16,322,148) |
| Non-cash expense items | | | | | | | | | | | | |
| Change in fair value of derivative instruments | - | 5,240,299 | - | - | 5,240,299 | - | - | - | - | - | 5,240,299 | 5,957,711 |
| Amortization of bond issuance costs | - | 56,019 | - | - | 56,019 | - | - | - | - | - | 56,019 | 56,019 |
| Subordinated debt service - in-kind | - | 750,000 | - | - | 750,000 | - | - | - | - | - | 750,000 | 913,438 |
| Depreciation | - | 7,403,684 | - | - | 7,403,684 | - | - | - | - | - | 7,403,684 | 7,845,500 |
| Total non-cash expense items | - | 13,450,002 | - | - | 13,450,002 | - | - | - | - | - | 13,450,002 | 14,772,668 |
| Income (deficiency) from operations | 4,772,398 | (35,891,945) | - | (14,014,730) | (45,134,277) | - | - | - | - | - | (45,134,277) | (31,094,816) |
| Support | | | | | | | | | | | | |
| Contributions | 2,054,317 | - | - | 1,969,378 | 4,023,695 | 476,650 | 831,826 | 5,620,282 | 6,928,758 | 25 | 10,952,478 | 12,529,413 |
| Grants | 308,800 | - | - | - | 308,800 | - | - | - | - | - | 308,800 | 492,182 |
| Fund-raising events | 602,771 | - | - | - | 602,771 | - | - | - | - | - | 602,771 | 625,237 |
| In-kind contributions | 211,684 | 750,000 | - | 2,000 | 963,684 | - | - | - | - | - | 963,684 | 1,176,106 |
| Total support | 3,177,572 | 750,000 | - | 1,971,378 | 5,898,950 | 476,650 | 831,826 | 5,620,282 | 6,928,758 | 25 | 12,827,733 | 14,822,938 |
| Net assets released from restrictions | 871,346 | 9,232 | (8,373,472) | 11,443,117 | 3,950,223 | (871,346) | (9,232) | (3,069,645) | (3,950,223) | - | - | - |
| Income (deficiency) from operations and fund-raising | 8,821,316 | (35,132,713) | (8,373,472) | (600,235) | (35,285,104) | (394,696) | 822,594 | 2,550,637 | 2,978,535 | 25 | (32,306,544) | (16,271,878) |
| Investment and campaign activity | | | | | | | | | | | | |
| Net ATFG and SG campaign activity | - | - | - | 4,374,001 | 4,374,001 | - | - | - | - | - | 4,374,001 | (6,914,246) |
| Net investment activity | - | - | - | 3,595,740 | 3,595,740 | - | - | - | - | - | 3,595,740 | 2,228,285 |
| Total investment expenses | - | - | - | (503,705) | (503,705) | - | - | - | - | - | (503,705) | (400,091) |
| Net investment and campaign activity | - | - | - | 7,466,036 | 7,466,036 | - | - | - | - | - | 7,466,036 | (5,086,052) |
| Increase (decrease) in net assets | 8,821,316 | (35,132,713) | (8,373,472) | 6,865,801 | (27,819,068) | (394,696) | 822,594 | 2,550,637 | 2,978,535 | 25 | (24,840,508) | (21,357,930) |
| Net assets at beginning of year | 21,735,936 | (18,714,514) | 8,373,472 | 66,048,306 | 77,443,200 | 1,452,357 | 8,520,699 | 12,667,233 | 22,640,289 | 2,500,000 | 102,583,489 | 123,941,419 |
| Net assets at end of year | $ 30,557,252 | $ (53,847,227) | $ - | $ 72,914,107 | $ 49,624,132 | $ 1,057,661 | $ 9,343,293 | $ 15,217,870 | $ 25,618,824 | $ 2,500,025 | $ 77,742,981 | $ 102,583,489 |

See report of independent auditors on supplementary information.

NASHVILLE SYMPHONY ASSOCIATION
SCHEDULES OF OPERATING EXPENSES
Years Ended July 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| Operations and artistic administration | | |
| Conductor, orchestra salaries and benefits | $ 7,191,138 | $ 7,557,329 |
| Orchestra management, artistic administration salaries and benefits | 529,334 | 597,586 |
| Assisting artists' fees and guest conductor | 1,946,943 | 2,483,434 |
| Hall rental | 17,189 | 48,446 |
| Music purchase, rental, royalties and commissions | 225,201 | 201,327 |
| Stagehands' salaries and benefits | 98,217 | 107,274 |
| Travel | 32,124 | 55,990 |
| Instrument rental and repair | 89,013 | 140,252 |
| Insurance – instruments | 15,053 | 16,446 |
| Concert production | 213,083 | 636,739 |
| Printing | 2,869 | 3,898 |
| Postage | 4,613 | 6,664 |
| Truck rental | 8,160 | 5,251 |
| Total operations and artistic administration | $ 10,372,937 | $ 11,860,636 |
| Education expenses | | |
| Salaries and benefits | $ 307,792 | $ 364,846 |
| Travel / entertainment | 6,885 | 11,389 |
| Printing | 3,931 | 8,406 |
| Miscellaneous | 151,820 | 164,248 |
| Total education expenses | $ 470,428 | $ 548,889 |
| Marketing expenses | | |
| Marketing, salaries and benefits | $ 892,556 | $ 949,557 |
| Advertising | 452,055 | 714,105 |
| Telemarketing | 305,048 | 301,079 |
| Printing | 143,862 | 151,675 |
| Postage | 61,870 | 44,549 |
| Miscellaneous marketing | 237,872 | 251,109 |
| Total marketing expenses | $ 2,093,263 | $ 2,412,074 |
| Administrative and support expenses | | |
| Salaries and benefits | $ 1,352,196 | $ 1,372,015 |
| Insurance | 37,824 | 36,957 |
| Office supplies and maintenance | 159,599 | 134,701 |
| Dues and subscriptions | 69,299 | 86,499 |
| Meals and entertainment | 43,891 | 45,986 |
| Information technology | 75,744 | 84,895 |
| Bank charges | 142,108 | 164,123 |
| Telephone | 180,901 | 207,046 |
| Printing | 31,346 | 36,078 |
| Miscellaneous | 29,604 | 53,490 |
| Total administrative and support expenses | $ 2,122,512 | $ 2,221,790 |

(Continued)

# NASHVILLE SYMPHONY ASSOCIATION
## SCHEDULES OF OPERATING EXPENSES
Years Ended July 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| Fundraising expenses | | |
| Salaries, benefits and professional fees | $ 900,056 | $ 955,194 |
| Telefunding | 8 | 75,646 |
| Professional fees | 288,230 | 74,227 |
| Printing | 39,233 | 181,950 |
| Postage | 42,984 | 48,709 |
| Travel | 7,639 | 8,160 |
| Bad debt expense | 54,025 | 65,812 |
| Miscellaneous | 98,539 | 194,145 |
| Total fund-raising expenses | 1,430,714 | 1,603,843 |
| Management and building operations | | |
| Salaries and benefits | 966,211 | 1,280,701 |
| Utilities | 515,564 | 645,835 |
| Property insurance | 96,112 | 93,390 |
| Professional fees | - | 456 |
| Office Supplies | 5,071 | 7,032 |
| Housekeeping and janitorial | 176,371 | 238,611 |
| Security | 204,548 | 266,954 |
| General contracts | 64,776 | 106,481 |
| Gain/loss on Sale | - | 12,466 |
| Tools, equipment and maintenance | 45,299 | 37,528 |
| Valet service | 9,800 | 19,410 |
| Institutional marketing | - | 13,776 |
| Miscellaneous | 8,055 | 9,882 |
| Total management and building operations | 2,091,807 | 2,732,522 |
| Debt service | | |
| Miscellaneous carrying costs | 2,181,863 | 1,213,126 |
| SWAP – Bank of America | 754,654 | 612,067 |
| SWAP – Regions | 378,134 | 304,246 |
| SWAP – SunTrust A | 417,521 | 438,273 |
| SWAP – SunTrust B | 278,347 | 294,178 |
| Regions - Interest | 283,500 | 1,156,749 |
| | $ 4,294,019 | $ 4,018,639 |