NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS

July 31, 2017 and 2016

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

FINANCIAL STATEMENTS
July 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Nashville Symphony Association (a nonprofit organization), which comprise the statements of financial position as of July 31, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Symphony Association as of July 31, 2017 and 2016, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

Franklin, Tennessee
October 4, 2017

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 8,078,176	$ 6,174,215
Accounts receivable	1,023,066	763,713
Prepaid expenses and other assets	1,088,412	1,307,714
Certificates of deposit	2,400,000	-
Contributions receivable, net	2,154,849	2,388,468
Other receivable	112,315	3,368,099
Total current assets	14,856,818	14,002,209
Noncurrent assets		
Certificates of deposit	-	2,400,000
Contributions receivable, net	2,086,576	3,119,333
Investments	841,571	747,862
Beneficial interests in trusts	10,081,049	9,669,101
Property and equipment, net	77,614,930	79,384,458
Total noncurrent assets	90,624,126	95,320,754
Total assets	$ 105,480,944	$ 109,322,963
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 805,868	$ 619,367
Deferred revenues	6,216,741	6,040,278
Note payable - current	632,192	650,000
Total current liabilities	7,654,801	7,309,645
Long-term liabilities		
Note payable	20,000,000	20,632,192
Total long-term liabilities	20,000,000	20,632,192
Total liabilities	27,654,801	27,941,837
Net assets		
Unrestricted	68,700,467	70,836,050
Temporarily restricted	6,435,510	7,906,605
Permanently restricted	2,690,166	2,638,471
Total net assets	77,826,143	81,381,126
Total liabilities and net assets	$ 105,480,944	$ 109,322,963

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2017 (with comparative July 31, 2016 information)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
Operating revenues					
Program revenues					
Ticket sales	$ 10,435,010	$ -	$ -	$ 10,435,010	$ 11,107,023
Orchestra fee engagements	481,603	-	-	481,603	468,597
Concert hall rental	685,300	-	-	685,300	565,128
Ancillary rental	120,650	-	-	120,650	132,900
Concessions and Symphony store	1,107,759	-	-	1,107,759	1,021,709
Expense reimbursements	308,595	-	-	308,595	378,210
Interest and other income	2,140,981	-	-	2,140,981	2,125,238
Total program revenues	15,279,898	-	-	15,279,898	15,798,805
Community Foundation distribution	475,700	-	-	475,700	550,300
Total operating revenues	15,755,598	-	-	15,755,598	16,349,105
Operating expenses					
Orchestra operating expenses					
Operations and artistic administration	14,637,909	-	-	14,637,909	14,421,203
Education	366,572	-	-	366,572	305,343
Marketing	2,525,278	-	-	2,525,278	2,504,313
Administration and support	2,589,381	-	-	2,589,381	2,631,911
Fund-raising	1,385,912	-	-	1,385,912	1,301,995
In-kind expenses	405,311	-	-	405,311	338,330
Total orchestra operating expenses	21,910,363	-	-	21,910,363	21,503,095
Symphony Center operating expenses					
Concessions and Symphony store	671,780	-	-	671,780	670,221
Management and building operations	2,300,139	-	-	2,300,139	2,276,977
Total Symphony Center operating expenses	2,971,919	-	-	2,971,919	2,947,198
Casualty recovery from flood					
FEMA flood proceeds	(112,315)	-	-	(112,315)	(599,246)
Total casualty recovery from flood	(112,315)	-	-	(112,315)	(599,246)
Total operating expenses before depreciation	24,769,967	-	-	24,769,967	23,851,047
Deficit before support, investment income and depreciation	(9,014,369)	-	-	(9,014,369)	(7,501,942)
Support					
Contributions	5,086,540	652,527	51,695	5,790,762	3,930,821
Grants	265,405	-	-	265,405	217,540
Fund-raising events	834,030	-	-	834,030	769,528
In-kind contributions	405,311	-	-	405,311	338,330
Total support	6,591,286	652,527	51,695	7,295,508	5,256,219
Net assets released from restrictions	2,123,622	(2,123,622)	-	-	-
Surplus (deficit) before investment income and depreciation	(299,461)	(1,471,095)	51,695	(1,718,861)	(2,245,723)
Investment income, net					
Net beneficial interests in trusts income	894,966	-	-	894,966	220,997
Total investment expenses	(96,244)	-	-	(96,244)	(67,080)
Total investment income, net	798,722	-	-	798,722	153,917
Surplus (deficit) before depreciation	499,261	(1,471,095)	51,695	(920,139)	(2,091,806)
Depreciation	(2,634,844)	-	-	(2,634,844)	(5,714,149)
Increase (decrease) in net assets	(2,135,583)	(1,471,095)	51,695	(3,554,983)	(7,805,955)
Net assets at beginning of year	70,836,050	7,906,605	2,638,471	81,381,126	89,187,081
Net assets at end of year	$ 68,700,467	$ 6,435,510	$ 2,690,166	$ 77,826,143	$ 81,381,126

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Operating revenues				
Program revenues				
Ticket sales	$ 11,107,023	$ -	$ -	$ 11,107,023
Orchestra fee engagements	468,597	-	-	468,597
Concert hall rental	565,128	-	-	565,128
Ancillary rental	132,900	-	-	132,900
Concessions and Symphony store	1,021,709	-	-	1,021,709
Expense reimbursements	378,210	-	-	378,210
Interest and other income	2,125,238	-	-	2,125,238
Total program revenues	15,798,805	-	-	15,798,805
Community Foundation distribution	550,300	-	-	550,300
Total operating revenues	16,349,105	-	-	16,349,105
Operating expenses				
Orchestra operating expenses				
Operations and artistic administration	14,421,203	-	-	14,421,203
Education	305,343	-	-	305,343
Marketing	2,504,313	-	-	2,504,313
Administration and support	2,631,911	-	-	2,631,911
Fund-raising	1,301,995	-	-	1,301,995
In-kind expenses	338,330	-	-	338,330
Total orchestra operating expenses	21,503,095	-	-	21,503,095
Symphony Center operating expenses				
Concessions and Symphony store	670,221	-	-	670,221
Management and building operations	2,276,977	-	-	2,276,977
Total Symphony Center operating expenses	2,947,198	-	-	2,947,198
Casualty recovery from flood				
FEMA flood proceeds	(599,246)	-	-	(599,246)
Total casualty recovery from flood	(599,246)	-	-	(599,246)
Total operating expenses before depreciation	23,851,047	-	-	23,851,047
Deficit before support, investment income and depreciation	(7,501,942)	-	-	(7,501,942)
Support				
Contributions	2,848,100	1,052,401	30,320	3,930,821
Grants	217,540	-	-	217,540
Fund-raising events	769,528	-	-	769,528
In-kind contributions	338,330	-	-	338,330
Total support	4,173,498	1,052,401	30,320	5,256,219
Net assets released from restrictions	3,694,334	(3,694,334)	-	-
Surplus before investment income and depreciation	365,890	(2,641,933)	30,320	(2,245,723)
Investment income, net				
Net beneficial interests in trusts income	220,997	-	-	220,997
Total investment expenses	(67,080)	-	-	(67,080)
Total investment income, net	153,917	-	-	153,917
Surplus before depreciation	519,807	(2,641,933)	30,320	(2,091,806)
Depreciation	(5,714,149)	-	-	(5,714,149)
Increase (decrease) in net assets	(5,194,342)	(2,641,933)	30,320	(7,805,955)
Net assets at beginning of year	76,030,392	10,548,538	2,608,151	89,187,081
Net assets at end of year	$ 70,836,050	$ 7,906,605	$ 2,638,471	$ 81,381,126

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
Years ended July 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Decrease in net assets	$ (3,554,983)	$ (7,805,955)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,634,844	5,714,149
Gain on sale of equipment	(30,000)	-
Gain on sale of investments and beneficial interests in trusts	(926,209)	(320,089)
Unrealized loss on investments and beneficial interests in trusts	242,671	294,948
Bad debt expense (recoveries)	(12,759)	62,543
Change in fair market value of derivative instruments	-	-
Contributions to permanently restricted net assets	(51,695)	(30,320)
Net change in assets and liabilities:		
Accounts and contributions receivable	4,275,566	1,987,947
Prepaid expenses and other current assets	219,302	(337,470)
Accounts payable and accrued liabilities	186,501	(7,834)
Deferred revenue	176,463	512,641
Net cash provided by operating activities	3,159,701	70,560
Cash flows from investing activities		
Purchases of property and equipment	(865,316)	(369,835)
Proceeds from sale of property and equipment	30,000	-
Purchases of certificates of deposit	-	(2,400,000)
Proceeds from sales of investments and beneficial interests in trusts	25,631,583	1,808,583
Purchases of investments and beneficial interests in trusts	(25,453,702)	(1,416,980)
Net cash used in investing activities	(657,435)	(2,378,232)
Cash flows from financing activities		
Payments on note payable	(650,000)	(650,000)
Proceeds from permanently restricted contributions	51,695	30,320
Net cash used in financing activities	(598,305)	(619,680)
Net change in cash and cash equivalents	1,903,961	(2,927,352)
Cash and cash equivalents at beginning of year	6,174,215	9,101,567
Cash and cash equivalents at end of year	$ 8,078,176	$ 6,174,215

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis and include the assets, liabilities and financial activities of all program services of the Association.

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

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

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

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

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

The Association does not require collateral or other security to support the receivables or accrue interest on any of its receivables. The allowance for uncollectible pledges is determined by management based on the historical collection of pledges, specific donor circumstances and general economic conditions. Periodically, management reviews contributions receivable and records an allowance for specific donors based on current circumstances. Receivables are charged off against the allowance when all attempts to collect the receivable have failed. Management has recorded an allowance for uncollectible pledges of $462,232 and $719,945 at July 31, 2017 and 2016.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

These NSET funds are reported in non-current assets as beneficial interests in trusts and qualify as an unrestricted board-designated endowment. The Association receives regular distributions from NSET according to the terms of the trust documents and amendments.

Investments are valued at fair value as determined by the investment advisors, and are based on quoted prices in an active market. Unrealized gains and losses in fair value are recognized as changes in net assets in the period such gains and losses occur. Investments budgeted for use in operations during the next fiscal year are classified as current assets. At July 31, 2017 and 2016, there were no investments classified as current for this purpose.

Investment income is recorded on the accrual basis and considered unrestricted unless specifically restricted by the donor. Realized gains and losses on investment transactions are recorded as the difference between proceeds received and cost, net of any commissions or related management expenses.

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

Property and Equipment: Property and equipment are stated at cost. Donated property is recorded at fair value. Depreciation is computed on a straight-line basis over the estimated useful lives of assets, ranging from three to fifty years.

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

Impairment of Long-Lived Assets: On an ongoing basis, the Association reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Association recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of July 31, 2017 and 2016, management believes that no impairment existed.

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

Temporarily Restricted Net Assets: Temporarily restricted net assets include certain grants and other contributions with donor imposed restrictions. These restrictions may be purpose-restricted or time-restricted. Unconditional promises to give are recognized when such promises are received. Contributions to support future symphony seasons received prior to year-end are recognized as temporarily restricted income. If a restriction has been met in the same year that it was imposed, then the revenues are reflected in unrestricted net assets. During the years ended July 31, 2017 and 2016, the Association released temporarily restricted net assets to unrestricted net assets in the amounts of $2,123,622 and $3,694,334, after meeting stipulated time or purpose restrictions.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted net assets are available for the following purposes at July 31, 2017 and 2016:

	2017	2016
Pledges receivable – "ATFG" & "SG" – available for operating expenditures	$ 1,664,428	$ 1,830,965
Annual campaign & fund-raising events	2,390,412	3,666,203
Debt service & building maintenance	2,380,670	2,409,437
	$ 6,435,510	$ 7,906,605

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

Advertising: At July 31, 2017 and 2016, prepaid expenses included $420,322 and $489,613 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 $2,525,278 and $2,504,313 in 2017 and 2016.

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.

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

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

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Association has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Association's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

In accordance with applicable guidance, the Association will recognize a tax benefit only if it is more-likely-than-not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. As of July 31, 2017 and 2016, management is not aware of any uncertain tax positions. The Association does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Association did not recognize or accrue any interest or penalties related to uncertain tax positions as of July 31, 2017 and 2016, and for the years then ended.

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 $405,311 and $338,330 in 2017 and 2016.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to July 31, 2017 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2017. Management has performed their analysis through October 4, 2017, the date the financial statements were issued.

NOTE 2 – OTHER RECEIVABLE

During May 2010, the Schermerhorn Symphony Center sustained significant losses from the worst flood in Nashville's history. The Association received partial reimbursement for repairs from its insurance policies and from a $24.4 million FEMA grant approval. During the year ended July 31, 2016, FEMA performed a final walkthrough and inspection of the Schermerhorn Symphony Center by FEMA and TEMA officials and approved additional grant proceeds of approximately $599,000 which increased the receivable to approximately $3.4 million at July 31, 2016. On August 10, 2016, the Association received payment in full for the approximately $3.4 million outstanding related to the FEMA grant. The Association has been approved for additional grant proceeds of approximately $112,000 which is outstanding at July 31, 2017.

(Continued)

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2017 and 2016 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	2017 Total	2016 Total
2017	$ -	$ -	$ -	$ 2,599,270
2018	534,250	1,762,831	2,297,081	1,346,500
2019	322,000	166,500	488,500	478,636
2020	290,135	119,000	409,135	408,000
2021	262,000	105,000	367,000	368,000
2022	242,000	100,000	342,000	343,000
Thereafter	1,251,000	200,000	1,451,000	1,454,000
Total	2,901,385	2,453,331	5,354,716	6,997,406
Less discount	(588,707)	(62,352)	(651,059)	(769,660)
Net present value of receivables	2,312,678	2,390,979	4,703,657	6,227,746
Less allowance for doubtful accounts	(425,000)	(37,232)	(462,232)	(719,945)
Contributions receivable, net	1,887,678	2,353,747	4,241,425	5,507,801
Current maturities, net	429,250	1,725,599	2,154,849	2,388,468
Noncurrent maturities, net	$ 1,458,428	$ 628,148	$ 2,086,576	$ 3,119,333

The Association's fund-raising campaign "A Time for Greatness" concluded in 2008. In 2010, the Association launched a new campaign, "Sustaining Greatness", to raise funds to support operations. Contributions receivable from the "ATFG" and "SG" campaigns include $1,664,428 and $1,830,965 of temporarily restricted assets as of July 31, 2017 and 2016.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2017	2016
Land	$ 4,824,167	$ 4,824,167
Building	130,178,787	129,596,882
Musical instruments - depreciable	2,126,355	2,118,608
Musical instruments – non-depreciable	1,975,000	1,975,000
Furniture and equipment	5,313,917	5,134,783
Art, décor & sculptures – non-depreciable	1,194,855	1,194,855
	145,613,079	144,844,295
Less accumulated depreciation	(67,998,151)	(65,459,837)
	$ 77,614,930	$ 79,384,458

Depreciation expense was $2,634,844 and $5,714,149 for the years ended July 31, 2017 and 2016.

(Continued)

NOTE 5 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUSTS

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

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

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

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

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

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At July 31, 2017:				
Investments:				
Mutual funds:				
Money market funds	$ 10,931	$ -	$ -	$ 10,931
Domestic equity funds	115,474	-	-	115,474
Fixed income bond funds	715,166	-	-	715,166
Total investments	841,571	-	-	841,571
Beneficial interests in trusts	-	-	-	10,081,049
Total investments and beneficial interests in trusts at July 31, 2017	$ 841,571	$ -	$ -	$ 10,922,620
At July 31, 2016:				
Investments:				
Mutual funds:				
Money market funds	$ 7,675	$ -	$ -	$ 7,675
Domestic equity funds	107,236	-	-	107,236
Fixed income bond funds	632,951	-	-	632,951
Total investments	747,862	-	-	747,862
Beneficial interests in trusts	-	-	-	9,669,101
Total investments and beneficial interests in trusts at July 31, 2016	$ 747,862	$ -	$ -	$ 10,416,963

(Continued)

NOTE 5 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUSTS (Continued)

Investment income, net of related fees and expenses, consists of the following for the years ended July 31, 2017 and 2016:

	2017	2016
Interest	$ 13,311	$ 6,884
Dividends	178,941	190,004
Realized gains, net	926,209	320,089
Unrealized losses, net	(242,671)	(294,948)
Other	19,176	(1,032)
Trustee, management and professional fees	(96,244)	(67,080)
	$ 798,722	$ 153,917

NOTE 6 - NOTE PAYABLE

On June 21, 2013, the Association refinanced its debt. As part of the refinance, the Association issued a twenty million mortgage note payable bearing interest at prime maturing June 2018. In accordance with accounting for troubled debt restructurings, the twenty million mortgage note payable was initially recorded at $23,250,000, which included an estimate of all future cash payments on this note, including interest. The note payable is held by a private entity affiliated with a board member of the Association. The note is secured by the building. On November 30, 2016, the note was extended to July 2025 and amended to a fixed interest rate of 3.25%. As of July 31, 2017, $632,192 of the total note payable of $20,632,192 is classified as current. The remaining balance is classified as long-term and due June 2025.

NOTE 7 - BENEFIT PLANS

The Association has a defined contribution pension plan, which covers all full-time non-orchestra employees of the Association with one year of credited service. This plan is designed to conform to Internal Revenue Code Section 403(b) and to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The Association's contributions to the plan are based upon a percentage of the participant's salary and are entirely discretionary. There were no contributions to the plan during the years ended July 31, 2017 and 2016.

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

In addition, the Association participates in a multi-employer defined benefit plan administered by a national trust, known as the American Federation of Musicians and Employers' Pension Fund, which covers all union musician employees of the Association. This plan is also designed to conform to the requirements of ERISA. Contributions to the plan are based upon a percentage of the participant's salary, as determined by the terms of the Collective Bargaining Agreement between the Association and American Federation of Musicians Local 257. Participants do not contribute to the plan. The Association contributed $460,333 and $425,623 to the plan in 2017 and 2016.

The risks of participating in a multi-employer plan differ from single-employer plans. The potential risks include, but are not limited to, the use of the Association's contributions to provide benefits to employees of other participating employers, the Association becoming obligated for other participating employers' unfunded obligations, and, upon the Association's withdrawal from a plan, the Association being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

(Continued)

NOTE 7 - BENEFIT PLANS (Continued)

The plan in which the Association participated in the years ended July 31, 2017 and 2016 is summarized in the table below. The zone status included in the table is based on information that the Association received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

Pension Fund	EIN/ Pension Plan Number	PPA Zone Status [2]	FIP/RP Status	2017	2016	Contributions Greater Than 5% of Total Plan Contributions [1]	Expiration Date of CBA
American Federation of Musicians and Employers' Pension Plan	51-6120204	Red	Yes	$ 460,333	$ 425,623	No	July 2018

[1] This information was obtained from the respective plans' Form 5500 for the most current available and prior year filing. These dates may not correspond with the Association's calendar year contributions. The above noted percentage of total plan contributions column is based upon disclosures contained in the plans' Form 5500 filing ("Forms"). Those Forms, among other things, disclose the names of individual participating employers whose annual contributions account for more than 5% of the aggregate annual amount contributed by all participating employers for plan years 2017 and 2016.

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

NOTE 8 - COMMITMENTS AND CONTINGENCIES

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

The Association is subject to a collective bargaining agreement whereby certain requirements and restrictions are placed upon the Association in return for qualified union musicians. The agreement establishes various requirements including compensation, pension funding and other terms of employment, and places certain other restrictions upon the Association. The Association entered into a new collective bargaining agreement effective August 1, 2014 through July 31, 2018.

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.

NOTE 9 - RESTRICTIONS ON NET ASSETS

Permanently restricted net assets amounted to $2,690,166 and $2,638,471 at July 31, 2017 and 2016. Included in these permanently restricted net assets are investment funds of $715,166 and $663,471 to be held indefinitely, the income from which is expendable to support specific educational and operational activities of the Association. The remaining permanently restricted net assets at July 31, 2017 and 2016 consist of $1,975,000 of musical instruments owned by the Association for indefinite use by the Symphony.

(Continued)

NOTE 9 - RESTRICTIONS ON NET ASSETS (Continued)

Restricted net asset composition by type of fund as of July 31, 2017 and 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2017				
Donor restricted funds	$ -	$ -	$ 715,166	$ 715,166
Board designated endowment	10,081,049	-	-	10,081,049
	$ 10,081,049	$ -	$ 715,166	$ 10,796,215
2016				
Donor restricted funds	$ -	$ -	$ 663,471	$ 663,471
Board designated endowment	9,669,101	-	-	9,669,101
	$ 9,669,101	$ -	$ 663,471	$ 10,332,572

Changes in restricted net assets for years ended July 31, 2017 and 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2017				
Beginning restricted net assets	$ 9,669,101	$ -	$ 663,471	$ 10,332,572
Investment return:				
Investment income	211,090	-	-	211,090
Net appreciation	683,876	-	-	683,876
Administrative expenses	(96,244)	-	-	(96,244)
Total investment return	798,722	-	-	798,722
Transfers, net	(386,774)	-	-	(386,774)
Donor restricted contributions	-	-	51,695	51,695
Ending restricted net assets	$ 10,081,049	$ -	$ 715,166	$ 10,796,215
2016				
Beginning restricted net assets	$ 10,013,116	$ -	$ 633,151	$ 10,646,267
Investment return:				
Investment income	195,774	-	-	195,774
Net appreciation	25,223	-	-	25,223
Administrative expenses	(67,080)	-	-	(67,080)
Total investment return	153,917	-	-	153,917
Transfers, net	(497,932)	-	-	(497,932)
Donor restricted contributions	-	-	30,320	30,320
Ending restricted net assets	$ 9,669,101	$ -	$ 663,471	$ 10,332,572

(Continued)

NOTE 9 - 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) accumulations to the Association made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to Association's assets.

From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported as an offset to unrestricted net assets. There were no deficiencies in these funds as of July 31, 2017 and 2016.

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

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

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 for the years ended July 31, 2017 and 2016 as follows:

	2017		2016	
Orchestra and concert operations	$ 17,935,070	72%	$ 17,569,189	74%
Schermerhorn Symphony Center	2,971,919	12%	2,947,198	12%
Total program	20,906,989	84%	20,516,387	86%
Administrative (G&A)	2,589,381	10%	2,631,911	11%
Fund-raising	1,385,912	6%	1,301,995	5%
FEMA proceeds	(112,315)	0%	(599,246)	-2%
Total expenses	$ 24,769,967	100%	$ 23,851,047	100%