NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS
July 31, 2014

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

FINANCIAL STATEMENTS
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Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Nashville Symphony Association (a nonprofit organization), which comprise the statement of financial position as of July 31, 2014, and the related statements of activities and changes in net assets and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Symphony Association as of July 31, 2014, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

Franklin, Tennessee
January 23, 2015

NASHVILLE SYMPHONY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
July 31, 2014

ASSETS	
Current assets	
Cash and cash equivalents	$ 8,068,865
Accounts receivable	399,123
Prepaid expenses and other current assets	754,970
Contributions receivable, net	3,808,881
Total current assets	13,031,839
Noncurrent assets	
Contributions receivable, net	3,759,552
Other receivable	2,768,853
Investments	659,172
Beneficial interests in trusts	10,152,213
Property and equipment, net	90,341,647
Total noncurrent assets	107,681,437
Total assets	$ 120,713,276
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable and accrued liabilities	$ 485,996
Deferred revenues	4,919,385
Note payable - current	650,000
Total current liabilities	6,055,381
Long-term liabilities	
Note payable	21,932,192
Total liabilities	27,987,573
Net assets	
Unrestricted	81,041,979
Temporarily restricted	9,082,656
Permanently restricted	2,601,068
Total net assets	92,725,703
Total liabilities and net assets	$ 120,713,276

See accompanying notes to financial statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
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	726,726	-	-	726,726
Expense reimbursements	263,790	-	-	263,790
Interest income	6,170	-	-	6,170
Other income	1,556,137	-	-	1,556,137
Total program revenues	12,183,088	-	-	12,183,088
Distribution from Community Foundation	568,100	-	-	568,100
Total operating revenues	12,751,188	-	-	12,751,188
Operating expenses				
Orchestra operations expenses				
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	1,050,931	-	-	1,050,931
Bad debt expense	132,330	-	-	132,330
In-kind expenses	189,314	-	-	189,314
Total orchestra operations expenses	18,486,981	-	-	18,486,981
Symphony Center operations expenses				
Concessions	574,526	-	-	574,526
Management and building operations	2,231,837	-	-	2,231,837
Debt service	13,816	-	-	13,816
Total Symphony Center operations expenses	2,820,179	-	-	2,820,179
Total operating expenses before depreciation	21,307,160	-	-	21,307,160
Deficiency before support, investment activity 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	189,314	-	-	189,314
Total support	5,505,941	2,526,210	63,218	8,095,369
Net assets released from restrictions	2,511,618	(2,511,618)	-	-
Increase (decrease) in net assets before investment activity and depreciation	(538,413)	14,592	63,218	(460,603)
Investment and campaign activity				
Net investment activity	117,869	-	-	117,869
Net ATFG and SG campaign activity	1,434	-	-	1,434
Net beneficial interests in trusts activity	1,064,534	-	-	1,064,534
Total investment expenses	(77,074)	-	-	(77,074)
Total investment and campaign activity	1,106,763	-	-	1,106,763
Increase in net assets before depreciation	568,350	14,592	63,218	646,160
Depreciation	(5,797,017)	-	-	(5,797,017)
Increase (decrease) in net assets	(5,228,667)	14,592	63,218	(5,150,857)
Net assets at beginning of year	86,270,646	9,068,064	2,537,850	97,876,560
Net assets at end of year	$81,041,979	$ 9,082,656	$ 2,601,068	$92,725,703

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended July 31, 2014

Cash flows from operating activities	
Decrease in net assets	$ (5,150,857)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	5,797,017
Gain on sale of investments and beneficial interests in trusts	(775,004)
Unrealized gain on investments and beneficial interests in trusts, net	(95,988)
Bad debt expense	132,330
Contributions to permanently restricted net assets	(63,218)
Net change in assets and liabilities:	
Accounts and contributions receivable	525,061
Prepaid expenses and other current assets	89,306
Accounts payable and accrued liabilities	(22,639)
Deferred revenue	351,801
Net cash provided by operating activities	787,809
Cash flows from investing activities	
Purchases of property and equipment	(89,464)
Proceeds from sales of investments and beneficial interests in trusts	7,163,979
Purchases of investments and beneficial interests in trusts	(2,887,297)
Net cash provided by investing activities	4,187,218
Cash flows from financing activities	
Payments on notes payable	(2,667,808)
Proceeds from contributions of permanently restricted contributions	63,218
Net cash used in financing activities	(2,604,590)
Net change in cash and cash equivalents	2,370,437
Cash and cash equivalents at beginning of year	5,698,428
Cash and cash equivalents at end of year	$ 8,068,865
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	$ 19,232

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Nashville Symphony Endowment Trust ("NSET") is a separate entity that was formed for the purpose of supporting the Association. The NSET, structured as 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.

Advertising: At July 31, 2014, prepaid expenses included $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 $2,365,687 in 2014.

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 have been 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $636,900 at July 31, 2014.

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 Association.

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, 2014, there are 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 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.

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, 2014, management believes that no impairment existed.

Donated Services: Donated services from volunteers for fund-raising are not recorded in the accounts of the Association as a clear, measurable basis, for the monetary value of such services does not exist, and the Association does not exercise control over these activities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2014, the Association released $2,511,618 of temporarily restricted net assets to unrestricted net assets after meeting stipulated time or purpose restrictions.

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

Pledges receivable – "ATFG" & "SG" – available for operating expenditures	$ 3,972,203
Annual campaign & fund-raising events	2,582,864
Debt service & building maintenance	2,527,589
	$ 9,082,656

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.

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, 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, 2014, and for the year then ended.

The Form 990 filed by the Association is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Management believes the Form 990 has been filed appropriately and are no longer subject to examination for the fiscal years ended July 31, 2010 and prior.

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 $189,314 in 2014.

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, 2014 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended July 31, 2014. Management has performed their analysis through January 23, 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, 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)

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 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"	Other	Total
2015	$ 2,488,397	$ 1,547,577	$ 4,035,974
2016	664,620	917,999	1,582,619
2017	259,833	311,000	570,833
2018	388,000	175,500	563,500
2019	304,000	5,000	309,000
Thereafter	2,028,000	10,000	2,038,000
Total	6,132,850	2,967,076	9,099,926
Less discount	(868,653)	(25,940)	(894,593)
Net present value of receivables	5,264,197	2,941,136	8,205,333
Less allowance for doubtful receivables	(526,900)	(110,000)	(636,900)
Contributions receivable, net	4,737,297	2,831,136	7,568,433
Current maturities, net	2,371,304	1,437,577	3,808,881
Noncurrent maturities, net	$ 2,365,993	$ 1,393,559	$ 3,759,552

Contributions receivable from the "ATFG" and "SG" campaigns include $3,972,203 of temporarily restricted assets. 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.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	$ 4,824,167
Building	126,945,420
Musical instruments - depreciable	2,091,902
Musical instruments – non-depreciable	1,975,000
Furniture and equipment	4,723,095
Art, décor & sculptures – non-depreciable	1,194,855
	141,754,439
Less accumulated depreciation	(51,412,792)
	$ 90,341,647

Depreciation expense was $5,797,017 for the year ended July 31, 2014.

(Continued)

NOTE 5 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUSTS

Fair values of financial instruments are estimated using relevant market information and other assumptions. The Association's carrying amount for its cash and cash equivalents, 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). Redemptions of private equity investments may only be made at the fund manager's approval, but redemptions are not anticipated to be granted until the funds are dissolved, of which dissolution dates range from 2023 through 2027. The objective of the private equity investments is to realize long-term total return by investing via limited partnerships in a diverse portfolio of funds with investments in the US and around the world. The investment objectives are generally classified as real estate, power & infrastructure; venture; buyout; and distressed & debt.

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

	Fair Value Measurements at July 31, 2014 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
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	7,445	-	-	7,445
Total investments	659,172	-	-	659,172
Beneficial interests in trusts	-	10,152,213	-	10,152,213
Total investments and beneficial interests in trusts	$ 659,172	$ 10,152,213	$ -	$ 10,811,385

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

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended July 31, 2014:

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

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

Interest	$ 7,654
Dividends	222,477
Realized gains, net	775,004
Unrealized gains, net	95,988
Other	82,714
Trustee, management and professional fees	(77,074)
	$ 1,106,763

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, 2014) 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 includes 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 and maintains the same terms as stated above.

Maturities of the note payable at July 31, 2014 are as follows:

July 31,	
2015	$ 650,000
2016	650,000
2017	650,000
2018	20,632,192
	$ 22,582,192

NOTE 7 - BENEFIT PLANS

The Association has a defined contribution pension plan, which covers all full-time non-orchestra employees of the Association with one year of credited service. This plan is designed to conform to Internal Revenue Code Section 403(b) and to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The Association's contributions to the plan are based upon a percentage of the participant's salary and are entirely discretionary. The Association suspended contributions to the plan during the prior year, and as such, there were no contributions during the year ended July 31, 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 $394,589 to the plan in 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 year ended July 31, 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.

Pension Fund	EIN/ Pension Plan Number	PPA Zone Status [2]	FIP/RP Status	2014	Contributions Greater Than 5% of Total Plan Contributions [1]	Expiration Date of CBA
American Federation of Musicians and Employers' Pension Plan	51-6120204	Red	Yes	$ 394,589	No	July 2018

(1) This information was obtained from the respective plans' Form 5500 for the most current available 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 a plan year.

(2) This zone status represents the most recent available information for the respective MEPP, which is for the plan year ended March 31, 2014 for the 2014 year.

(Continued)

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 $2,601,068 at July 31, 2014. Included in these permanently restricted net assets are investment funds of $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, 2014 consist of $1,975,000 of musical instruments owned by the Association for indefinite use by the Symphony.

Restricted net asset composition by type of fund as of July 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted funds	$ -	$ -	$ 626,068	$ 626,068
Board designated endowment	10,152,213	-	-	10,152,213
	$ 10,152,213	$ -	$ 626,068	$ 10,778,281

Changes in restricted net assets for year ended July 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	(67,052)	-	-	(67,052)
Total investment return	997,482	-	-	997,482
Transfers, net	(138,292)	-	-	(138,292)
Donor restricted contributions	-	-	63,218	63,218
Ending restricted net assets	$ 10,152,213	$ -	$ 626,068	$ 10,778,281

(Continued)

NOTE 9 - RESTRICTIONS ON NET ASSETS (Continued)

Interpretation of UPMIFA: The Board of Directors have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of permanently restricted gifts donated to the Association, (b) the original value of subsequently permanently restricted gifts donated to the Association, and (c) accumulation 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, 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 year ended July 31, 2014 as follows:

	Dollar Amount	Percentage of Total
Orchestra	$ 14,847,080	70%
Schermerhorn Symphony Center	2,820,179	13%
Total program	17,667,259	83%
Administrative (G&A)	2,588,970	12%
Fund-raising	1,050,931	5%
Total expenses	$ 21,307,160	100%