

**NASHVILLE SYMPHONY ASSOCIATION**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

July 31, 2015 and 2014

NASHVILLE SYMPHONY ASSOCIATION  
Nashville, Tennessee

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
July 31, 2015 and 2014

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
AUDITED FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS.....	4
STATEMENTS OF CASH FLOWS .....	6
NOTES TO FINANCIAL STATEMENTS.....	7
SUPPLEMENTARY INFORMATION	
DIVISIONAL COMBINING STATEMENT OF FINANCIAL POSITION.....	18
DIVISIONAL COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS .....	19
SCHEDULES OF OPERATING EXPENSES .....	20

## 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 statements of financial position as of July 31, 2015 and 2014, 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.

**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, 2015 and 2014, 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.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The divisional combining statement of financial position, divisional combining statement of activities and changes in net assets, and schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Crowe Horwath LLP*

Crowe Horwath LLP

Franklin, Tennessee  
October 5, 2015

NASHVILLE SYMPHONY ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
July 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,101,567	\$ 8,068,865
Accounts receivable	477,234	399,123
Prepaid expenses and other current assets	970,244	754,970
Contributions receivable, net	<u>3,984,249</u>	<u>3,808,881</u>
Total current assets	14,533,294	13,031,839
Noncurrent assets		
Contributions receivable, net	4,459,767	3,759,552
Other receivable	2,768,853	2,768,853
Investments	770,309	659,172
Beneficial interests in trusts	10,013,116	10,152,213
Property and equipment, net	<u>84,728,772</u>	<u>90,341,647</u>
Total noncurrent assets	<u>102,740,817</u>	<u>107,681,437</u>
Total assets	<u>\$ 117,274,111</u>	<u>\$ 120,713,276</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 627,201	\$ 485,996
Deferred revenues	5,527,637	4,919,385
Note payable - current	<u>650,000</u>	<u>650,000</u>
Total current liabilities	6,804,838	6,055,381
Long-term liabilities		
Note payable	<u>21,282,192</u>	<u>21,932,192</u>
Total liabilities	28,087,030	27,987,573
Net assets		
Unrestricted	76,030,392	81,041,979
Temporarily restricted	10,548,538	9,082,656
Permanently restricted	<u>2,608,151</u>	<u>2,601,068</u>
Total net assets	<u>89,187,081</u>	<u>92,725,703</u>
Total liabilities and net assets	<u>\$ 117,274,111</u>	<u>\$ 120,713,276</u>

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended July 31, 2015 (With Comparative July 31, 2014 Information)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Operating revenues					
Program revenues					
Ticket sales	\$ 9,004,899	\$ -	\$ -	\$ 9,004,899	\$ 8,732,605
Orchestra fee engagements	471,538	-	-	471,538	447,081
Concert hall rental	492,100	-	-	492,100	325,554
Ancillary rental	113,000	-	-	113,000	125,025
Concessions and Symphony store	942,389	-	-	942,389	726,572
Expense reimbursements	300,654	-	-	300,654	263,790
Interest and other income	1,768,127	-	-	1,768,127	1,562,461
Total program revenues	<u>13,092,707</u>	<u>-</u>	<u>-</u>	<u>13,092,707</u>	<u>12,183,088</u>
Community Foundation distribution	584,200	-	-	584,200	568,100
Total operating revenues	<u>13,676,907</u>	<u>-</u>	<u>-</u>	<u>13,676,907</u>	<u>12,751,188</u>
Operating expenses					
<i>Orchestra operating expenses</i>					
Operations and artistic administration	12,277,349	-	-	12,277,349	11,872,389
Education	261,586	-	-	261,586	287,360
Marketing	2,303,426	-	-	2,303,426	2,365,687
Administration and support	2,395,396	-	-	2,395,396	2,588,970
Fund-raising	1,298,719	-	-	1,298,719	1,183,261
In-kind expenses	229,563	-	-	229,563	189,314
Total orchestra operating expenses	<u>18,766,039</u>	<u>-</u>	<u>-</u>	<u>18,766,039</u>	<u>18,486,981</u>
<i>Symphony Center operating expenses</i>					
Concessions and Symphony store	643,478	-	-	643,478	574,526
Management and building operations	2,344,535	-	-	2,344,535	2,245,653
Total Symphony Center operating expenses	<u>2,988,013</u>	<u>-</u>	<u>-</u>	<u>2,988,013</u>	<u>2,820,179</u>
Total operating expenses before depreciation	<u>21,754,052</u>	<u>-</u>	<u>-</u>	<u>21,754,052</u>	<u>21,307,160</u>
Deficit before support, investment income and depreciation	(8,077,145)	-	-	(8,077,145)	(8,555,972)
Support					
Contributions	4,350,484	4,321,067	7,083	8,678,634	7,073,725
Grants	263,650	-	-	263,650	233,800
Fund-raising events	702,872	-	-	702,872	598,530
In-kind contributions	229,563	-	-	229,563	189,314
Total support	<u>5,546,569</u>	<u>4,321,067</u>	<u>7,083</u>	<u>9,874,719</u>	<u>8,095,369</u>
Net assets released from restrictions	<u>2,855,185</u>	<u>(2,855,185)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (deficit) before investment income and depreciation	324,609	1,465,882	7,083	1,797,574	(460,603)
Investment income, net					
Net investment income	506	-	-	506	119,303
Net beneficial interests in trusts income	557,332	-	-	557,332	1,064,534
Total investment expenses	(70,843)	-	-	(70,843)	(77,074)
Total investment income, net	<u>486,995</u>	<u>-</u>	<u>-</u>	<u>486,995</u>	<u>1,106,763</u>
Surplus before depreciation	811,604	1,465,882	7,083	2,284,569	646,160
Depreciation	<u>(5,823,191)</u>	<u>-</u>	<u>-</u>	<u>(5,823,191)</u>	<u>(5,797,017)</u>
Increase (decrease) in net assets	(5,011,587)	1,465,882	7,083	(3,538,622)	(5,150,857)
Net assets at beginning of year	<u>81,041,979</u>	<u>9,082,656</u>	<u>2,601,068</u>	<u>92,725,703</u>	<u>97,876,560</u>
Net assets at end of year	<u>\$ 76,030,392</u>	<u>\$ 10,548,538</u>	<u>\$ 2,608,151</u>	<u>\$ 89,187,081</u>	<u>\$ 92,725,703</u>

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended July 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
Operating revenues				
Program revenues				
Ticket sales	\$ 8,732,605	\$ -	\$ -	\$ 8,732,605
Orchestra fee engagements	447,081	-	-	447,081
Concert hall rental	325,554	-	-	325,554
Ancillary rental	125,025	-	-	125,025
Concessions and Symphony store	726,572	-	-	726,572
Expense reimbursements	263,790	-	-	263,790
Interest and other income	<u>1,562,461</u>	<u>-</u>	<u>-</u>	<u>1,562,461</u>
Total program revenues	12,183,088	-	-	12,183,088
Community Foundation distribution	<u>568,100</u>	<u>-</u>	<u>-</u>	<u>568,100</u>
Total operating revenues	12,751,188	-	-	12,751,188
Operating expenses				
<i>Orchestra operating expenses</i>				
Operations and artistic administration	11,872,389	-	-	11,872,389
Education	287,360	-	-	287,360
Marketing	2,365,687	-	-	2,365,687
Administration and support	2,588,970	-	-	2,588,970
Fund-raising	1,183,261	-	-	1,183,261
In-kind expenses	<u>189,314</u>	<u>-</u>	<u>-</u>	<u>189,314</u>
Total orchestra operating expenses	<u>18,486,981</u>	<u>-</u>	<u>-</u>	<u>18,486,981</u>
<i>Symphony Center operating expenses</i>				
Concessions and Symphony store	574,526	-	-	574,526
Management and building operations	<u>2,245,653</u>	<u>-</u>	<u>-</u>	<u>2,245,653</u>
Total Symphony Center operating expenses	<u>2,820,179</u>	<u>-</u>	<u>-</u>	<u>2,820,179</u>
Total operating expenses before depreciation	<u>21,307,160</u>	<u>-</u>	<u>-</u>	<u>21,307,160</u>
Deficit before support, investment income and depreciation	(8,555,972)	-	-	(8,555,972)
Support				
Contributions	4,484,297	2,526,210	63,218	7,073,725
Grants	233,800	-	-	233,800
Fund-raising events	598,530	-	-	598,530
In-kind contributions	<u>189,314</u>	<u>-</u>	<u>-</u>	<u>189,314</u>
Total support	5,505,941	2,526,210	63,218	8,095,369
Net assets released from restrictions	<u>2,511,618</u>	<u>(2,511,618)</u>	<u>-</u>	<u>-</u>
Surplus (deficit) before investment income and depreciation	(538,413)	14,592	63,218	(460,603)
Investment income, net				
Net investment income	119,303	-	-	119,303
Net beneficial interests in trusts income	1,064,534	-	-	1,064,534
Total investment expenses	<u>(77,074)</u>	<u>-</u>	<u>-</u>	<u>(77,074)</u>
Total investment income, net	<u>1,106,763</u>	<u>-</u>	<u>-</u>	<u>1,106,763</u>
Surplus before depreciation	568,350	14,592	63,218	646,160
Depreciation	<u>(5,797,017)</u>	<u>-</u>	<u>-</u>	<u>(5,797,017)</u>
Increase (decrease) in net assets	(5,228,667)	14,592	63,218	(5,150,857)
Net assets at beginning of year	<u>86,270,646</u>	<u>9,068,064</u>	<u>2,537,850</u>	<u>97,876,560</u>
Net assets at end of year	<u>\$ 81,041,979</u>	<u>\$ 9,082,656</u>	<u>\$ 2,601,068</u>	<u>\$ 92,725,703</u>

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION  
STATEMENTS OF CASH FLOWS  
Years Ended July 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Decrease in net assets	\$ (3,538,622)	\$ (5,150,857)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,823,191	5,797,017
Gain on sale of investments and beneficial interests in trusts	(419,602)	(775,004)
Unrealized loss (gain) on investments and beneficial interests in trusts, net	86,909	(95,988)
Bad debt expense	56,178	132,330
Contributions to permanently restricted net assets	(7,083)	(63,218)
Net change in assets and liabilities:		
Accounts and contributions receivable	(1,009,872)	525,061
Prepaid expenses and other current assets	(215,274)	89,306
Accounts payable and accrued liabilities	141,205	(22,639)
Deferred revenue	<u>608,252</u>	<u>351,801</u>
Net cash provided by operating activities	1,525,282	787,809
 <b>Cash flows from investing activities</b>		
Purchases of property and equipment	(210,316)	(89,464)
Proceeds from sales of investments and beneficial interests in trusts	4,466,491	7,163,979
Purchases of investments and beneficial interests in trusts	<u>(4,105,838)</u>	<u>(2,887,297)</u>
Net cash provided by investing activities	150,337	4,187,218
 <b>Cash flows from financing activities</b>		
Payments on notes payable	(650,000)	(2,667,808)
Proceeds from permanently restricted contributions	<u>7,083</u>	<u>63,218</u>
Net cash used in financing activities	<u>(642,917)</u>	<u>(2,604,590)</u>
 Net change in cash and cash equivalents	1,032,702	2,370,437
 Cash and cash equivalents at beginning of year	<u>8,068,865</u>	<u>5,698,428</u>
 <b>Cash and cash equivalents at end of year</b>	<u>\$ 9,101,567</u>	<u>\$ 8,068,865</u>

See accompanying notes to financial statements.



NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

---

**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 Board-imposed irrevocable trusts, 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 \$593,210 and \$636,900 at July 31, 2015 and 2014.

---

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

---

**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, 2015 and 2014, 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, 2015 and 2014, management believes that no impairment existed.

Advertising: At July 31, 2015 and 2014, prepaid expenses included \$501,250 and \$356,437 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 \$2,303,426 and \$2,365,687 in 2015 and 2014.

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.

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

---

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

---

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

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, 2015 and 2014, the Association released temporarily restricted net assets to unrestricted net assets in the amounts of \$2,855,185 and \$2,511,618, after meeting stipulated time or purpose restrictions.

Temporarily restricted net assets are available for the following purposes at July 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Pledges receivable – “ATFG” & “SG” – available for operating expenditures	\$ 2,510,668	\$ 3,972,203
Annual campaign & fund-raising events	5,608,998	2,582,864
Debt service & building maintenance	<u>2,428,872</u>	<u>2,527,589</u>
	<u>\$ 10,548,538</u>	<u>\$ 9,082,656</u>

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.

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

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

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

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

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

---

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

---

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

Revenue Recognition: Concert sponsorships, contributions and grants are recognized as support upon receipt of the pledge from donor or grant approval for the donating entity. Season ticket sales and other support attributable to the current concert season are recorded as deferred revenue and recognized over the course of the season. Season ticket sales for the next concert season are recorded as deferred revenue in the current year.

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

In accordance with applicable guidance, the Association will recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. As of July 31, 2015 and 2014, 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, 2015 and 2014, 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 \$229,563 and \$189,314 in 2015 and 2014.

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.

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 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.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to July 31, 2015 and 2014 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the years ended July 31, 2015 and 2014. Management has performed their analysis through October 5, 2015, 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. As of July 31, 2015 and 2014, approximately \$2.8 million was still receivable from FEMA pending a final walkthrough and inspection of the Schermerhorn Symphony Center by FEMA and TEMA officials, which represents management's final estimate of amounts due.

---

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable at July 31, 2015 and 2014 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”		2015 Total	2014 Total
	Other	Other		
2015	\$ -	\$ -	\$ -	\$ 4,035,974
2016	1,143,680	3,065,972	4,209,652	1,582,619
2017	277,833	1,085,001	1,362,834	570,833
2018	410,136	922,000	1,332,136	563,500
2019	328,000	135,000	463,000	309,000
2020	293,000	115,000	408,000	273,000
Thereafter	<u>1,760,000</u>	<u>405,000</u>	<u>2,165,000</u>	<u>1,765,000</u>
Total	4,212,649	5,727,973	9,940,622	9,099,926
Less discount	<u>(763,026)</u>	<u>(140,370)</u>	<u>(903,396)</u>	<u>(894,593)</u>
Net present value of receivables	3,449,623	5,587,603	9,037,226	8,205,333
Less allowance for doubtful accounts	<u>(483,210)</u>	<u>(110,000)</u>	<u>(593,210)</u>	<u>(636,900)</u>
Contributions receivable, net	2,966,413	5,477,603	8,444,016	7,568,433
Current maturities, net	<u>1,028,277</u>	<u>2,955,972</u>	<u>3,984,249</u>	<u>3,808,881</u>
Noncurrent maturities, net	<u>\$ 1,938,136</u>	<u>\$ 2,521,631</u>	<u>\$ 4,459,767</u>	<u>\$ 3,759,552</u>

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 \$2,510,668 and \$3,972,203 of temporarily restricted assets as of July 31, 2015 and 2014.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 4,824,167	\$ 4,824,167
Building	129,457,050	129,455,126
Musical instruments - depreciable	2,116,606	2,091,902
Musical instruments – non-depreciable	1,975,000	1,975,000
Furniture and equipment	4,906,782	4,723,095
Art, décor & sculptures – non-depreciable	<u>1,194,855</u>	<u>1,194,855</u>
	144,474,460	144,264,145
Less accumulated depreciation	<u>(59,745,688)</u>	<u>(53,922,498)</u>
	<u>\$ 84,728,772</u>	<u>\$ 90,341,647</u>

Depreciation expense was \$5,823,191 and \$5,797,017 for the years ended July 31, 2015 and 2014.

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

**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, accounts receivable, accounts payable, and short-term and long-term debt 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 fair values of the underlying investments (level 2 inputs).

*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). The objective of the private equity investments is to realize long-term total return by investing via limited partnerships in a diverse portfolio of funds with investments in the US and around the world. The investment objectives are generally classified as real estate, power & infrastructure; venture; buyout; and distressed & debt. The investments in private equity funds were sold during the year ended July 31, 2014.

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

	Fair Value Measurements at July 31, 2015 Using:			<u>Total</u>
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Mutual funds:				
Money market funds	\$ 23,707	\$ -	\$ -	\$ 23,707
Equity funds:				
Domestic blend	19,706	-	-	19,706
Domestic growth	40,577	-	-	40,577
Domestic balanced	26,143	-	-	26,143
Fixed income bond funds:				
Multisector bond	632,951	-	-	632,951
Nontraditional bond	<u>27,225</u>	-	-	<u>27,225</u>
Total investments	<u>770,309</u>	-	-	<u>770,309</u>
Beneficial interests in trusts	<u>-</u>	<u>10,013,116</u>	-	<u>10,013,116</u>
Total investments and beneficial interests in trusts	<u>\$ 770,309</u>	<u>\$ 10,013,116</u>	<u>\$ -</u>	<u>\$ 10,783,425</u>

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

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

	Fair Value Measurements at July 31, 2014 Using:			<u>Total</u>
	Quoted Prices in Active Markets for Identical Assets ( <u>Level 1</u> )	Significant Other Observable Inputs ( <u>Level 2</u> )	Significant Unobservable Inputs ( <u>Level 3</u> )	
Investments:				
Mutual funds:				
Money market funds	\$ 22,122	\$ -	\$ -	\$ 22,122
Equity funds:				
Domestic blend	14,193	-	-	14,193
Domestic growth	31,992	-	-	31,992
Domestic balanced	58,420	-	-	58,420
Fixed income bond funds:				
Multisector bond	525,000	-	-	525,000
Nontraditional bond	<u>7,445</u>	<u>-</u>	<u>-</u>	<u>7,445</u>
Total investments	659,172	-	-	659,172
 Beneficial interests in trusts	 <u>-</u>	 <u>10,152,213</u>	 <u>-</u>	 <u>10,152,213</u>
 Total investments and beneficial interests in trusts	 <u>\$ 659,172</u>	 <u>\$ 10,152,213</u>	 <u>\$ -</u>	 <u>\$ 10,811,385</u>

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, 2014. All Level 3 holdings were sold during the year ended July 31, 2014.

	Fair Value Measurements Using Significant <u>Unobservable Inputs (Level 3)</u> <u>Private Equity Funds</u>
Beginning balance, August 1, 2013	\$ 4,268,725
Net earnings – realized and unrealized	88,294
Purchases	141,809
Sales	<u>(4,498,828)</u>
 Ending balance, July 31, 2014	 <u>\$ -</u>

Investment income, net of related fees and expenses, consists of the following for the years ended July 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest	\$ 4,197	\$ 7,654
Dividends	222,622	222,477
Realized gains, net	419,602	775,004
Unrealized gains (losses), net	(86,909)	95,988
Other	(1,674)	82,714
Trustee, management and professional fees	<u>(70,843)</u>	<u>(77,074)</u>
	<u>\$ 486,995</u>	<u>\$ 1,106,763</u>

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

---

**NOTE 6 - NOTE PAYABLE**

On June 21, 2013, the Association refinanced its debt. As part of the refinance, the Association issued a \$20 million mortgage note payable bearing interest at prime (3.25% at July 31, 2015) maturing June 2018. In accordance with accounting for troubled debt restructurings, the \$20 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.

Maturities of the note payable at July 31, 2015 are as follows:

<u>July 31,</u>	
2016	\$ 650,000
2017	650,000
2018	<u>20,632,192</u>
	<u>\$ 21,932,192</u>

**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, 2015 and 2014.

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 \$405,018 and \$394,589 to the plan in 2015 and 2014.

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.

The plan in which the Association participated in the years ended July 31, 2015 and 2014 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.



NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

---

**NOTE 7 - BENEFIT PLANS (Continued)**

<u>Pension Fund</u>	<u>EIN/ Pension Plan Number</u>	<u>PPA Zone Status</u> <sup>(2)</sup>	<u>FIP/RP Status</u>	<u>2015</u>	<u>2014</u>	<u>Contributions Greater Than 5% of Total Plan Contributions</u> <sup>(1)</sup>	<u>Expiration Date of CBA</u>
American Federation of Musicians and Employers' Pension Plan	51-6120204	Red	Yes	\$ 405,018	\$ 394,589	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 2015 and 2014.

(2) This zone status represents the most recent available information for the respective MEPP, which is for the plan year ended March 31, 2015 for the 2015 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 \$2,608,151 and \$2,601,068 at July 31, 2015 and 2014. Included in these permanently restricted net assets are investment funds of \$633,151 and \$626,068 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, 2015 and 2014 consist of \$1,975,000 of musical instruments owned by the Association for indefinite use by the Symphony.

---

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

**NOTE 9 - RESTRICTIONS ON NET ASSETS** (Continued)

Endowment restricted net asset composition by type of fund as of July 31, 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>2015</u>				
Donor restricted funds	\$ -	\$ -	\$ 633,151	\$ 633,151
Board designated endowment	<u>10,013,116</u>	<u>-</u>	<u>-</u>	<u>10,013,116</u>
	<u>\$ 10,013,116</u>	<u>\$ -</u>	<u>\$ 633,151</u>	<u>\$ 10,646,267</u>
 <u>2014</u>				
Donor restricted funds	\$ -	\$ -	\$ 626,068	\$ 626,068
Board designated endowment	<u>10,152,213</u>	<u>-</u>	<u>-</u>	<u>10,152,213</u>
	<u>\$ 10,152,213</u>	<u>\$ -</u>	<u>\$ 626,068</u>	<u>\$ 10,778,281</u>

Changes in endowment restricted net assets for years ended July 31, 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>2015</u>				
Beginning restricted net assets	\$ 10,152,213	\$ -	\$ 626,068	\$ 10,778,281
Investment return:				
Investment income	224,637	-	-	224,637
Net appreciation	332,695	-	-	332,695
Administrative expenses	<u>(70,433)</u>	<u>-</u>	<u>-</u>	<u>(70,433)</u>
Total investment return	486,899	-	-	486,899
Transfers, net	(625,996)	-	-	(625,996)
Donor restricted contributions	<u>-</u>	<u>-</u>	<u>7,083</u>	<u>7,083</u>
Ending restricted net assets	<u>\$ 10,013,116</u>	<u>\$ -</u>	<u>\$ 633,151</u>	<u>\$ 10,646,267</u>
 <u>2014</u>				
Beginning restricted net assets	\$ 9,293,023	\$ -	\$ 562,850	\$ 9,855,873
Investment return:				
Investment income	225,063	-	-	225,063
Net appreciation	839,471	-	-	839,471
Administrative expenses	<u>(67,052)</u>	<u>-</u>	<u>-</u>	<u>(67,052)</u>
Total investment return	997,482	-	-	997,482
Transfers, net	(138,292)	-	-	(138,292)
Donor restricted contributions	<u>-</u>	<u>-</u>	<u>63,218</u>	<u>63,218</u>
Ending restricted net assets	<u>\$ 10,152,213</u>	<u>\$ -</u>	<u>\$ 626,068</u>	<u>\$ 10,778,281</u>

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2015 and 2014

---

**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, 2015 and 2014.

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, 2015 and 2014 as follows:

	2015		2014	
Orchestra	\$ 15,071,924	69%	\$ 14,714,750	69%
Schermerhorn Symphony Center	2,988,013	14%	2,820,179	13%
Total program	18,059,937	83%	17,534,929	82%
Administrative (G&A)	2,395,396	11%	2,588,970	12%
Fund-raising	1,298,719	6%	1,183,261	6%
Total expenses	\$ 21,754,052	100%	\$ 21,307,160	100%

**SUPPLEMENTARY INFORMATION**

NASHVILLE SYMPHONY ASSOCIATION  
 DIVISIONAL COMBINING STATEMENT OF FINANCIAL POSITION  
 July 31, 2015 (With Comparative July 31, 2014 Information)

	Unrestricted				Temporarily Restricted				Permanently Restricted	2015 Total	2014 Total
	Nashville Symphony Orchestra	Schermerhorn Symphony Center	ATFG & SG Pledges and Investments	Total Unrestricted	Nashville Symphony Orchestra	Schermerhorn Symphony Center	ATFG & SG Pledges and Investments	Total Temporarily Restricted			
<b>ASSETS</b>											
Current assets											
Cash and cash equivalents	\$ 530,731	\$ 3,882,406	\$ 1,834,532	\$ 6,247,669	\$ 424,826	\$ 2,428,872	\$ -	\$ 2,853,698	\$ 200	\$ 9,101,567	\$ 8,068,865
Accounts receivable	149,259	327,975	-	477,234	-	-	-	-	-	477,234	399,123
Prepaid expenses and other current assets	875,479	94,765	-	970,244	-	-	-	-	-	970,244	754,970
Contributions receivable, net	293,431	-	455,745	749,176	2,662,541	-	572,532	3,235,073	-	3,984,249	3,808,881
Total current assets	1,848,900	4,305,146	2,290,277	8,444,323	3,087,367	2,428,872	572,532	6,088,771	200	14,533,294	13,031,839
Noncurrent assets											
Contributions receivable, net	-	-	-	-	2,521,631	-	1,938,136	4,459,767	-	4,459,767	3,759,552
Other receivable	-	2,768,853	-	2,768,853	-	-	-	-	-	2,768,853	2,768,853
Due from (to) funds	(430,196)	(5,956,044)	6,386,240	-	-	-	-	-	-	-	-
Investments	116,362	-	20,996	137,358	-	-	-	-	632,951	770,309	659,172
Beneficial interests in trusts	-	-	10,013,116	10,013,116	-	-	-	-	-	10,013,116	10,152,213
Property and equipment, net	-	82,753,772	-	82,753,772	-	-	-	-	1,975,000	84,728,772	90,341,647
Total noncurrent assets	(313,834)	79,566,581	16,420,352	95,673,099	2,521,631	-	1,938,136	4,459,767	2,607,951	102,740,817	107,681,437
Total assets	\$ 1,535,066	\$ 83,871,727	\$ 18,710,629	\$ 104,117,422	\$ 5,608,998	\$ 2,428,872	\$ 2,510,668	\$ 10,548,538	\$ 2,608,151	\$ 117,274,111	\$ 120,713,276
<b>LIABILITIES AND NET ASSETS</b>											
Current liabilities											
Accounts payable and accrued liabilities	\$ 539,214	\$ 87,987	\$ -	\$ 627,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,201	\$ 485,996
Deferred revenues	4,802,175	725,462	-	5,527,637	-	-	-	-	-	5,527,637	4,919,385
Note payable - current	-	650,000	-	650,000	-	-	-	-	-	650,000	650,000
Total current liabilities	5,341,389	1,463,449	-	6,804,838	-	-	-	-	-	6,804,838	6,055,381
Long-term liabilities											
Note payable	-	21,282,192	-	21,282,192	-	-	-	-	-	21,282,192	21,932,192
Total liabilities	5,341,389	22,745,641	-	28,087,030	-	-	-	-	-	28,087,030	27,987,573
Net assets (deficit)											
Unrestricted	(3,806,323)	61,126,086	18,710,629	76,030,392	-	-	-	-	-	76,030,392	81,041,979
Temporarily restricted	-	-	-	-	5,608,998	2,428,872	2,510,668	10,548,538	-	10,548,538	9,082,656
Permanently restricted	-	-	-	-	-	-	-	-	2,608,151	2,608,151	2,601,068
Total net assets (deficit)	(3,806,323)	61,126,086	18,710,629	76,030,392	5,608,998	2,428,872	2,510,668	10,548,538	2,608,151	89,187,081	92,725,703
Total liabilities and net assets	\$ 1,535,066	\$ 83,871,727	\$ 18,710,629	\$ 104,117,422	\$ 5,608,998	\$ 2,428,872	\$ 2,510,668	\$ 10,548,538	\$ 2,608,151	\$ 117,274,111	\$ 120,713,276

NASHVILLE SYMPHONY ASSOCIATION  
DIVISIONAL COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended July 31, 2015 (With Comparative July 31, 2014 Information)

	Unrestricted				Temporarily Restricted				Permanently Restricted	2015 Total	2014 Total
	Nashville Symphony Orchestra	Schermerhorn Symphony Center	ATFG & SG Pledges and Investments	Total Unrestricted	Nashville Symphony Orchestra	Schermerhorn Symphony Center	ATFG & SG Pledges and Investments	Total Temporarily Restricted			
Operating revenues											
Program revenues											
Ticket sales	\$ 9,004,899	\$ -	\$ -	\$ 9,004,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,004,899	\$ 8,732,605
Orchestra fee engagements	471,538	-	-	471,538	-	-	-	-	-	471,538	447,081
Concert hall rental	-	492,100	-	492,100	-	-	-	-	-	492,100	325,554
Ancillary rental	-	113,000	-	113,000	-	-	-	-	-	113,000	125,025
Concessions and Symphony store	-	942,389	-	942,389	-	-	-	-	-	942,389	726,572
Expense reimbursements	-	300,654	-	300,654	-	-	-	-	-	300,654	263,790
Interest and other income	1,108,983	657,227	1,917	1,768,127	-	-	-	-	-	1,768,127	1,562,461
Total program revenues	10,585,420	2,505,370	1,917	13,092,707	-	-	-	-	-	13,092,707	12,183,088
Community Foundation distribution	584,200	-	-	584,200	-	-	-	-	-	584,200	568,100
Transfers from endowments	625,996	-	(625,996)	-	-	-	-	-	-	-	-
Total operating revenues	11,795,616	2,505,370	(624,079)	13,676,907	-	-	-	-	-	13,676,907	12,751,188
Operating expenses											
Orchestra operating expenses											
Operations and artistic administration	12,277,349	-	-	12,277,349	-	-	-	-	-	12,277,349	11,872,389
Education	261,586	-	-	261,586	-	-	-	-	-	261,586	287,360
Marketing	2,303,426	-	-	2,303,426	-	-	-	-	-	2,303,426	2,365,687
Administration and support	2,395,396	-	-	2,395,396	-	-	-	-	-	2,395,396	2,588,970
Fund-raising	1,297,259	-	1,460	1,298,719	-	-	-	-	-	1,298,719	1,183,261
In-kind expenses	229,563	-	-	229,563	-	-	-	-	-	229,563	189,314
Total orchestra operating expenses	18,764,579	-	1,460	18,766,039	-	-	-	-	-	18,766,039	18,486,981
Symphony Center operating expenses											
Concessions and Symphony store	-	643,478	-	643,478	-	-	-	-	-	643,478	574,526
Management and building operations	-	2,344,535	-	2,344,535	-	-	-	-	-	2,344,535	2,245,653
Total Symphony Center operating expenses	-	2,988,013	-	2,988,013	-	-	-	-	-	2,988,013	2,820,179
Total operating expenses before depreciation	18,764,579	2,988,013	1,460	21,754,052	-	-	-	-	-	21,754,052	21,307,160
Deficit before support, investment income and depreciation	(6,968,963)	(482,643)	(625,539)	(8,077,145)	-	-	-	-	-	(8,077,145)	(8,555,972)
Support											
Contributions	4,230,220	5,098	115,166	4,350,484	4,215,439	-	105,628	4,321,067	7,083	8,678,634	7,073,725
Grants	263,650	-	-	263,650	-	-	-	-	-	263,650	233,800
Fund-raising events	702,872	-	-	702,872	-	-	-	-	-	702,872	598,530
In-kind contributions	229,563	-	-	229,563	-	-	-	-	-	229,563	189,314
Total support	5,426,305	5,098	115,166	5,546,569	4,215,439	-	105,628	4,321,067	7,083	9,874,719	8,095,369
Net assets released from restrictions	1,189,305	98,717	1,567,163	2,855,185	(1,189,305)	(98,717)	(1,567,163)	(2,855,185)	-	-	-
Surplus (deficit) before investment income and depreciation	(353,353)	(378,828)	1,056,790	324,609	3,026,134	(98,717)	(1,461,535)	1,465,882	7,083	1,797,574	(460,603)
Investment income, net											
Net investment income	-	-	506	506	-	-	-	-	-	506	119,303
Net beneficial interests in trusts income	-	-	557,332	557,332	-	-	-	-	-	557,332	1,064,534
Total investment expenses	-	-	(70,843)	(70,843)	-	-	-	-	-	(70,843)	(77,074)
Total investment income, net	-	-	486,995	486,995	-	-	-	-	-	486,995	1,106,763
Surplus (deficit) before depreciation	(353,353)	(378,828)	1,543,785	811,604	3,026,134	(98,717)	(1,461,535)	1,465,882	7,083	2,284,569	646,160
Depreciation	-	(5,823,191)	-	(5,823,191)	-	-	-	-	-	(5,823,191)	(5,797,017)
Increase (decrease) in net assets	(353,353)	(6,202,019)	1,543,785	(5,011,587)	3,026,134	(98,717)	(1,461,535)	1,465,882	7,083	(3,538,622)	(5,150,857)
Net assets at beginning of year	(3,452,970)	67,328,105	17,166,844	81,041,979	2,582,864	2,527,589	3,972,203	9,082,656	2,601,068	92,725,703	97,876,560
Net assets at end of year	\$ (3,806,323)	\$ 61,126,086	\$ 18,710,629	\$ 76,030,392	\$ 5,608,998	\$ 2,428,872	\$ 2,510,668	\$ 10,548,538	\$ 2,608,151	\$ 89,187,081	\$ 92,725,703

NASHVILLE SYMPHONY ASSOCIATION  
SCHEDULES OF OPERATING EXPENSES  
Years Ended July 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Operations and artistic administration expenses:</b>		
Conductor, orchestra salaries and benefits	\$ 6,986,716	\$ 6,734,920
Management, artistic administration salaries and benefits	529,319	570,189
Assisting artists' fees and guest conductor	3,869,291	3,777,990
Hall rental	4,793	5,122
Music purchase, rental, royalties and commissions	227,783	232,617
Stagehands' salaries and benefits	142,595	123,866
Travel	17,466	13,094
Instrument rental and repair	276,911	226,926
Concert production	211,492	179,185
Printing	3,772	2,536
Postage	853	616
Truck rental	6,358	5,328
<b>Total operations and artistic administration expenses</b>	<u>\$ 12,277,349</u>	<u>\$ 11,872,389</u>
 <b>Education expenses:</b>		
Salaries and benefits	\$ 117,688	\$ 143,757
Travel/Entertainment	884	596
Ensemble	31,957	40,093
1 Note 1 Neighborhood	34,485	33,082
Miscellaneous	76,572	69,832
<b>Total education expenses</b>	<u>\$ 261,586</u>	<u>\$ 287,360</u>
 <b>Marketing expenses:</b>		
Marketing, salaries and benefits	\$ 844,226	\$ 800,648
Advertising	643,913	758,708
Telemarketing	463,196	347,451
Printing	136,099	98,575
Postage	76,437	73,059
Miscellaneous marketing	139,555	287,246
<b>Total marketing expenses</b>	<u>\$ 2,303,426</u>	<u>\$ 2,365,687</u>
 <b>Administration and support expenses:</b>		
Salaries and benefits	\$ 1,217,890	\$ 1,372,554
Insurance	101,005	28,592
Professional fees	218,438	354,667
Office supplies and maintenance	59,508	72,912
Dues and subscriptions	34,626	36,272
Meals and entertainment	94,814	92,781
Information technology	288,073	256,159
Bank charges	328,491	296,062
Telephone	22,251	35,400
Miscellaneous	30,300	43,571
<b>Total administration and support expenses</b>	<u>\$ 2,395,396</u>	<u>\$ 2,588,970</u>

(Continued)

NASHVILLE SYMPHONY ASSOCIATION  
SCHEDULES OF OPERATING EXPENSES  
Years Ended July 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Fund-raising expenses:</b>		
Salaries and benefits	\$ 973,786	\$ 832,181
Professional fees	45,860	74,648
Printing	40,107	25,689
Postage	48,207	20,961
Travel	13,904	9,815
Bad debt expense	56,178	132,330
Miscellaneous	<u>120,677</u>	<u>87,637</u>
<b>Total fund-raising expenses</b>	<b><u>\$ 1,298,719</u></b>	<b><u>\$ 1,183,261</u></b>
<b>Concessions expenses:</b>		
Food and beverage - salaries and benefits	\$ 318,338	\$ 290,064
Food and beverage - entertainment	473	175
Food and beverage - office supplies	1,722	2,367
Food and beverage - miscellaneous	2,100	1,911
Food and beverage - maintenance	11,742	11,738
Food and beverage - taxes and licenses	7,821	5,216
Food and beverage - cost of goods sold	227,271	178,688
Symphony store	<u>74,011</u>	<u>84,367</u>
<b>Total concessions expenses</b>	<b><u>\$ 643,478</u></b>	<b><u>\$ 574,526</u></b>
<b>Management and building operations expenses:</b>		
Salaries and benefits	\$ 811,657	\$ 783,368
Utilities	695,461	636,760
Property insurance	196,083	237,760
Housekeeping and janitorial	260,666	243,954
Security	207,938	211,286
General contracts	66,794	72,575
Tools, equipment and maintenance	100,498	35,210
Valet service	3,292	4,503
Debt service	-	13,816
Miscellaneous	<u>2,146</u>	<u>6,421</u>
<b>Total management and building operations expenses</b>	<b><u>\$ 2,344,535</u></b>	<b><u>\$ 2,245,653</u></b>