NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS

July 31, 2009 and 2008

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

FINANCIAL STATEMENTS
July 31, 2009 and 2008

CONTENTS

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

We have audited the accompanying statements of financial position of the Nashville Symphony Association (a nonprofit organization), as of July 31, 2009 and 2008, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nashville Symphony Association as of July 31, 2009 and 2008, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16 to the financial statements, the Association implemented FASB Staff Position No. 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosure for All Endowment Funds", effective July 1, 2008.

As discussed in Note 14 to the financial statements, certain errors resulting in understatement of previously reported unrestricted net assets and overstatement of permanently restricted net assets as of July 1, 2007 were discovered by management of the Association during the current year. Accordingly, the 2008 financial statements have been restated to correct the error.

Crowe Horwath LLP

Crowe Horwath LLP

Brentwood, Tennessee
February 1, 2010

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2009 and 2008

	2009	Restated 2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,357,082	$ 2,383,356
Accounts receivable	441,107	547,385
Prepaid expenses	1,975,845	2,117,982
Contributions and grants receivable, net	4,224,735	4,300,366
Total current assets	7,998,769	9,349,089
Noncurrent assets		
Contributions receivable, net	18,750,182	13,105,676
Investments	74,235,314	91,640,029
Property and equipment, net	118,096,709	126,021,487
Deferred bond issuance costs, net	1,174,056	1,227,221
Total noncurrent assets	212,256,261	231,994,413
Total assets	$ 220,255,030	$ 241,343,502
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 616,084	$ 963,579
Deferred revenues	4,168,829	5,429,586
Bonds payable - current	2,740,000	4,080,000
Total current liabilities	7,524,913	10,473,165
Long-term liabilities		
Bonds payable	91,100,000	93,840,000
Notes payable	10,000,000	10,000,000
Fair value of derivative instrument	9,046,628	3,088,918
Total long-term liabilities	110,146,628	106,928,918
Total liabilities	117,671,541	117,402,083
Net assets		
Unrestricted	77,443,200	104,048,408
Temporarily restricted	22,640,289	17,393,011
Permanently restricted	2,500,000	2,500,000
Total net assets	102,583,489	123,941,419
Total liabilities and net assets	$ 220,255,030	$ 241,343,502

See accompanying notes to financial statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
Operating revenues					
Program revenues					
Ticket sales	$ 7,402,179	$ -	$ -	$ 7,402,179	$ 6,271,199
Orchestra fee engagements	331,028	-	-	331,028	503,350
Concert hall rental	353,779	-	-	353,779	377,730
Ancillary rental	87,750	-	-	87,750	119,875
Concessions (net)	121,155	-	-	121,155	(179,976)
Expense reimbursements	233,506	-	-	233,506	332,901
Interest income	20,153	-	-	20,153	218,893
Other income	193,623	-	-	193,623	221,584
Total program revenues	8,743,173	-	-	8,743,173	7,865,556
Distribution from CFMT	595,740	-	-	595,740	2,534,040
Total transfers	595,740	-	-	595,740	2,534,040
Total operating revenues	9,338,913	-	-	9,338,913	10,399,596
Operating expenses					
Orchestra Operations					
Operations and artistic administration	11,860,636	-	-	11,860,636	11,325,119
Education	548,889	-	-	548,889	514,059
Marketing	2,412,074	-	-	2,412,074	2,367,174
Administration and support	2,221,790	-	-	2,221,790	2,373,216
Fundraising	1,603,843	-	-	1,603,843	1,718,783
In-kind expenses	211,299	-	-	211,299	258,656
Total orchestra expenses	18,858,531	-	-	18,858,531	18,557,007
SSC Operations					
Concert hall expenses	-	-	-	-	219,349
Management and building operations	2,732,522	-	-	2,732,522	2,844,829
Debt service	4,018,639	-	-	4,018,639	4,423,883
In-kind expenses	51,369	-	-	51,369	11,228
Total SSC expenses	6,802,530	-	-	6,802,530	7,499,289
Total operating expenses before non-cash Expense (revenue) items	25,661,061	-	-	25,661,061	26,056,296
Deficiency from operations Before non-cash expense items	(16,322,148)	-	-	(16,322,148)	(15,656,700)
Non-Cash Expense (Revenue) Items					
Change in fair value of derivative instrument	5,957,711	-	-	5,957,711	4,772,847
Amortization of bond issuance costs	369,676	-	-	369,676	369,676
Subordinated debt service	913,438	-	-	913,438	1,111,789
Depreciation	7,531,843	-	-	7,531,843	7,497,862
Total non-cash expense items	14,772,668	-	-	14,772,668	13,752,174
Deficiency from operations	(31,094,816)	-	-	(31,094,816)	(29,408,874)

(Continued)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
Support					
Contributions	$ 4,472,990	$ 8,969,861	$ -	$ 13,442,851	$ 38,516,864
Grants	492,182	-	-	492,182	533,878
Fund-raising events	625,237	-	-	625,237	768,491
In-kind contributions	262,668	-	-	262,668	269,884
Total support	5,853,077	8,969,861	-	14,822,938	40,089,117
Net assets released from restrictions	3,722,583	(3,722,583)	-	-	-
Income (deficiency) from operations and fund-raising	(21,519,156)	5,247,278	-	(16,271,878)	10,680,243
Investment and ATFG activity					
Net ATFG activity	(6,914,246)	-	-	(6,914,246)	(2,186,058)
Net investment activity	2,228,285	-	-	2,228,285	(225,916)
Total investment expenses	(400,091)	-	-	(400,091)	(503,045)
Net investment and ATFG activity	(5,086,052)	-	-	(5,086,052)	(2,915,019)
Increase (decrease) in net assets	(26,605,208)	5,247,278	-	(21,357,930)	7,765,224
Net assets at beginning of year, as restated (Note 14)	104,048,408	17,393,011	2,500,000	123,941,419	116,176,195
Net assets at end of year	$ 77,443,200	$ 22,640,289	$ 2,500,000	$ 102,583,489	$ 123,941,419

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS, AS RESTATED
Year Ended July 31, 2008

	Permanently Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total
Operating revenues				
Program revenues				
Ticket sales	$ 6,271,199	$ -	$ -	$ 6,271,199
Orchestra fee engagements	503,350	-	-	503,350
Concert hall rental	377,730	-	-	377,730
Ancillary rental	119,875	-	-	119,875
Concessions (net)	(179,976)	-	-	(179,976)
Expense reimbursements	332,901	-	-	332,901
Interest income	218,893	-	-	218,893
Other income	221,584	-	-	221,584
Total program revenues	7,865,556	-	-	7,865,556
Distribution from CFMT	2,534,040	-	-	2,534,040
Total transfers	2,534,040	-	-	2,534,040
Total operating revenues	10,399,596	-	-	10,399,596
Operating expenses				
Orchestra Operations				
Operations and artistic administration	11,325,119	-	-	11,325,119
Education	514,059	-	-	514,059
Marketing	2,367,174	-	-	2,367,174
Administration and support	2,373,216	-	-	2,373,216
Fundraising	1,718,783	-	-	1,718,783
In-kind expenses	258,656	-	-	258,656
Total orchestra expenses	18,557,007	-	-	18,557,007
SSC Operations				
Concert hall expenses	219,349	-	-	219,349
Management and building operations	2,844,829	-	-	2,844,829
Debt service	4,423,883	-	-	4,423,883
In-kind expenses	11,228	-	-	11,228
Total SSC expenses	7,499,289	-	-	7,499,289
Total operating expenses before non-cash Expense (revenue) items	26,056,296	-	-	26,056,296
Deficiency from operations Before non-cash expense items	(15,656,700)	-	-	(15,656,700)
Non-Cash Expense (Revenue) Items				
Change in fair value of derivative instrument	4,772,847	-	-	4,772,847
Amortization of bond issuance costs	369,676	-	-	369,676
Subordinated debt service	1,111,789	-	-	1,111,789
Depreciation	7,497,862	-	-	7,497,862
Total non-cash expense items	13,752,174	-	-	13,752,174
Deficiency from operations	(29,408,874)	-	-	(29,408,874)

(Continued)

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS, AS RESTATED
Year Ended July 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total
Support				
Contributions	$ 37,016,767	$ 1,500,097	$ -	$ 38,516,864
Grants	533,878	-	-	533,878
Fund-raising events	742,711	25,780	-	768,491
In-kind contributions	269,884	-	-	269,884
Total support	38,563,240	1,525,877	-	40,089,117
Net assets released from restrictions	3,907,714	(3,907,714)	-	-
Income (deficiency) from operations and fund-raising	13,062,080	(2,381,837)	-	10,680,243
Investment and ATFG activity				
Net ATFG activity	(2,186,058)	-	-	(2,186,058)
Net investment activity	(225,916)	-	-	(225,916)
Total investment expenses	(503,045)	-	-	(503,045)
Net investment and ATFG activity	(2,915,019)	-	-	(2,915,019)
Increase (decrease) in net assets	10,147,061	(2,381,837)	-	7,765,224
Net assets at beginning of year, as reported	85,527,875	19,774,848	10,873,472	116,176,195
Restatement (Note 14)	8,373,472	-	(8,373,472)	-
Net assets at end of year, as restated	$ 104,048,408	$ 17,393,011	$ 2,500,000	$ 123,941,419

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended July 31, 2009 and 2008

	2009	2008
Cash flows from operating activities		
(Decrease) increase in net assets	$ (21,357,930)	$ 7,765,224
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	7,901,519	7,867,538
Loss (gain) on disposal of property and equipment	12,466	-
Loss (gain) on sale of investments	10,788,795	(852,453)
Unrealized loss (gain) on investments, net	(3,675,265)	7,084,192
Bad debt expense	65,812	54,448
Change in fair market value of derivative instruments	5,957,711	4,772,847
Net change in assets and liabilities:		
(Increase) decrease in accounts, contributions and grants receivable	(5,528,411)	7,379,277
(Increase) decrease in prepaid expenses	142,137	(177,217)
Increase (decrease) in accounts payable and accrued liabilities	(347,493)	(2,602,340)
Increase in deferred revenues	(1,260,757)	1,025,770
Net cash (used in) from operating activities	(7,301,416)	32,317,286
Cash flows from investing activities		
Capital expenditures, net	(322,553)	(968,561)
Proceeds from the sale of property and equipment	41,137	-
Sales (purchases) of investments, net	10,636,558	(22,810,523)
Net cash (used in) from investing activities	10,355,142	(23,779,084)
Cash flows from financing activities		
Payments on long-term debt	(4,080,000)	(9,080,000)
Net cash (used in) from financing activities	(4,080,000)	(9,080,000)
Net change in cash	(1,026,274)	(541,798)
Cash and cash equivalents at beginning of year	2,383,356	2,925,154
Cash and cash equivalents at end of year	$ 1,357,082	$ 2,383,356
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 1,156,749	$ 2,731,584

See accompanying notes to financial statements.

NOTE 1 – NATURE OF ORGANIZATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Investments: The Association uses Bank of America, SunTrust, First Tennessee and Regions as their trustees and investment advisors. Each advisor independently manages the funds it holds in trust and reports directly to the Association. During the past year, the Association engaged Hirtle Callaghan to act as Chief Investment Officer over the investment managers.

Investments in marketable securities are valued at fair market as determined by the investment advisors, and are based on quoted prices in an active market. Unrealized gains and losses in market value are recognized as changes in net assets in the period such gains and losses occur.

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

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

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

The Association owns a viola and cello, valued at $1,975,000 to be used in its performances. The Association has the ability and intent to maintain the value of the instruments. In accordance with Statement of Financial Accounting Standard No. 93, "Recognition of Depreciation by Non-Profit Organization," the instruments are recorded at cost and are not depreciated.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Issue Costs: Bond issue costs of $1,471,828, net of accumulated amortization of $297,772, are being amortized over the life of the bonds, which is 25 years. Amortization expense for each year ended July 31, 2009 and 2008 amounted to $53,164.

Advertising**:** At July 31, 2009 and 2008, prepaid expenses included $356,993 and $476,862, respectively, of capitalized direct response advertising costs. The costs are related to the annual season ticket drive, which incorporates brochure and telemarketing solicitation of potential season ticket holders. The capitalized direct response advertising costs are amortized over the following year's symphony season. Outside of the annual season ticket drive, all other advertising costs are expensed as incurred. Total promotional, marketing, telemarketing and advertising expense was $2,412,074 and $2,367,169 in 2009 and in 2008, respectively.

Unrestricted Net Assets: Unrestricted net assets consist of funds that are used to fund current operations that are available for use in current operations. The unrestricted net assets also include board designated endowments of $8,373,472, of which can be used 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 2009 and 2008, the Association released $3,722,583 and $3,907,714, respectively, of temporarily restricted assets to fund current operations of the Nashville Symphony Orchestra after meeting stipulated time restrictions.

Temporarily restricted net assets are available for the following purposes:

	2009	2008
Pledges receivable – "ATFG"	$ 12,667,233	$ 15,812,640
Annual Campaign & Fundraising Events	1,452,357	1,580,371
Debt Service	8,520,699	-
	$ 22,640,289	$ 17,393,011

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. Investment income generated from permanently restricted net assets is recorded as temporarily restricted until the board approves appropriate expenditure, at which time it is reclassified as unrestricted. The earnings from permanently restricted net assets are used for the current operating expenses of the Association in accordance with donor restrictions.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions. The Association's carrying amount for its cash and cash equivalents, accounts receivable, accounts payable, short-term debt, long-term debt and swaps approximates fair value. The fair value of investments is based on market prices or dealer quotes. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

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

Operations: The nature of the Association's operations involves support from donors and activities directly related to the production of concerts and fundraising expenses. The Association's Endowment and "A Time for Greatness" campaign (ATFG) activity are not considered to be part of operations and are reported separately.

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.

Contributions and Grants Receivable: Donations to be received within the next 12 months or with restrictions that have been met at year-end are classified as current assets. Contributions designated by the donor to be received more than 12 months after year-end are discounted and have been classified as non-current assets. The Association does not require collateral or other security to support the receivables or accrue interest on any of its receivables. The allowance for doubtful accounts is determined by management based on the historical collection of pledges, specific donor circumstances, and general economic conditions. Periodically, management reviews contributions and accounts receivable and records an allowance for specific donors based on current circumstances. Receivables are charged off against the allowance when all attempts to collect the receivable have failed. Management has recorded an allowance for uncollectible pledges of $385,817 and $475,921 at July 31, 2009 and 2008, respectively.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions and Expenses: The Association receives donated services such as advertising, professional services and guest artist services that are recognized as in-kind contributions. The Association also incurs expenses related to the use of such services, which are reflected in operating expenses. In-kind contributions were $262,668 and $269,884 in 2009 and 2008, respectively.

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

Federal Income Taxes: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassification: Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassifications did not affect the total net assets and changes in net assets.

Adoption of New Accounting Standard: In September 2006, the FASB issued Statement No. 157, *Fair Value Measurements* (FAS 157). This Statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This Standard is effective for financial statements issued for fiscal years beginning after November 15, 2007.

In August 2008, the FASB issued FASB Staff Position No. (FSP) 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosure for All Endowment Funds*. This Statement provides guidance on the net asset classification of donor restricted endowment funds for organizations subject to an enacted version of UPMIFA. This standard is effective for financial statements issued for fiscal years ending after December 15, 2008.

The impact of the adoption of these standards was not material to the Association.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2009 and 2008 consist of promises to give based on commitments made by individual donors, including board members. Unrestricted receivables include donations to the endowment and to the annual campaign. Temporarily restricted receivables include contributions to fund specific programs that will occur in the future. Collection of contributions receivable is anticipated over the following maturity schedules:

Year Ending July 31,	"A Time for Greatness and Maestro's Imperative"	Other	2009 Total	2008 Total
2010	$ 3,611,608	$ 890,112	$ 4,501,720	$ 4,618,106
2011	3,857,081	388,976	4,246,057	3,529,532
2012	1,700,760	10,250,000	11,950,760	4,224,290
2013	1,735,200	-	1,735,200	1,964,766
2014	1,154,600	-	1,154,600	1,745,200
Thereafter	3,599,658	-	3,599,658	4,766,252
Total	15,658,907	11,529,088	27,187,995	20,848,146
Less discount	2,289,754	1,537,507	3,827,261	2,966,183
Net present value of receivables	13,369,153	9,991,581	23,360,734	17,881,963
Less allowance for Doubtful receivables	325,817	60,000	385,817	475,921
Accounts receivable, net	13,043,336	9,931,581	22,974,917	17,406,042
Current maturities	3,394,623	830,112	4,224,735	4,300,366
	$ 9,648,713	$ 9,101,469	$ 18,750,182	$ 13,105,676

The Association has discontinued their fund raising campaign, "A Time For Greatness," in 2008. The Association has begun work to launch a new campaign, "Maestro's Imperative" to insure the orchestra's future and to endow its expanded operations in the Schermerhorn Symphony Center. Support for the years ended July 31, 2009 and 2008 totaled $19,265,401 and $33,167,484 including receipts of $3,576,494 and $14,038,831 and pledges receivable of $15,658,907 and $19,128,653 at July 31, 2009 and 2008, respectively.

In 2009 and 2008, long-term contribution receivables have been discounted using the Association's anticipated risk free rate of return of 4.08% and 3.98%, respectively.

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NOTE 4 - CONCERT HALL

The Association recently constructed a new world class concert hall known as Schermerhorn Symphony Center. In conjunction with the project, the Association issued bonds totaling $102 million to finance the construction of the new concert hall. The bonds were issued in January 2004.

Construction expenses related to the new concert hall total $968,364 for the year ended July 31, 2008, and are reflected in property and equipment. In addition to the capitalized costs previously disclosed, during the construction period the Association capitalized bond interest net of interest earned on tax-exempt funds and amortization of approximately $6,680,000. Construction of the concert hall began in 2004 and was substantially complete in September 2006.

During the year ended July 31, 2009, the Association made a transfer from its unrestricted investment fund to its unrestricted operating fund in the amount of $15,687,298, or approximately 23% of the ending market value of the unrestricted investment fund. These transfers were made in accordance with the Association's long-range financial plans and its bank covenants. As these transfers occurred within the unrestricted activity of the Association, they have no effect on the Statement of Activities and Changes in Net Assets for the year ended July 31, 2009. These transfers are reported in the Supplemental Combining Statement of Activities and Changes in Net Assets.

NOTE 5 - INVESTMENTS

Investments consist of the following:

	2009			2008		
	Cost	Market	Unrealized Gain (Loss)	Cost	Market	Unrealized Gain (Loss)
Investments in bank						
Managed trust funds:						
Public equity securities	$ 48,076,615	$ 50,285,217	$ 2,208,602	$ 63,538,759	$ 62,963,576	$ (575,183)
Mutual funds	1,090,965	1,101,974	11,009	130,143	,139,690	9,547
Fixed income funds	22,344,807	21,700,809	(643,998)	29,980,169	28,453,448	(1,526,721)
U.S. Government securities	107,297	106,775	(522)	81,302	83,315	2,013
Private equity securities	1,030,709	1,040,539	9,830	-	-	-
	$ 72,650,393	$ 74,235,314	$ 1,584,921	$ 93,730,373	$ 91,640,029	$ (2,090,344)

	2009	2008
Change in cumulative unrealized gains (losses) on investments	$ 3,675,265	$ (7,084,192)

(Continued)

NOTE 5 – INVESTMENTS (Continued)

The following table summarizes the aggregate amount of unrealized losses and the related fair value of fixed income securities in a continuous unrealized loss position for which other-than-temporary declines in value have not been recognized as of July 31, 2009 and 2008.

	2009		2008	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Less than 12 months	$ -	$ -	$ 28,614,478	$ 1,508,459
12 months or longer	21,441,415	647,603	-	-
Total	$ 21,441,415	$ 647,603	$ 28,614,478	$ 1,508,459

The following table summarizes the aggregate amount of unrealized losses and the related fair value of equity securities in a continuous unrealized loss position for which other-than-temporary declines in value have not been recognized as of July 31, 2009 and 2008.

	2009		2008	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Less than 12 months	$ -	$ -	$ 40,698,696	$ 583,626
12 months or longer	-	-	-	-
Total	$ -	$ -	$ 40,698,696	$ 583,626

To the extent unrealized losses are not solely due to changes in market interest rates, securities in an unrealized loss position are regularly reviewed for other than temporary declines in value. Factors considered in determining whether a decline is other than temporary include the length of time a security has been in an unrealized position, reasons for the decline in value, and expectations for the amount and timing of a recovery in value.

Assessments include judgments about an obligator's current and projected financial position, an issuer's current and projected ability to service and repay its debt obligations, the existence of, and realizable value for, any collateral backing obligations, the macro-economic outlook, and micro-economic outlooks for specific industries and issues.

The risks inherent in reviewing for potential impairment of any investment include the risk that market results may differ from expectations; facts and circumstances may change in the future and differ from estimates and assumptions; or the Association may later decide to sell the security as a result of changed circumstances.

(Continued)

NOTE 5 – INVESTMENTS (Continued)

All securities in an unrealized loss position at July 31, 2009 and 2008, are deemed to be temporarily impaired for which the unrealized losses have primarily resulted from market and interest rate fluctuations. The Association currently intends to hold securities with unrealized losses not considered other-than-temporary until they mature or recover in value. However, if the specific facts and circumstances surrounding a security or the outlook for its industry sector changes in the future, the Association may sell the security and realize a loss.

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

	2009	2008
Interest	$ 856,256	$ 1,091,872
Dividends	1,816,431	1,419,130
Realized gains, net	(10,788,795)	852,453
Unrealized gains (losses), net	3,675,265	(7,084,192)
Trustee, management and professional fees	(479,173)	(502,469)
	$ (4,920,016)	$ (4,223,206)

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2009	2008
Land	$ 4,815,800	$ 4,651,338
Building	125,450,405	126,071,255
Musical instruments	3,923,219	3,923,219
Furniture and equipment	4,686,027	4,661,526
Art, décor & sculptures	1,133,595	1,133,595
	140,009,046	140,440,933
Less accumulated depreciation	(21,912,337)	(14,419,446)
	$ 118,096,709	$ 126,021,487

Depreciation expense was $7,531,843 and $7,497,862 for the years ending July 31, 2009 and 2008, respectively.

(Continued)

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Association has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes any required reimbursements would not be material to the financial statements of the Association.

The Association is subject to a collective bargaining agreement whereby certain requirements and restrictions are placed upon the Association in return for qualified union musicians. The agreement establishes various requirements including compensation, pension funding and other terms of employment, and places certain other restrictions upon the Association.

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

The Association has a subscription for certain alternative investments in the amount of $4,900,000. Approximately $1,150,000 has been called as of July 31, 2009. Calls are contingent upon the underlying general partners capital needs.

NOTE 8 - COMMUNITY FOUNDATION OF MIDDLE TENNESSEE

The Community Foundation of Middle Tennessee (the "Foundation"), an unrelated entity, had investments with a market value of approximately $9,768,434 and $12,983,993 at July 31, 2009 and 2008, respectively, in which the Association has been designated the primary income beneficiary. Management believes these funds will be advised for the Association. Investment income is recorded as a contribution when received from the Foundation and totaled $595,740 and $2,534,040 for the years ended July 31, 2009 and 2008, respectively. As the Association has no claim to the investments, the principal has not been reflected in the financial statements. During the year ended July 31, 2008, approximately $20 million of investments previously held by the Foundation were contributed to the Association.

NOTE 9 - BENEFIT PLANS

The Association has a defined contribution pension plan, which covers all full-time non-orchestra employees of the Association with one year of credited service. The plan is designed to conform to Internal Revenue Code Section 403(b) and to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The Association's contributions to the plan are based upon a percentage of the participant's salary and are entirely discretionary. The Association's contributions to the plan were $268,964 and $217,448 in 2009 and 2008, respectively.

NOTE 9 - BENEFIT PLANS (Continued)

The Association also has a voluntary tax-sheltered annuity plan, which covers all full-time employees of the Association. The plan is designed to conform to Internal Revenue Code Section 403(b) and to the requirements of ERISA. It is a contributory plan whereby contributions are made entirely by plan participants.

In addition, the Association participates in a multi-employer defined benefit plan administered by a national trust, known as the American Federation of Musicians and Employers Pension Fund, which covers all union musician employees of the Association. This plan is also designed to conform with the requirements of ERISA. Contributions to the plan are based upon a percentage of the participant's salary, as determined by the terms of the Collective Bargaining Agreement between the Association and American Federation of Musicians Local 257. It is a non-contributory plan. The Association contributed $338,256 and $355,537 to the plan in 2009 and 2008, respectively.

NOTE 10 - NOTES PAYABLE AND LINE OF CREDIT

The Association entered into a subordinated loan agreement with the Community Foundation of Middle TN on June 15, 2005. The note bears interest at 7.5% and matures December 1, 2031. The balance due on the note at July 31, 2009 and 2008 was $10,000,000. The Association also incurred debt service expense totaling $913,438 and $1,111,789 for the years ended July 31, 2009 and 2008, respectively.

The Association maintains an unsecured $1,200,000 line of credit with a third-party bank, bearing interest at LIBOR, which was 2.46% as of July 31, 2009. The Association had no balance at July 31, 2009 and 2008, and the line matures on January 31, 2010. There are no covenants, but there is a $6,000 renewal commitment fee related to this line of credit.

The Association has a note payable to Regions Bank, Trustee, related to the financing obtained through the issuance of $102,000,000 in variable rate revenue bonds by the Industrial Development Board of The Metropolitan Government of Nashville and Davidson County, Tennessee for the acquisition, construction and equipping of a symphony hall facility located in Nashville, TN. Currently, the bonds bear interest at a variable rate not to exceed 12% and are due December 1, 2031. The note is secured by an irrevocable, direct-pay Letter of Credit issued by Bank of America, N.A. which had an initial expiration date of January 8, 2009. This Letter of Credit was renewed for a one year period on January 9, 2009 at a significantly higher cost to the Association (the fees associated with the Letter of Credit climbed by some 235%, reflecting the situation with the global credit markets). The Letter of Credit was then subsequently extended to April 30, 2010, and was amended to include somewhat more favorable terms, though still at a high cost, including some nominal new administrative fees. In addition, the new terms include modifying the debt amortization schedule from a level principal payment model to a "mortgage-style" amortization, a small modification to the liquidity covenant language, and the reduction of one of the bank fees by 50 basis points.

(Continued)

NOTE 10 - NOTES PAYABLE AND LINE OF CREDIT (Continued)

The interest rate on the entire outstanding principal amount of the debt is artificially fixed on a cash flow basis at approximately 3.5% through a series of interest rate SWAP agreements. In April 2009, the Association entered into an agreement to amend two SWAP agreements held by SunTrust Bank on approximately 50% of the outstanding principal of the bond debt, in order to 'time out" the cash flow of those SWAP agreements for a period of one year, beginning April 1, 2009, in exchange for a slightly higher fixed rate through maturity. Once the SWAP cash flows resume on May 1, 2010, the Association's fixed interest rate on the entire outstanding principal of the bond debt will be a blended rate of approximately 3.76%.

Under the Regions Bank financing agreement, the Association has agreed to maintain certain levels of net assets and financial ratios related to debt and cash flows. At July 31, 2009, the Association was in compliance with two of the three covenants contained in the loan agreement, but failed to comply with the Debt Service Coverage Ratio test, primarily resulting from the impact of the stock market decline on the Association's cash flows. The Association has received a waiver for the Debt Service Coverage Ratio for the fiscal year ended July 31, 2009.

Maturities of principal of debt at July 31, 2009 are as follows:

Year Ending July 31,	
2010	$ 2,740,000
2011	2,830,000
2012	2,930,000
2013	3,140,000
2014	3,250,000
Thereafter	88,950,000
	$ 103,840,000

NOTE 11 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

During 2005, the Association adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". Under FASB 133, all derivatives are recognized on the balance sheet at their fair value. The Association engages in derivatives classified as cash-flow hedges as identified by management.

The Association formally documents all relations between derivative instruments and the hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions. The Association formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. In evaluating the fair value of financial instruments, including derivatives, the Association generally uses third-party market quotes.

(Continued)

NOTE 11 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

The Association's cash-flow hedges contain credit risk to the extent that its bank counterparties may be unable to meet the terms of the agreements. The Association minimizes such risk by limiting its counterparties to major financial institutions. Management does not expect any material losses as a result of defaults by other parties.

The Association has entered into certain interest rate swaps to receive market rate interest and pay fixed rate interest to various major financial institutions that lock in the Association's interest rate paid on certain variable rate bonds payable.

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

	Maturity Date	Notional Amounts	Fair Value	Rate
Cash flow hedges:				
Interest rate swaps	12/01/2031	$ 11,730,000	$ (1,050,459)	3.50%
Interest rate swaps	12/01/2031	23,460,000	(2,100,292)	3.50%
Interest rate swaps	12/01/2031	22,440,000	(2,358,351)	3.93%
Interest rate swaps	12/01/2031	33,660,000	(3,537,526)	3.93%
Total		$ 91,290,000	$ (9,046,628)	

The following table presents a summary of the notional amounts and fair values of the Association's derivative contract at July 31, 2008.

	Maturity Date	Notional Amounts	Fair Value	Rate
Cash flow hedges:				
Interest rate swaps	12/01/2031	$ 12,240,000	$ (386,855)	3.50%
Interest rate swaps	12/01/2031	24,480,000	(779,794)	3.50%
Interest rate swaps	12/01/2031	24,480,000	(772,753)	3.50%
Interest rate swaps	12/01/2031	36,720,000	(1,149,516)	3.06%
Total		$ 97,920,000	$ (3,088,918)	

The variable interest on the bonds is hedged by forward starting interest rate swaps. Net interest payments will be effectively fixed at the rates indicated, during the period. The Association intends to hold these forward starting interest rate swaps until maturity. Changes in the fair value of these derivatives are reported as a change in net assets.

(Continued)

NOTE 12 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis as follows:

	2009	2008
Orchestra	$ 15,032,898	$ 14,465,008
SSC Operation	21,575,198	21,251,463
Total program	36,608,096	35,716,471
Administrative (G&A)	2,221,790	2,373,216
Fund raising	1,603,843	1,718,783
Total expenses	$ 40,433,729	$ 39,808,470

NOTE 13 - FINANCIAL INSTRUMENTS

The Company has adopted and implemented Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements. This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

This Statement establishes a fair value hierarchy regarding the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. The standard is effective for fiscal years beginning after November 15, 2007. Investments are carried at their estimated fair value. SFAS 157 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity 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 a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

(Continued)

NOTE 13 - FINANCIAL INSTRUMENTS (Continued)

The fair values of public equity securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used to in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

The derivative instruments consist of interest rate swaps that trade in liquid markets. The Company obtains fair values from financial institutions who utilize internal models with observable market data inputs to estimate the values of these instruments (Level 2 inputs).

At July 31, 2009, the financial statements include investments in private equity securities in amounts of $1,040,539, whose values have been estimated by the Organization's portfolio manager in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market existed for the investments and the differences could be material (Level 3 inputs).

The following tables present the Company's assets and liabilities measured at fair value on a recurring basis under SFAS 157 at July 31, 2009:

	Fair Value Measurements at July 31, 2009 Using			
	Quoted Prices in Active Markets for Identical Assets (Level One)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	July 31, 2009 Total
Assets:				
Public equity securities	$ 50,285,217	$ -	$ -	$ 50,285,217
Mutual funds	-	1,101,974	-	1,101,974
Fixed income funds	-	21,700,809	-	21,700,809
US Government securities	-	106,775	-	106,775
Private equity securities	-	-	1,040,539	1,040,539
Total assets	$ 50,285,251	$ 22,909,558	$ 1,040,539	$ 74,235,314
Liabilities:				
Interest rate swaps	$ -	$ 9,046,628	$ -	$ 9,046,628
Total liabilities	$ -	$ 9,046,628	$ -	$ 9,046,628

(Continued)

NOTE 13 - FINANCIAL INSTRUMENTS (Continued)

The table below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended July 31, 2009:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Beginning balance, August 1, 2008	$ -
Net Earnings (realized and unrealized)	9,830
Purchases, issuances, and settlements	1,030,709
Transfers in and/or out of Level 3	-
Ending balance, July 31, 2009	$ 1,040,539

NOTE 14 – CORRECTION OF AN ERROR

As of August 1, 2007, certain unrestricted pledges were improperly classified as permanently restricted net assets. This classification error resulted in an understatement of unrestricted net assets and an overstatement of permanently restricted net assets in the amount of $8,373,472 at July 31, 2008. The change in net assets was not impacted by this classification error.

NOTE 15 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to July 31, 2009 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended July 31, 2009. Management has performed their analysis through February 1, 2010.

NOTE 16 – RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION

The Association adopted FASB Staff Position (FSP) 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosure for All Endowment Funds*. FSP 117-1 provides guidance on the net asset classification of donor restricted endowment funds for organizations subject to an enacted version of UPMIFA.

Permanently restricted net assets consist of endowment funds of $525,000 to be held indefinitely, the income from which is expendable to support the educational and operational purpose of the Association. As disclosed in Note 2, the remaining $1,975,000, consists of musical instruments owned by the Association for indefinite use by the Symphony.

(Continued)

NOTE 16 – RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION (Continued)

The cumulative Endowment, which totals $8,898,472 at July 31, 2009 and 2008, respectively, is composed of permanently restricted net assets and unrestricted, board-designated, net assets. These unrestricted board-designated net assets total $8,373,472 (94%) at July 31, 2009 and 2008.

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

Endowment designated net asset composition by type of fund as of July 31, 2009:

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

Endowment designated net asset composition by type of fund as of July 31, 2008:

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

(Continued)

NOTE 16 – RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for year ended July 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 8,373,472	$ -	$ 525,000	$ 8,898,472
Investment income, net	200,546	-	-	200,546
Endowment transfers, net	(200,546)	-	-	(200,546)
Endowment net assets, end of year	$ 8,373,472	$ -	$ 525,000	$ 8,898,472

Changes in endowment net assets for year ended July 31, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year as previously stated	$ -	$ -	$ 8,898,472	$ 8,898,472
Restatement (Note 14)	8,373,472	-	(8,373,472)	-
Endowment net assets, end of year as restated	8,373,472	-	525,000	8,898,472
Investment loss, net	(47,327)	-	-	(47,327)
Endowment transfers, net	47,327	-	-	47,327
Endowment net assets, end of year	$ 8,373,472	$ -	$ 525,000	$ 8,898,472

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

As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of permanently restricted gifts donated to the Endowment, (b) the original value of subsequently permanently restricted gifts donated to the Endowment, and (c) accumulation to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

(Continued)

NOTE 16 – RESTRICTIONS ON NET ASSETS AND ENDOWMENT COMPOSITION (Continued)

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

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

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported as an offset to unrestricted net assets. There were no deficiencies in these funds as of July 31, 2009 and July 31, 2008.

SUPPLEMENTARY INFORMATION

Crowe Horwath

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

Our report on our audits of the basic financial statements of the Nashville Symphony Association for 2009 and 2008 appear on page 1. The audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, consisting of combining statements of financial position, activities and changes in net assets and schedules of operating expenses, contained on the following pages is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Brentwood, Tennessee
February 1, 2010

NASHVILLE SYMPHONY ASSOCIATION
COMBINING STATEMENT OF FINANCIAL POSITION
July 31, 2009 and 2008

	2009											
	Unrestricted					Temporarily Restricted						
	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Board Designated Endowments	ATFG and Other Investments	Total Unrestricted	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Pledges Receivable	Total Temporarily Restricted	Permanently Restricted	2009 Total	Restated 2008 Total
Current assets												
Cash and cash equivalents	$ 704,625	$ 513,193	$ -	$ 139,264	$ 1,357,082	$ -	$ -	$ -	$ -	$ -	$ 1,357,082	$ 2,383,356
Accounts receivable	227,743	213,363	-	1	441,107	-	-	-	-	-	441,107	547,385
Prepaid expenses	516,698	1,459,147	-	-	1,975,845	-	-	-	-	-	1,975,845	2,117,982
Contributions and grants receivable, net	247,121	-	-	376,104	623,225	582,991	-	3,018,519	3,601,510	-	4,224,735	4,300,366
Total current assets	1,696,187	2,185,703	-	515,369	4,397,259	582,991	-	3,018,519	3,601,510	-	7,998,769	9,349,089
Noncurrent assets												
Contributions receivable, net	-	-	-	-	-	580,769	8,520,699	9,648,714	18,750,182	-	18,750,182	13,105,676
Investments	138,581	-	8,373,472	65,198,261	73,710,314	-	-	-	-	525,000	74,235,314	91,640,029
Due from/(to) funds	23,820,825	(24,442,704)	-	333,282	(288,597)	288,597	-	-	288,597	-	-	-
Property and equipment, net	4,100	116,117,609	-	-	116,121,709	-	-	-	-	1,975,000	118,096,709	126,021,487
Deferred bond issuance costs, net	-	1,174,056	-	-	1,174,056	-	-	-	-	-	1,174,056	1,227,221
Total noncurrent assets	23,963,506	92,848,961	8,373,472	65,531,543	190,717,482	869,366	8,520,699	9,648,714	19,038,779	2,500,000	212,256,261	231,994,413
Total assets	$ 25,659,693	$ 95,034,664	$ 8,373,472	$ 66,046,912	$ 195,114,741	$ 1,452,357	$ 8,520,699	$ 12,667,233	$ 22,640,289	$ 2,500,000	$ 220,255,030	$ 241,343,502
Current Liabilities												
Accounts payable and accrued liabilities	$ 20,594	$ 595,490	$ -	$ -	$ 616,084	$ -	$ -	$ -	$ -	$ -	$ 616,084	$ 963,579
Deferred revenues	3,935,105	233,724	-	-	4,168,829	-	-	-	-	-	4,168,829	5,429,586
Bonds payable - current	-	2,740,000	-	-	2,740,000	-	-	-	-	-	2,740,000	4,080,000
Total current liabilities	3,955,699	3,569,214	-	-	7,524,913	-	-	-	-	-	7,524,913	10,473,165
Long-term liabilities												
Bonds payable	-	91,100,000	-	-	91,100,000	-	-	-	-	-	91,100,000	93,840,000
Notes payable	-	10,000,000	-	-	10,000,000	-	-	-	-	-	10,000,000	10,000,000
Fair value of derivative instrument	-	9,046,628	-	-	9,046,628	-	-	-	-	-	9,046,628	3,088,918
Total long term liabilities	-	110,146,628	-	-	110,146,628	-	-	-	-	-	110,146,628	106,928,918
Total liabilities	3,955,699	113,715,842	-	-	117,671,541	-	-	-	-	-	117,671,541	117,402,083
Net Assets (Deficit)												
Unrestricted	21,703,994	(18,681,178)	8,373,472	66,046,912	77,443,200	-	-	-	-	-	77,443,200	104,048,408
Temporarily restricted	-	-	-	-	-	1,452,357	8,520,699	12,667,233	22,640,289	-	22,640,289	17,393,011
Permanently restricted	-	-	-	-	-	-	-	-	-	2,500,000	2,500,000	2,500,000
Total net assets	21,703,994	(18,681,178)	8,373,472	66,046,912	77,443,200	1,452,357	8,520,699	12,667,233	22,640,289	2,500,000	102,583,489	123,941,419
Total liabilities and net assets	$ 25,659,693	$ 95,034,664	$ 8,373,472	$ 66,046,912	$ 195,114,741	$ 1,452,357	$ 8,520,699	$ 12,667,233	$ 22,640,289	$ 2,500,000	$ 220,255,030	$ 241,343,502

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended July 31, 2009 and 2008

	2009											
	Unrestricted					Temporarily Restricted						
	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Board Designated Endowments	ATFG and Other Investments	Total Unrestricted	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Pledges Receivable	Total Temporarily Restricted	Permanently Restricted	2009 Total	Restated 2008 Total
Operating Revenues												
Program revenues												
Ticket sales	$ 7,402,179	$ -	$ -	$ -	$ 7,402,179	$ -	$ -	$ -	$ -	$ -	$ 7,402,179	$ 6,271,199
Orchestra fee engagements	331,028	-	-	-	331,028	-	-	-	-	-	331,028	503,350
Concert Hall Rental	-	353,779	-	-	353,779	-	-	-	-	-	353,779	377,730
Ancillary Rental	-	87,750	-	-	87,750	-	-	-	-	-	87,750	119,875
Concessions (net)	9,621	111,534	-	-	121,155	-	-	-	-	-	121,155	(179,976)
Expense Reimbursements	-	233,506	-	-	233,506	-	-	-	-	-	233,506	332,901
Interest income	-	20,153	-	-	20,153	-	-	-	-	-	20,153	218,893
Other income	-	193,623	-	-	193,623	-	-	-	-	-	193,623	221,584
Total program revenues	7,742,828	1,000,345	-	-	8,743,173	-	-	-	-	-	8,743,173	7,865,556
Distribution from CFMT	595,740	-	-	-	595,740	-	-	-	-	-	595,740	2,534,040
Transfers from endowments	15,687,298	-	(164,538)	(15,522,760)	-	-	-	-	-	-	-	-
Total Operating revenues	24,025,866	1,000,345	(164,538)	(15,522,760)	9,338,913	-	-	-	-	-	9,338,913	10,399,596
Operating Expenses												
Orchestra Operations												
Concert production	11,860,636	-	-	-	11,860,636	-	-	-	-	-	11,860,636	11,325,119
Education	548,889	-	-	-	548,889	-	-	-	-	-	548,889	514,059
Marketing	2,412,074	-	-	-	2,412,074	-	-	-	-	-	2,412,074	2,367,174
Administration and support	1,853,085	368,705	-	-	2,221,790	-	-	-	-	-	2,221,790	2,373,216
Fundraising	1,300,964	-	-	302,879	1,603,843						1,603,843	1,718,783
In-Kind Expenses	211,299	-	-	-	211,299	-	-	-	-	-	211,299	258,656
Total Orchestra Operations	18,186,947	368,705	-	302,879	18,858,531	-	-	-	-	-	18,858,531	18,557,007
SSC Operations												
Concert Hall Expenses	-	-	-	-	-	-	-	-	-	-	-	219,349
Management and building operations	-	2,732,522	-	-	2,732,522	-	-	-	-	-	2,732,522	2,844,829
Debt Service	-	4,018,639	-	-	4,018,639	-	-	-	-	-	4,018,639	4,423,883
In-Kind Expenses	-	2,369	-	49,000	51,369	-	-	-	-	-	51,369	11,228
Total SSC Operations	-	6,753,530	-	49,000	6,802,530	-	-	-	-	-	6,802,530	7,499,289
Total Operating Expenses, before non-cash expenses	18,186,947	7,122,235	-	351,879	25,661,061	-	-	-	-	-	25,661,061	26,056,296
Income/(Loss) from Operations before non-cash expense (revenue) items	5,838,919	(6,121,890)	(164,538)	(15,874,639)	(16,322,148)	-	-	-	-	-	(16,322,148)	(15,656,700)
Notes payable	-	5,957,711	-	-	5,957,711	-	-	-	-	-	5,957,711	4,772,847
Amortization of Bond Issuance Costs	-	369,676	-	-	369,676	-	-	-	-	-	369,676	369,676
Subordinated Debt Service	-	913,438	-	-	913,438	-	-	-	-	-	913,438	1,111,789
Depreciation	-	7,531,843	-	-	7,531,843	-	-	-	-	-	7,531,843	7,497,862
Total Non-Cash Expense Items	-	14,772,668	-	-	14,772,668	-	-	-	-	-	14,772,668	13,752,174
Income/(Loss) from Operations	5,838,919	(20,894,558)	(164,538)	(15,874,639)	(31,094,816)	-	-	-	-	-	(31,094,816)	(29,408,874)
Support												
Contributions	2,893,222	1,007,188	-	572,580	4,472,990	(127,234)	8,520,699	576,396	8,969,861	-	13,442,851	38,516,864
Grants	492,182	-	-	-	492,182	-	-	-	-	-	492,182	533,878
Fund-raising events	625,237	-	-	-	625,237	-	-	-	-	-	625,237	768,491
In-kind contributions	211,299	2,369	-	49,000	262,668	-	-	-	-	-	262,668	269,884
Total support	4,221,940	1,009,557	-	621,580	5,853,077	(127,234)	8,520,699	576,396	8,969,861	-	14,822,938	40,089,117
Net Assets Released from Restrictions	780	-	-	3,721,803	3,722,583	(780)	-	(3,721,803)	(3,722,583)	-	-	-
(Deficiency) income from operations and fund-raising	10,061,639	(19,885,001)	(164,538)	(11,531,256)	(21,519,156)	(128,014)	8,520,699	(3,145,407)	5,247,278	-	(16,271,878)	10,680,243
Investment and ATFG Activity												
Net ATFG Activity	-	-	-	(6,914,246)	(6,914,246)	-	-	-	-	-	(6,914,246)	(2,186,058)
Net Investment Activity	-	-	200,546	2,027,739	2,228,285	-	-	-	-	-	2,228,285	(225,916)
Total Investment Expenses	-	-	(36,008)	(364,083)	(400,091)	-	-	-	-	-	(400,091)	(503,045)
Net Investment and ATFG Activity	-	-	164,538	(5,250,590)	(5,086,052)	-	-	-	-	-	(5,086,052)	(2,915,019)
Increase (Decrease) in Net Assets	10,061,639	(19,885,001)	-	(16,781,846)	(26,605,208)	(128,014)	8,520,699	(3,145,407)	5,247,278	-	(21,357,930)	7,765,224
Net Assets at Beginning of Year	11,642,355	1,203,823	8,373,472	82,828,758	104,048,408	1,580,371	-	15,812,640	17,393,011	2,500,000	123,941,419	116,176,195
Net Assets at End of Year	$ 21,703,994	$ (18,681,178)	$ 8,373,472	$ 66,046,912	$ 77,443,200	$ 1,452,357	$ 8,520,699	$ 12,667,233	$ 22,640,289	$ 2,500,000	$ 102,583,489	$ 123,941,419

See report of independent auditors on supplementary information.

NASHVILLE SYMPHONY ASSOCIATION
SCHEDULES OF OPERATING EXPENSES
Years Ended July 31, 2009 and 2008

	2009	2008
Operations and artistic administration		
Conductor, orchestra salaries and benefits	$ 7,557,329	$ 7,310,290
Orchestra management, artistic administration salaries and benefits	597,586	602,977
Assisting artists' fees and guest conductor	2,483,434	2,208,792
Hall rental	48,446	36,539
Music purchase, rental, royalties and commissions	201,327	226,741
Stagehands' salaries and benefits	107,274	85,306
Travel	55,990	67,408
Instrument rental and repair	140,252	175,229
Insurance – instruments	16,446	20,381
Concert production	636,739	569,300
Printing	3,898	3,305
Postage	6,664	12,286
Truck rental	5,251	6,565
Total operations and artistic administration	$ 11,860,636	$ 11,325,119
Education expenses		
Salaries and benefits	$ 364,846	$ 301,199
Travel / entertainment	11,389	17,320
Printing	8,406	5,589
Miscellaneous	164,248	189,951
Total education expenses	$ 548,889	$ 514,059
Marketing expenses		
Marketing, salaries and benefits	$ 949,557	$ 851,375
Advertising	714,105	501,644
Telemarketing	301,079	390,513
Printing	151,675	214,434
Postage	44,549	66,520
Miscellaneous marketing	251,109	342,688
Total marketing expenses	$ 2,412,074	$ 2,367,174
Administrative and support expenses		
Salaries and benefits	$ 1,372,015	$ 1,443,166
Insurance	36,957	41,657
Professional fees	-	149,744
Office supplies and maintenance	134,701	88,149
Dues and subscriptions	86,499	42,336
Meals and entertainment	45,986	117,092
Information technology	84,895	133,923
Bank charges	164,123	219,081
Telephone	207,046	38,440
Printing	36,078	31,420
Miscellaneous	53,490	68,208
Total administrative and support expenses	$ 2,221,790	$ 2,373,216

(Continued)

NASHVILLE SYMPHONY ASSOCIATION
SCHEDULES OF OPERATING EXPENSES
Years Ended July 31, 2009 and 2008

	2009	2008
Fundraising expenses		
Salaries, benefits and professional fees	$ 955,194	$ 1,152,149
Telefunding	75,646	-
Professional fees	74,227	278,504
Printing	181,950	43,103
Postage	48,709	39,930
Travel	8,160	8,066
Bad debt expense	65,812	54,448
Miscellaneous	194,145	142,583
Total fund-raising expenses	1,603,843	1,718,783
Concert hall expenses		
Symphony owner's rep	-	155,243
Planning consultants	-	1,500
Team reimbursable	-	10,490
Miscellaneous soft costs	-	10,538
Development expenses	-	41,578
Total concert hall expenses	-	219,349
Management and building operations		
Salaries and benefits	1,280,701	1,233,361
Utilities	645,835	631,621
Property insurance	93,390	213,550
Professional fees	456	756
Office Supplies	7,032	3,935
Housekeeping and janitorial	238,611	234,265
Security	266,954	273,503
General contracts	106,481	110,326
Gain/Loss on Sale	12,466	24,081
Tools, equipment and maintenance	37,528	50,682
Valet service	19,410	22,274
Institutional marketing	13,776	24,766
Miscellaneous	9,882	21,709
Total management and building operations	2,732,522	2,844,829
Debt service		
Miscellaneous carrying costs	1,213,126	910,592
SWAP – Bank of America	612,067	195,736
SWAP - Regions	304,246	97,671
SWAP – SunTrust A	438,273	292,264
SWAP – SunTrust B	294,178	196,036
Regions - Interest	1,156,749	2,731,584
	$ 4,018,639	$ 4,423,883