NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS
July 31, 2011 and 2010

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

FINANCIAL STATEMENTS
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Crowe Horwath LLP
Independent Member Crowe Horwath International

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, 2011 and 2010, 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, 2011 and 2010, 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.

Crowe Horwath LLP

Crowe Horwath LLP

Brentwood, Tennessee
January 19, 2012

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,167,535	$ 2,110,613
Accounts receivable	619,984	277,663
Investments	7,281,956	15,637,352
Accrued insurance proceeds receivable	-	10,894,066
Prepaid expenses, and other current assets	1,806,070	1,806,832
Contributions and grants receivable, net	5,541,457	5,098,142
Total current assets	18,417,002	35,824,668
Noncurrent assets		
Contributions receivable, net	24,758,312	20,824,796
Insurance proceeds receivable	14,218,351	-
Investments	43,740,887	56,599,258
Property and equipment, net	107,601,603	109,967,058
Deferred bond issuance costs, net	1,067,726	1,120,891
Total noncurrent assets	191,386,879	188,512,003
Total assets	$ 209,803,881	$ 224,336,671
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,009,788	$ 1,165,200
Construction and accrued liabilities	165,032	26,365,096
Deferred revenues	4,195,518	3,676,467
Fair value of derivative instrument	2,942,416	3,082,426
Bonds payable - current	2,930,000	2,830,000
Total current liabilities	11,242,754	37,119,189
Long-term liabilities		
Bonds payable	85,340,000	88,270,000
Notes payable	10,000,000	10,000,000
Fair value of derivative instrument	10,195,932	11,204,501
Total long-term liabilities	105,535,932	109,474,501
Total liabilities	116,778,686	146,593,690
Net assets		
Unrestricted	60,466,150	49,624,132
Temporarily restricted	30,057,410	25,618,824
Permanently restricted	2,501,635	2,500,025
Total net assets	93,025,195	77,742,981
Total liabilities and net assets	$ 209,803,881	$ 224,336,671

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended July 31, 2011
(With Comparative July 31, 2010 Information)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Operating revenues					
Program revenues					
Ticket sales	$ 5,546,395	$ -	$ -	$ 5,546,395	$ 6,040,950
Orchestra fee engagements	401,200	-	-	401,200	416,293
Concert hall rental	117,886	-	-	117,886	169,400
Ancillary rental	80,650	-	-	80,650	56,288
Concessions	985,996	-	-	985,996	1,055,715
Expense reimbursements	182,465	-	-	182,465	128,978
Interest income	334	-	-	334	268
Other income	666,894	-	-	666,894	174,161
Total program revenues	7,981,820	-	-	7,981,820	8,042,053
Distribution from CFMT	527,600	-	-	527,600	485,874
Total transfers	527,600	-	-	527,600	485,874
Total operating revenues	8,509,420	-	-	8,509,420	8,527,927
Operating expenses and casualty losses (recovery)					
Orchestra Operations					
Operations and artistic administration	10,405,881	-	-	10,405,881	10,372,937
Education	610,571	-	-	610,571	470,428
Marketing	2,325,913	-	-	2,325,913	2,093,263
Administration and support	2,964,930	-	-	2,964,930	2,122,512
Fundraising	2,169,951	-	-	2,169,951	1,430,714
In-kind expenses	278,209	-	-	278,209	211,684
Total orchestra expenses	18,755,455	-	-	18,755,455	16,701,538
SSC Operations					
Concession expenses	1,442,025	-	-	1,442,025	1,542,073
Management and building operations	2,134,954	-	-	2,134,954	2,091,807
Debt service	5,484,093	-	-	5,484,093	4,294,019
In-kind expenses	378	-	-	378	2,000
Total SSC expenses	9,061,450	-	-	9,061,450	7,929,899
Casualty loss (recovery) from Flood, net (Note 2)					
Site remediation	113,746	-	-	113,746	12,699,428
Loss of equipment	-	-	-	-	899,933
Non-capitalized replacement of fixtures	(2,182,867)	-	-	(2,182,867)	2,942,222
Non-capitalized repair of building	(342,961)	-	-	(342,961)	18,433,746
Other expenses incurred	(108,804)	-	-	(108,804)	1,669,776
Property and casualty insurance recovery	173,918	-	-	173,918	(9,047,646)
Business interruption insurance recovery	-	-	-	-	(1,768,013)
State contributions to flood losses	(2,000,000)	-	-	(2,000,000)	-
FEMA insurance recovery	(14,245,245)	-	-	(14,245,245)	(10,248,681)
Casualty loss (recovery), net	(18,592,213)	-	-	(18,592,213)	15,580,765
Total operating expenses and casualty losses (recovery) before non-cash expense items	9,224,692	-	-	9,224,692	40,212,202
Deficiency from operations before non-cash expense items	(715,272)	-	-	(715,272)	(31,684,275)
Non-cash expense Items					
Change in fair value of derivative instrument	(1,148,579)	-	-	(1,148,579)	5,240,299
Amortization of bond issuance costs	53,165	-	-	53,165	53,165
Subordinated debt service – in-kind	750,000	-	-	750,000	750,000
Depreciation	7,328,013	-	-	7,328,013	7,406,538
Total non-cash expense items	6,982,599	-	-	6,982,599	13,450,002
Deficiency from operations	(7,697,871)	-	-	(7,697,871)	(45,134,277)

(Continued)

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended July 31, 2011
(With Comparative July 31, 2010 Information)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Support					
Contributions	$ 3,262,971	$ 9,915,575	$ 1,610	$ 13,180,156	$ 10,952,478
Grants	349,750	-	-	349,750	308,800
Fund-raising events	815,030	10,000	-	825,030	602,771
In-kind contributions	1,084,483	-	-	1,084,483	963,684
Total support	5,512,234	9,925,575	1,610	15,439,419	12,827,733
Net assets released from restrictions	5,486,989	(5,486,989)	-	-	-
Income (deficiency) from operations and fund-raising	3,301,352	4,438,586	1,610	7,741,548	(32,306,544)
Investment and campaign activity					
Net ATFG and SG campaign activity	6,330,224	-	-	6,330,224	4,374,001
Net investment activity	1,572,036	-	-	1,572,036	3,595,740
Total investment expenses	(361,594)	-	-	(361,594)	(503,705)
Net investment and campaign activity	7,540,666	-	-	7,540,666	7,466,036
Increase (decrease) in net assets	10,842,018	4,438,586	1,610	15,282,214	(24,840,508)
Net assets at beginning of year	49,624,132	25,618,824	2,500,025	77,742,981	102,583,489
Net assets at end of year	$ 60,466,150	$ 30,057,410	$ 2,501,635	$ 93,025,195	$ 77,742,981

See accompanying notes to financial statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total
Operating revenues				
Program revenues				
Ticket sales	$ 6,040,950	$ -	$ -	$ 6,040,950
Orchestra fee engagements	416,293	-	-	416,293
Concert hall rental	169,400	-	-	169,400
Ancillary rental	56,288	-	-	56,288
Concessions	1,055,715	-	-	1,055,715
Expense reimbursements	128,978	-	-	128,978
Interest income	268	-	-	268
Other income	174,161	-	-	174,161
Total program revenues	8,042,053	-	-	8,042,053
Distribution from CFMT	485,874	-	-	485,874
Total transfers	485,874	-	-	485,874
Total operating revenues	8,527,927	-	-	8,527,927
Operating expenses and casualty losses (recovery)				
Orchestra Operations				
Operations and artistic administration	10,372,937	-	-	10,372,937
Education	470,428	-	-	470,428
Marketing	2,093,263	-	-	2,093,263
Administration and support	2,122,512	-	-	2,122,512
Fundraising	1,430,714	-	-	1,430,714
In-kind expenses	211,684	-	-	211,684
Total orchestra expenses	16,701,538	-	-	16,701,538
SSC Operations				
Concession expenses	1,542,073	-	-	1,542,073
Management and building operations	2,091,807	-	-	2,091,807
Debt service	4,294,019	-	-	4,294,019
In-kind expenses	2,000	-	-	2,000
Total SSC expenses	7,929,899	-	-	7,929,899
Casualty loss (recovery) 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 (recovery), net	15,580,765	-	-	15,580,765
Total operating expenses and casualty losses (recovery) before non-cash expense items	40,212,202	-	-	40,212,202
Deficiency from operations before non-cash expense items	(31,684,275)	-	-	(31,684,275)
Non-cash expense Items				
Change in fair value of derivative instrument	5,240,299	-	-	5,240,299
Amortization of bond issuance costs	53,165	-	-	53,165
Subordinated debt service – in-kind	750,000	-	-	750,000
Depreciation	7,406,538	-	-	7,406,538
Total non-cash expense items	13,450,002	-	-	13,450,002
Deficiency from operations	(45,134,277)	-	-	(45,134,277)

(Continued)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total
Support				
Contributions	$ 4,023,695	$ 6,928,758	$ 25	$ 10,952,478
Grants	308,800	-	-	308,800
Fund-raising events	602,771	-	-	602,771
In-kind contributions	963,684	-	-	963,684
Total support	5,898,950	6,928,758	25	12,827,733
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)
Investment and campaign activity				
Net ATFG and SG campaign activity	4,374,001	-	-	4,374,001
Net investment activity	3,595,740	-	-	3,595,740
Total investment expenses	(503,705)	-	-	(503,705)
Net investment and campaign activity	7,466,036	-	-	7,466,036
Increase (decrease) in net assets	(27,819,068)	2,978,535	25	(24,840,508)
Net assets at beginning of year	77,443,200	22,640,289	2,500,000	102,583,489
Net assets at end of year	$ 49,624,132	$ 25,618,824	$ 2,500,025	$ 77,742,981

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended July 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Increase (decrease) in net assets	$ 15,282,214	$ (24,840,508)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	7,381,178	7,459,703
Gain on disposal of property and equipment	(2,200)	-
Loss of equipment from flood	-	899,933
Gain on sale of investments	(5,140,391)	(5,068,686)
Unrealized gain on investments, net	(1,461,038)	(1,276,999)
Bad debt expense	670,566	902,339
Donated instruments	(55,896)	-
Change in fair market value of derivative instruments	(1,148,579)	5,240,299
Net change in assets and liabilities:		
Accounts, contributions and grants receivable	(5,389,718)	(3,686,916)
Insurance proceeds receivable	(3,324,285)	(10,894,066)
Prepaid expenses	762	169,013
Accounts payable and accrued liabilities	(155,412)	549,116
Construction and accrued liabilities	(26,200,064)	26,365,096
Deferred revenues	519,051	(492,362)
Net cash used in operating activities	(19,023,812)	(4,674,038)
Cash flows from investing activities		
Purchases of property and equipment	(4,920,278)	(173,966)
Proceeds from the sale of property and equipment	15,816	-
Sales (purchases) of investments, net	27,815,196	8,341,535
Net cash provided by investing activities	22,910,734	8,167,569
Cash flows from financing activities		
Payments on long-term debt	(2,830,000)	(2,740,000)
Net cash used in financing activities	(2,830,000)	(2,740,000)
Net change in cash	1,056,922	753,531
Cash and cash equivalents at beginning of year	2,110,613	1,357,082
Cash and cash equivalents at end of year	$ 3,167,535	$ 2,110,613
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 3,369,411	$ 2,112,156

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. Investments budgeted for use in operations during the next fiscal year are classified as current assets.

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

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

Property and Equipment: Property and equipment are stated at cost. The Association capitalizes all property and equipment greater than $5,000 individually or in the aggregate. Donated property is recorded at fair value. Depreciation is computed on a straight-line basis over the estimated useful lives of assets, ranging from three to fifty years.

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

Bond Issue Costs: Bond issue costs are being amortized on the straight line basis over the life of the bonds, which approximates the effective interest method. Issuance costs of $1,329,120 are presented net of accumulated amortization of $261,394 and $208,229 at July 31, 2011 and 2010, respectively. Amortization expense for the years ended July 31, 2011 and 2010 amounted to $53,165.

Advertising**:** At July 31, 2011 and 2010, prepaid expenses included $309,837 and $322,105, 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 $2,325,913 and $2,093,245 in 2011 and in 2010, respectively.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2011 and 2010, the Association released $4,922,502 and $3,950,223, respectively, of temporarily restricted assets to unrestricted assets after meeting stipulated time restrictions. During 2011, the Association released $564,487 of temporarily restricted net assets to unrestricted net assets due to change in nature of pledge as uncollectible.

Temporarily restricted net assets are available for the following purposes:

	2011	2010
Pledges receivable – "ATFG" & "SG"	$ 16,883,909	$ 15,217,870
Annual Campaign & Fundraising Events	765,230	1,057,661
Debt Service	12,408,271	9,343,293
	$ 30,057,410	$ 25,618,824

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

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Insurance proceeds receivable and construction and accrued liabilities are significant estimates 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:

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 grants receivable and records an allowance for specific donors based on current circumstances. Receivables are charged off against the allowance when all attempts to collect the receivable have failed. Management has recorded an allowance for uncollectible pledges of $343,214 and $436,185 at July 31, 2011 and 2010, 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, 2011 and 2010, management believes that no impairments existed.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $278,587 and $213,684 in 2011 and 2010, respectively. Instruments with an estimated fair value of $55,896 were donated during 2011. The Association also had accrued interest of $750,000 forgiven during the years ended July 31, 2011 and 2010. 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.

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.

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.

(Continued)

NOTE 2 – NASHVILLE FLOOD LOSS (Continued)

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.

As of July 31, 2011, substantially all repairs were completed. During the year ended July 31, 2011, the Symphony recorded a reduction in previously recorded estimated losses of $2,520,886, and insurance recoveries of $11,489,646 (exclusive of mitigation funding from FEMA). The Symphony recorded FEMA mitigation cost recoveries of $2,581,681 during 2011. The State of Tennessee also contributed $2,000,000 for flood relief, resulting in net casualty recoveries of $18,592,213 for the year ended July 31, 2011.

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 for the year ended July 31, 2010 were $9,047,646 and $1,768,013, respectively. Anticipated recoveries for technology and computer equipment coverage were reduced by $173,918 during the year ended July 31, 2011 due to changes in the expected deductible and actual content replacement.

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 had 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.

As of July 31, 2010, the remaining FEMA claim balance outstanding of approximately $12,113,300 was subject to various contingencies and additional approval processes and the ultimate recovery amount was not able to be determined. Due to the uncertain nature of the ultimate recovery amount, no additional recoveries were recorded at July 31, 2010. The Symphony ultimately received grant approval from FEMA for $24,493,927, which included additional mitigation funding of $2,581,681 to complete projects to limit casualty losses in the event of another flood. The grant appropriation was approved by Congress, and the grant award was issued by the Tennessee Emergency Management Agency (“TEMA”) in May 2011. This overall grant approval will be reduced by salvage proceeds received during the remediation process. As of July 31, 2011, management has recorded additional FEMA insurance recoveries of $14,245,245, which is inclusive of salvage proceeds of $5,438. The remaining FEMA insurance recovery receivables amount to $14,218,351, which will not be received until a final walkthrough and inspection of the SSC is completed by FEMA and TEMA officials. Management does not have an estimate of when this process will be completed, due to various other natural disasters requiring attention of these agencies in the near-term. Subsequent to year-end, the Symphony received a $2,000,000 payment from FEMA. FEMA did not indicate when, or if additional funds will be disbursed prior to final inspection approval. Notwithstanding the subsequent payment received from FEMA, given the uncertainty of collection timeframe and overall reimbursement to be received, the Symphony has presented the July 31, 2011 insurance proceeds receivable as a noncurrent asset.

Construction and accrued liabilities of $165,032 at July 31, 2011 are recorded based upon final construction invoices, and estimated remaining contents replacement.

(Continued)

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2011 and 2010 consist of promises to give based on commitments made by corporate and individual donors, including board members. Unrestricted receivables include donations to the general 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	2011 Total	2010 Total
2011	$ -	$ -	$ -	$ 5,326,288
2012	4,527,830	11,192,728	15,720,558	12,693,260
2013	3,430,800	515,000	3,945,800	2,484,200
2014	2,655,100	500,000	3,155,100	1,619,600
2015	2,695,400	500,000	3,195,400	1,752,400
2016	1,782,500	-	1,782,500	-
Thereafter	5,247,000	-	5,247,000	5,684,500
Total	20,338,630	12,707,728	33,046,358	29,560,248
Less discount	(2,272,705)	(130,670)	(2,403,375)	(3,201,125)
Net present value of receivables	18,065,925	12,577,058	30,642,983	26,359,123
Less allowance for Doubtful receivables	(283,214)	(60,000)	(343,214)	(436,185)
Contributions receivable, net	17,782,711	12,517,058	30,299,769	25,922,938
Current maturities, net	4,408,721	11,132,736	15,541,457	5,098,142
	$ 13,373,990	$ 1,384,322	$ 14,758,312	$ 20,824,796

Total contributions receivable of $17,782,711 from the "ATFG" and "SG" campaigns includes $898,802 and $16,883,909 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 2011 and 2010, long-term contribution receivables have been discounted using the Association's anticipated rate of return of 3.07% and 3.46%, respectively.

(Continued)

NOTE 4 - INVESTMENTS

Investments consist of the following:

	2011		
	Cost	Unrealized Gain (Loss), net	Fair Value
Investments in bank managed trust funds:			
Common stock securities	$ 8,594,919	$ 1,900,153	$ 10,495,072
Corporate bond securities	1,614,599	81,295	1,695,894
U.S. Treasury and agency securities	230,954	6,386	237,340
Mutual funds – money market	1,907,092	-	1,907,092
Mutual funds – equities	16,458,915	4,213,959	20,672,874
Mutual funds – fixed income	11,110,015	874,377	11,984,392
Hedge funds	1,500,000	22,035	1,522,035
Private equity funds	2,292,227	215,917	2,508,144
	$ 43,708,721	$ 7,314,122	$ 51,022,843

	2010		
	Cost	Unrealized Gain (Loss), net	Fair Value
Investments in bank managed trust funds:			
Common stock securities	$ 16,277,651	$ 1,620,837	$ 17,898,488
Corporate bond securities	3,949,159	225,028	4,174,187
U.S. Treasury and agency securities	2,866,866	186,882	3,053,748
Mutual funds – money market	1,713,202	-	1,713,202
Mutual funds – equities	25,651,705	2,399,283	28,050,988
Mutual funds – fixed income	12,929,937	1,282,805	14,212,742
Hedge funds	1,500,000	(11,431)	1,488,569
Private equity funds	1,611,734	32,952	1,644,686
	$ 66,500,254	$ 5,736,356	$ 72,236,610

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

	2011	2010
Interest	$ 130,522	$ 291,029
Dividends	1,211,693	1,420,074
Realized gains (losses), net	5,140,391	5,068,686
Unrealized gains, net	1,461,038	1,276,999
Other	(41,384)	(87,047)
Trustee, management and professional fees	(361,594)	(503,705)
	$ 7,540,666	$ 7,466,036

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.

(Continued)

NOTE 4 – INVESTMENTS (Continued)

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

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

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

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

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

Private equity funds: The fair values of the Association's investments in private equity funds have been estimated using the net asset value per share of the investments, as reported by the fund managers (level 3 inputs). Redemptions of private equity investments may only be made at the fund manager's approval, but redemptions are not anticipated to be granted until the funds are dissolved, of which dissolution dates range from 2023 through 2027. The objective of the private equity investments is to realize long-term total return by investing in a diversified portfolio of limited partnerships, primarily focused on buyout, venture, real estate, and debt funds located outside of the United States.

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

(Continued)

NOTE 4 – INVESTMENTS (Continued)

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

	Fair Value Measurements at July 31, 2011 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Common stock securities				
Domestic small cap	$ 104,649	$ -	$ -	$ 104,649
Domestic mid cap	1,406,107	-	-	1,406,107
Domestic large cap	6,332,675	-	-	6,332,675
Domestic REIT	-	-	-	-
International developed markets	2,110,617	-	-	2,110,617
Emerging markets	541,024	-	-	541,024
Corporate bond securities				
Domestic investment grade	1,695,894	-	-	1,695,894
International investment grade	-	-	-	-
Global high yield	-	-	-	-
U.S. Treasury and agency securities				
U.S. government obligations	143,362	-	-	143,362
Inflation protected securities	-	-	-	-
Federal mortgage-backed securities	-	93,978	-	93,978
Mutual Funds				
Money market funds	1,907,092	-	-	1,907,092
Equity				
International blend	5,869,553	-	-	5,869,553
International value	-	-	-	-
International growth	28,984	-	-	28,984
Emerging markets blend	1,792,118	-	-	1,792,118
Domestic blend	677,790	-	-	677,790
Domestic value	3,838,857	-	-	3,838,857
Domestic growth	5,855,302	-	-	5,855,302
Domestic balanced	108,700	-	-	108,700
Convertible securities	-	-	-	-
Real estate	783,489	-	-	783,489
Commodity	1,718,081	-	-	1,718,081
Fixed income				
Short-term bond fund	-	-	-	-
Intermediate term aggregate bond market	8,429,254	-	-	8,429,254
Inflation protected securities	2,416,406	-	-	2,416,406
High yield	1,087,417	-	-	1,087,417
Emerging markets debt	-	-	-	-
Global bond	51,315	-	-	51,315
Corporate bond	-	-	-	-
Hedge funds	-	-	1,522,035	1,522,035
Private equity funds	-	-	2,508,144	2,508,144
Total Investments	$ 46,898,686	$ 93,978	$ 4,030,179	$ 51,022,843

(Continued)

NOTE 4 – INVESTMENTS (Continued)

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

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

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

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

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

(Continued)

NOTE 4 – INVESTMENTS (Continued)

	Fair Value Measurements at July 31, 2010 Using (Continued)			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
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	-	-	1,488,569	1,488,569
Private equity funds	-	-	1,644,686	1,644,686
Total Investments	$ 68,020,845	$ 1,082,510	$ 3,133,255	$ 72,236,610

	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

(Continued)

NOTE 4 – INVESTMENTS (Continued)

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended July 31, 2010:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Hedge Funds	Private Equity Funds
Beginning balance, August 1, 2009	$ -	$ 1,040,539
Net earnings (unrealized)	(11,431)	24,268
Purchases, issuances, and settlements (net)	1,500,000	579,879
Ending balance, July 31, 2010	$ 1,488,569	$ 1,644,686

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

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2011	2010
Land	$ 4,824,167	$ 4,824,167
Building	127,686,755	125,146,624
Musical instruments - depreciable	2,059,606	1,656,601
Musical instruments – non-depreciable	1,975,000	1,975,000
Furniture and equipment	4,577,706	3,150,236
Art, décor & sculptures – non-depreciable	1,192,979	918,914
	142,316,213	137,671,542
Less accumulated depreciation	(34,714,610)	(27,704,484)
	$ 107,601,603	$ 109,967,058

Depreciation expense was $7,328,013 and $7,406,538 for the years ended July 31, 2011 and 2010, 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.

(Continued)

NOTE 6 - COMMITMENTS AND CONTINGENCIES (Continued)

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

At July 31, 2011 and 2010, the Association had subscription agreements to invest in certain alternative investments, hedge funds and private equity funds, in the amount of $8,200,000. Approximately $3,800,000 and $3,100,000 has been invested as of July 31, 2011 and 2010. Additional capital calls are contingent upon the underlying general partners capital need.

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 $11,155,678 and $10,158,440 at July 31, 2011 and 2010, 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 $527,600 and $485,874 for the years ended July 31, 2011 and 2010, 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 $284,180 and $294,908 in 2011 and 2010, 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 $414,623 and $343,917 to the plan in 2011 and 2010, 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 for the years ended July 31, 2011 and 2010, respectively.

(Continued)

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

The total interest expense amounts were forgiven by the lender in each year, and the remaining accrued interest outstanding at July 31, 2011 and 2010 was $437,500.

The Association has issued a note payable held by a single trustee, related to the financing obtained through the original issuance of $102,000,000 in variable rate revenue bonds sponsored by the Industrial Development Board of The Metropolitan Government of Nashville and Davidson County, Tennessee for the acquisition, construction and equipping of a symphony hall facility located in Nashville, TN. Currently, the bonds bear interest at a variable rate not to exceed 12% and are due December 31, 2031. The note is secured by an irrevocable, direct-pay Letter of Credit issued by Bank of America, N.A. which has an expiration date of April 30, 2012. Subsequent to year end, management obtained a term sheet from Bank of America, N.A. extending the letter of credit through April 31, 2013. This extension contains revisions to covenants under the bond financing agreement, adjusts letter of credit fees based upon management's revised future operating plan, and includes a $225,000 amendment fee to be placed in escrow upon closing that will be refunded to the Symphony if there are no covenant violations for the January 31, 2012, April 30, 2012, and July 31, 2012 reporting periods.

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, 2011 the Association was in compliance with all covenants. The bond financing agreement also includes a requirement to maintain an account with the equivalent of 35 days of interest accrued at 10% of the current balance. As of July 31, 2011 and 2010, the Association maintained balances of $1,143,999 and $1,168,076 in this account, which is presented within prepaid expenses and other current assets in the statement of financial position.

Debt consists of the following at June 30, 2011 and 2010:

	2011	2010
Bonds payable	$ 88,270,000	$ 91,100,000
Subordinated debt	10,000,000	10,000,000
	98,270,000	101,100,000
Less current portion of long-term debt	(2,930,000)	(2,830,000)
Total long-term debt	$ 95,340,000	$ 98,270,000

Maturities of principal of debt at July 31, 2011 are as follows:

Year Ending July 31,	
2012	$ 2,930,000
2013	3,030,000
2014	3,140,000
2015	3,250,000
2016	3,360,000
Thereafter	82,560,000
	$ 98,270,000

(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, 2011:

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

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)	

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

	2011	2010
Notional amounts	$ 85,680,000	$ 89,760,000
Settlements on swap	3,133,216	1,828,656
Weighted average pay rates (fixed)	3.74%	3.76%
Weighted average receive rates (67% of 1 Mo. LIBOR)	0.13%	0.23%
Weighted average maturity	20.4 years	21.4 years

(Continued)

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:

	2011	2010
Orchestra	$ 13,620,574	$ 13,148,312
SSC Operation	16,037,074	21,358,000
Total program	29,657,643	34,506,312
Administrative (G&A)	2,964,930	2,122,514
Fund raising	2,169,951	1,430,712
Total expenses	$ 34,792,529	$ 38,059,538

NOTE 12 - RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION

Permanently restricted net assets amounted to $2,501,635 and $2,500,025 at July 31, 2011 and 2010, respectively. The net assets consist of endowment funds of $526,635 and $525,025 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, 2011 and 2010 consist of $1,975,000 of musical instruments owned by the Association for indefinite use by the Symphony.

The cumulative Endowment, which totals $526,635 and $525,025 at July 31, 2011 and 2010, respectively, is composed of permanently restricted net assets and unrestricted, board-designated, net assets. These unrestricted board-designated net assets totaled $0 at July 31, 2011 and 2010.

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, 2011 and 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2011				
Donor restricted endowment funds	$ -	$ -	$ 526,635	$ 526,635
	$ -	$ -	$ 526,635	$ 526,635
2010				
Donor restricted endowment funds	$ -	$ -	$ 525,025	$ 525,025
	$ -	$ -	$ 525,025	$ 525,025

(Continued)

NOTE 12 - RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for years ended July 31, 2011 and 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, August 1, 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
Investment income, net	-	95,131	-	95,131
Endowment transfers, net	-	(95,131)	-	(95,131)
Donor restricted contributions	-	-	1,610	1,610
Endowment net assets, July 31, 2011	$ -	$ -	$ 526,635	$ 526,635

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 was 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 2010, the Board-designated portion of the Endowment was released for use in general operations.

(Continued)

NOTE 12 - RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION (Continued)

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, 2011 and July 31, 2010.

NOTE 13 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to July 31, 2011 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended July 31, 2011. Management has performed their analysis through January 19, 2012, the date the financial statements were issued.

SUPPLEMENTARY INFORMATION

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

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 2011 and 2010 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 19, 2012

NASHVILLE SYMPHONY ASSOCIATION
COMBINING STATEMENT OF FINANCIAL POSITION
July 31, 2011 and 2010

	2011											
	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	2011 Total	2010 Total
Current assets												
Cash and cash equivalents	$ 60,721	$ 1,249,256	$ -	$ 1,857,558	$ 3,167,535	$ -	$ -	$ -	$ -	$ -	$ 3,167,535	$ 2,110,613
Accounts receivable	218,766	401,218	-	-	619,984	-	-	-	-	-	619,984	277,663
Investments	-	-	-	7,281,956	7,281,956	-	-	-	-	-	7,281,956	15,637,352
Insurance proceeds receivable	-	-	-	-	-	-	-	-	-	-	-	10,894,066
Prepaid expenses and other current asset	433,389	1,372,681	-	-	1,806,070	-	-	-	-	-	1,806,070	1,806,832
Contributions and grants receivable, net	213,890	-	-	898,810	1,112,700	418,838	500,000	3,509,919	4,428,757	-	5,541,457	5,098,142
Total current assets	926,766	3,023,155	-	10,038,324	13,988,245	418,838	500,000	3,509,919	4,428,757	-	18,417,002	35,824,668
Noncurrent assets												
Contributions receivable, net	-	-	-	-	-	14,119	11,370,203	13,373,990	24,758,312	-	24,758,312	20,824,796
Insurance proceeds receivable	-	14,218,351	-	-	14,218,351	-	-	-	-	-	14,218,351	-
Investments	139,955	-	-	-	139,955	-	-	-	-	-	139,955	124,547
Due from/(to) funds	43,114,746	(60,407,065)	-	16,420,343	(871,976)	332,273	538,068	-	870,341	1,635	-	-
Endowments Unrestricted	-	-	-	43,075,932	43,075,932	-	-	-	-	-	43,075,932	55,949,711
Endowments Restricted	-	-	-	-	-	-	-	-	-	525,000	525,000	525,000
Property and equipment, net	-	105,626,603	-	-	105,626,603	-	-	-	-	1,975,000	107,601,603	109,967,058
Deferred bond issuance costs, net	-	1,067,726	-	-	1,067,726	-	-	-	-	-	1,067,726	1,120,891
Total noncurrent assets	43,254,701	60,505,615	-	59,496,275	163,256,591	346,392	11,908,271	13,373,990	25,628,653	2,501,635	191,386,879	188,512,003
Total assets	$ 44,181,467	$ 63,528,770	$ -	$ 69,534,599	$ 177,244,836	$ 765,230	$12,408,271	$16,883,909	$30,057,410	$ 2,501,635	$209,803,881	$ 224,336,671
Current liabilities												
Accounts payable and accrued liabilities	$ 152,897	$ 824,428	$ -	$ 32,463	$ 1,009,788	$ -	$ -	$ -	$ -	$ -	$ 1,009,788	$ 1,165,200
Construction & accrued liabilities	-	165,032	-	-	165,032	-	-	-	-	-	165,032	26,365,096
Deferred revenues	3,866,909	328,609	-	-	4,195,518	-	-	-	-	-	4,195,518	3,676,467
Fair value of derivative instrument	-	2,942,416	-	-	2,942,416	-	-	-	-	-	2,942,416	3,082,426
Bonds payable - current	-	2,930,000	-	-	2,930,000	-	-	-	-	-	2,930,000	2,830,000
Total current liabilities	4,019,806	7,190,485	-	32,463	11,242,754	-	-	-	-	-	11,242,754	37,119,189
Long-term liabilities												
Bonds payable	-	85,340,000	-	-	85,340,000	-	-	-	-	-	85,340,000	88,270,000
Notes payable	-	10,000,000	-	-	10,000,000	-	-	-	-	-	10,000,000	10,000,000
Fair value of derivative instrument	-	10,195,932	-	-	10,195,932	-	-	-	-	-	10,195,932	11,204,501
Total long term liabilities	-	105,535,932	-	-	105,535,932	-	-	-	-	-	105,535,932	109,474,501
Total liabilities	4,019,806	112,726,417	-	32,463	116,778,686	-	-	-	-	-	116,778,686	146,593,690
Net assets (deficit)												
Unrestricted	40,161,661	(49,197,647)	-	69,502,136	60,466,150	-	-	-	-	-	60,466,150	49,624,132
Temporarily restricted	-	-	-	-	-	765,230	12,408,271	16,883,909	30,057,410	-	30,057,410	25,618,824
Permanently restricted	-	-	-	-	-	-	-	-	-	2,501,635	2,501,635	2,500,025
Total net assets (deficit)	40,161,661	(49,197,647)	-	69,502,136	60,466,150	765,230	12,408,271	16,883,909	30,057,410	2,501,635	93,025,195	77,742,981
Total liabilities and net assets	$ 44,181,467	$ 63,528,770	$ -	$ 69,534,599	$ 177,244,836	$ 765,230	$12,408,271	$16,883,909	$30,057,410	$ 2,501,635	$209,803,881	$ 224,336,671

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, 2011 and 2010

	2011											
	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	2011 Total	2010 Total
Operating revenues												
Program revenues												
Ticket sales	$ 5,546,395	$ -	$ -	$ -	$ 5,546,395	$ -	$ -	$ -	$ -	$ -	$ 5,546,395	$ 6,040,950
Orchestra fee engagements	401,200	-	-	-	401,200	-	-	-	-	-	401,200	416,293
Concert Hall Rental	-	117,886	-	-	117,886	-	-	-	-	-	117,886	169,400
Ancillary Rental	-	80,650	-	-	80,650	-	-	-	-	-	80,650	56,288
Concessions	6,975	979,021	-	-	985,996	-	-	-	-	-	985,996	1,055,715
Expense Reimbursements	-	182,465	-	-	182,465	-	-	-	-	-	182,465	128,978
Interest income	140	155	-	39	334	-	-	-	-	-	334	268
Other income	321,399	345,495	-	-	666,894	-	-	-	-	-	666,894	174,161
Total program revenues	6,276,109	1,705,672	-	39	7,981,820	-	-	-	-	-	7,981,820	8,042,053
Distribution from CFMT	527,600	-	-	-	527,600	-	-	-	-	-	527,600	485,874
Transfers from endowments	15,637,352	-	-	(15,637,352)	-	-	-	-	-	-	-	-
Total transfers	16,164,952	-	-	(15,637,352)	527,600	-	-	-	-	-	527,600	485,874
Total operating revenues	22,441,061	1,705,672	-	(15,637,313)	8,509,420	-	-	-	-	-	8,509,420	8,527,927
Operating expenses and casualty losses (recovery)												
Orchestra Operations												
Operations and artistic administration	10,405,881	-	-	-	10,405,881	-	-	-	-	-	10,405,881	10,372,937
Education	610,571	-	-	-	610,571	-	-	-	-	-	610,571	470,428
Marketing	2,325,913	-	-	-	2,325,913	-	-	-	-	-	2,325,913	2,093,263
Administration and support	2,552,996	411,934	-	-	2,964,930	-	-	-	-	-	2,964,930	2,122,512
Fundraising	1,053,312	-	-	1,116,639	2,169,951	-	-	-	-	-	2,169,951	1,430,714
In-kind expenses	278,209	-	-	-	278,209	-	-	-	-	-	278,209	211,684
Total orchestra expenses	17,226,882	411,934	-	1,116,639	18,755,455	-	-	-	-	-	18,755,455	16,701,538
SSC Operations												
Concessions expenses	1,404	1,440,621	-	-	1,442,025	-	-	-	-	-	1,442,025	1,542,073
Management and building operations	-	2,134,954	-	-	2,134,954	-	-	-	-	-	2,134,954	2,091,807
Debt service	-	5,484,093	-	-	5,484,093	-	-	-	-	-	5,484,093	4,294,019
In-kind expenses	-	378	-	-	378	-	-	-	-	-	378	2,000
Total SSC expenses	1,404	9,060,046	-	-	9,061,450	-	-	-	-	-	9,061,450	7,929,899
Casualty loss (recovery) from Flood, net (Note 2)												
Site remediation	-	113,746	-	-	113,746	-	-	-	-	-	113,746	12,699,428
Impairment of equipment	-	-	-	-	-	-	-	-	-	-	-	899,933
Non-capitalized replacement of fixtures	-	(2,182,867)	-	-	(2,182,867)	-	-	-	-	-	(2,182,867)	2,942,222
Non-capitalized repair of building	-	(342,961)	-	-	(342,961)	-	-	-	-	-	(342,961)	18,433,746
Other expenses incurred	-	(108,804)	-	-	(108,804)	-	-	-	-	-	(108,804)	1,669,776
Property and casualty insurance recovery	-	173,918	-	-	173,918	-	-	-	-	-	173,918	(9,047,646)
Business interruption insurance recovery	-	-	-	-	-	-	-	-	-	-	-	(1,768,013)
State contribution to flood losses	-	(2,000,000)	-	-	(2,000,000)	-	-	-	-	-	(2,000,000)	-
FEMA insurance recovery	-	(14,245,245)	-	-	(14,245,245)	-	-	-	-	-	(14,245,245)	(10,248,681)
Casualty loss (recovery), net	-	(18,592,213)	-	-	(18,592,213)	-	-	-	-	-	(18,592,213)	15,580,765
Total operating expenses and casualty losses (recovery), before non-cash expense items	17,228,286	(9,120,233)	-	1,116,639	9,224,692	-	-	-	-	-	9,224,692	40,212,202
Income (Deficiency) from operations before non-cash expense items	5,212,775	10,825,905	-	(16,753,952)	(715,272)	-	-	-	-	-	(715,272)	(31,684,275)
Non-cash expense items												
Change in fair value of derivative instruments	-	(1,148,579)	-	-	(1,148,579)	-	-	-	-	-	(1,148,579)	5,240,299
Amortization of bond issuance costs	-	53,165	-	-	53,165	-	-	-	-	-	53,165	53,165
Subordinated debt service - in-kind	-	750,000	-	-	750,000	-	-	-	-	-	750,000	750,000
Depreciation	-	7,328,013	-	-	7,328,013	-	-	-	-	-	7,328,013	7,406,538
Total non-cash expense items	-	6,982,599	-	-	6,982,599	-	-	-	-	-	6,982,599	13,450,002
Income (deficiency) from operations	5,212,775	3,843,306	-	(16,753,952)	(7,697,871)	-	-	-	-	-	(7,697,871)	(45,134,277)
Support												
Contributions	2,142,898	-	-	1,120,073	3,262,971	503,316	3,064,978	6,347,281	9,915,575	1,610	13,180,156	10,952,478
Grants	349,750	-	-	-	349,750	-	-	-	-	-	349,750	308,800
Fund-raising events	815,030	-	-	-	815,030	10,000	-	-	10,000	-	825,030	602,771
In-kind contributions	278,209	806,274	-	-	1,084,483	-	-	-	-	-	1,084,483	963,684
Total support	3,585,887	806,274	-	1,120,073	5,512,234	513,316	3,064,978	6,347,281	9,925,575	1,610	15,439,419	12,827,733
Net assets released from restrictions	805,747	-	-	4,681,242	5,486,989	(805,747)	-	(4,681,242)	(5,486,989)	-	-	-
Income (deficiency) from operations and fund-raising	9,604,409	4,649,580	-	(10,952,637)	3,301,352	(292,431)	3,064,978	1,666,039	4,438,586	1,610	7,741,548	(32,306,544)
Investment and campaign activity												
Net ATFG and SG campaign activity	-	-	-	6,330,224	6,330,224	-	-	-	-	-	6,330,224	4,374,001
Net investment activity	-	-	-	1,572,036	1,572,036	-	-	-	-	-	1,572,036	3,595,740
Total investment expenses	-	-	-	(361,594)	(361,594)	-	-	-	-	-	(361,594)	(503,705)
Net investment and campaign activity	-	-	-	7,540,666	7,540,666	-	-	-	-	-	7,540,666	7,466,036
Increase (decrease) in net assets	9,604,409	4,649,580	-	(3,411,971)	10,842,018	(292,431)	3,064,978	1,666,039	4,438,586	1,610	15,282,214	(24,840,508)
Net assets at beginning 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
Net assets at end of year	$ 40,161,661	$ (49,197,647)	$ -	$ 69,502,136	$ 60,466,150	$ 765,230	$ 12,408,271	$ 16,883,909	$ 30,057,410	$ 2,501,635	$ 93,025,195	$ 77,742,981

See report of independent auditors on supplementary information.

NASHVILLE SYMPHONY ASSOCIATION
SCHEDULES OF OPERATING EXPENSES
Years Ended July 31, 2011 and 2010

	2011	2010
Operations and artistic administration		
Conductor, orchestra salaries and benefits	$ 7,394,877	$ 7,191,153
Orchestra management, artistic administration salaries and benefits	635,663	529,334
Assisting artists' fees and guest conductor	1,745,960	1,946,943
Hall rental	7,831	17,189
Music purchase, rental, royalties and commissions	165,135	225,201
Stagehands' salaries and benefits	88,309	98,202
Travel	15,389	32,124
Instrument rental and repair	110,032	89,013
Insurance – instruments	26,029	15,053
Concert production	202,706	213,083
Printing	4,864	2,869
Postage	2,131	4,613
Truck rental	6,955	8,160
Total operations and artistic administration	$10,405,881	$10,372,937
Education expenses		
Salaries and benefits	$ 399,040	$ 307,792
Travel / entertainment	7,997	6,885
Printing	3,958	3,931
Professional fees	7,700	-
Miscellaneous	191,876	151,820
Total education expenses	$ 610,571	$ 470,428
Marketing expenses		
Marketing, salaries and benefits	$ 918,615	$ 892,574
Advertising	526,036	452,055
Telemarketing	382,532	305,030
Printing	122,093	143,862
Postage	51,249	61,870
Miscellaneous marketing	325,388	237,872
Total marketing expenses	$ 2,325,913	$ 2,093,263
Administrative and support expenses		
Salaries and benefits	$ 1,390,357	$ 1,352,196
Insurance	36,973	37,824
Professional fees	834,328	159,599
Office supplies and maintenance	74,958	69,299
Dues and subscriptions	31,684	43,891
Meals and entertainment	88,402	75,744
Information technology	220,968	142,108
Bank charges	213,740	180,901
Telephone	39,002	31,346
Printing	1,238	2,894
Miscellaneous	33,280	26,710
Total administrative and support expenses	$ 2,964,930	$ 2,122,512

(Continued)

NASHVILLE SYMPHONY ASSOCIATION
SCHEDULES OF OPERATING EXPENSES
Years Ended July 31, 2011 and 2010

	2011	2010
Fundraising expenses		
Salaries, benefits and professional fees	$ 879,619	$ 900,056
Telefunding	-	8
Professional fees	393,939	288,230
Printing	41,230	39,233
Postage	34,675	42,984
Travel	7,832	7,639
Bad debt expense	664,111	54,025
Miscellaneous	148,545	98,539
Total fund-raising expenses	$ 2,169,951	$ 1,430,714
Management and building operations		
Salaries and benefits	$ 923,945	$ 966,211
Utilities	550,792	515,564
Property insurance	182,610	96,112
Office Supplies	839	5,071
Housekeeping and janitorial	152,833	176,371
Security	218,235	204,548
General contracts	57,897	64,776
Gain/loss on Sale	(2,200)	-
Tools, equipment and maintenance	24,033	45,299
Valet service	1,400	9,800
Institutional marketing	18,433	-
Miscellaneous	6,137	8,055
Total management and building operations	$ 2,134,954	$ 2,091,807
Debt service		
Miscellaneous carrying costs	$ 2,114,682	$ 2,181,863
SWAP – Bank of America	723,724	754,654
SWAP – Regions	362,597	378,134
SWAP – SunTrust A	1,228,137	417,521
SWAP – SunTrust B	818,758	278,347
Regions - Interest	236,195	283,500
	$ 5,484,093	$ 4,294,019

See report of independent auditors on supplementary information.