NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
July 31, 2022 and 2021

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nashville Symphony Association (the "Association") which comprise the statements of financial position as of July 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of July 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(Continued)

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying divisional combining statement of financial position and divisional combining statement of activities and changes in net assets and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Franklin, Tennessee
December 16, 2022

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,171,003	$ 11,806,249
Accounts receivable	403,676	626,083
Prepaid expenses and other assets	696,682	549,733
Grants receivable	496,166	-
Contributions receivable, net	1,529,358	1,438,075
Total current assets	14,296,885	14,420,140
Long-term assets		
Contributions receivable, net	965,680	1,229,965
Investments	3,055,668	3,308,105
Beneficial interests in trust	9,293,116	11,147,871
Property and equipment, net	67,614,527	69,925,827
Total long-term assets	80,928,991	85,611,768
Total assets	$ 95,225,876	$ 100,031,908
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,358,952	$ 1,205,905
Deferred grant revenues	-	4,216,751
Current portion of installment note payable	-	260,582
Deferred revenues	4,048,401	4,699,868
Total current liabilities	5,407,353	10,383,106
Long-term liabilities		
Other accrued liabilities	812,500	812,500
Mortgage note payable	20,000,000	20,000,000
Installment note payable	-	1,739,418
Total long-term liabilities	20,812,500	22,551,918
Total liabilities	26,219,853	32,935,024
Net assets		
Without donor restrictions		
Undesignated	52,432,801	47,818,832
Board designated	10,443,429	12,466,547
With donor restrictions	6,129,793	6,811,505
Total net assets	69,006,023	67,096,884
Total liabilities and net assets	$ 95,225,876	$ 100,031,908

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2022 (with comparative July 31, 2021 information)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Program and other revenues				
Program revenues				
Ticket sales	$ 7,343,176	$ -	$ 7,343,176	$ -
Orchestra fee engagements	66,500	-	66,500	15,000
Concert hall rental	310,925	-	310,925	76,500
Ancillary rental	40,525	-	40,525	4,700
Concessions and symphony store	498,838	-	498,838	11,957
Expense reimbursements	201,513	-	201,513	66,018
Interest and other income	1,676,334	-	1,676,334	24,258
Total program revenues	10,137,811	-	10,137,811	198,433
Community Foundation distribution	391,477	-	391,477	361,000
Total program and other revenues	10,529,288	-	10,529,288	559,433
Orchestra and Symphony Center expenses				
Orchestra expenses				
Operations and artistic administration	13,877,296	-	13,877,296	3,139,547
Education	568,200	-	568,200	308,921
Marketing	1,812,103	-	1,812,103	699,195
Administration and support	2,741,107	-	2,741,107	1,393,434
Fund-raising	1,840,757	-	1,840,757	799,391
In-kind expenses	220,757	-	220,757	129,028
Total orchestra expenses	21,060,220	-	21,060,220	6,469,516
Symphony Center expenses				
Concessions and symphony store	361,719	-	361,719	91,421
Management and building operations	2,822,838	-	2,822,838	2,104,523
Total Symphony Center expenses	3,184,557	-	3,184,557	2,195,944
Total Orchestra and Symphony Center expenses before depreciation	24,244,777	-	24,244,777	8,665,460
Deficit before support, investment income and other noncash items	(13,715,489)	-	(13,715,489)	(8,106,027)
Support				
Contributions	6,016,108	640,598	6,656,706	7,332,498
Grants	9,674,061	260,032	9,934,093	935,442
Fund-raising events	937,023	-	937,023	831,608
In-kind contributions	220,757	-	220,757	129,028
Total support	16,847,949	900,630	17,748,579	9,228,576
Net assets released from restrictions	1,582,342	(1,582,342)	-	-
Surplus (deficit) before investment income (loss) and other noncash items	4,714,802	(681,712)	4,033,090	1,122,549
Investment income (loss), net				
Net investment income (loss)	(233,176)	-	(233,176)	330,543
Net beneficial interests in trust income (loss)	(1,326,619)	-	(1,326,619)	2,298,075
Total investment expenses	(135,395)	-	(135,395)	(162,812)
Total investment income (loss), net	(1,695,190)	-	(1,695,190)	2,465,806
Surplus (deficit) before other noncash items	3,019,612	(681,712)	2,337,900	3,588,355
Gain on debt forgiveness	2,000,000	-	2,000,000	2,880,520
Depreciation	(2,428,761)	-	(2,428,761)	(2,550,420)
Increase (decrease) in net assets	2,590,851	(681,712)	1,909,139	3,918,455
Net assets at beginning of year	60,285,379	6,811,505	67,096,884	63,178,429
Net assets at end of year	$ 62,876,230	$ 6,129,793	$ 69,006,023	$ 67,096,884

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Program and other revenues			
Program revenues			
Ticket sales	$ -	$ -	$ -
Orchestra fee engagements	15,000	-	15,000
Concert hall rental	76,500	-	76,500
Ancillary rental	4,700	-	4,700
Concessions and symphony store	11,957	-	11,957
Expense reimbursements	66,018	-	66,018
Interest and other income	24,258	-	24,258
Total program revenues	198,433	-	198,433
Community Foundation distribution	361,000	-	361,000
Total program and other revenues	559,433	-	559,433
Orchestra and Symphony Center expenses			
Orchestra expenses			
Operations and artistic administration	3,139,547	-	3,139,547
Education	308,921	-	308,921
Marketing	699,195	-	699,195
Administration and support	1,393,434	-	1,393,434
Fund-raising	799,391	-	799,391
In-kind expenses	129,028	-	129,028
Total Orchestra expenses	6,469,516	-	6,469,516
Symphony Center expenses			
Concessions and symphony store	91,421	-	91,421
Management and building operations	2,104,523	-	2,104,523
Total Symphony Center expenses	2,195,944	-	2,195,944
Total Orchestra and Symphony Center expenses before depreciation	8,665,460	-	8,665,460
Deficit before support, investment income and other noncash items	(8,106,027)	-	(8,106,027)
Support			
Contributions	5,680,033	1,652,465	7,332,498
Grants	721,942	213,500	935,442
Fund-raising events	831,608	-	831,608
In-kind contributions	129,028	-	129,028
Total support	7,362,611	1,865,965	9,228,576
Net assets released from restrictions	2,316,664	(2,316,664)	-
Surplus (deficit) before investment income and other noncash items	1,573,248	(450,699)	1,122,549
Investment income, net			
Net investment income	330,543	-	330,543
Net beneficial interests in trust income	2,298,075	-	2,298,075
Total investment expenses	(162,812)	-	(162,812)
Total investment income, net	2,465,806	-	2,465,806
Surplus (deficit) before other noncash items	4,039,054	(450,699)	3,588,355
Gain on debt forgiveness	2,880,520	-	2,880,520
Depreciation	(2,550,420)	-	(2,550,420)
Increase (decrease) in net assets	4,369,154	(450,699)	3,918,455
Net assets at beginning of year	55,916,225	7,262,204	63,178,429
Net assets at end of year	$ 60,285,379	$ 6,811,505	$ 67,096,884

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Year ended July 31, 2022 (with comparative July 31, 2021 information)

	Program Expenses						
	Orchestra and Concert Operations	Schermerhorn Symphony Center	Total Program Expenses	General and Administrative Expenses	Fund-raising Expenses	2022 Total	2021 Total
Salaries and benefits	$ 10,203,018	$ 681,952	$ 10,884,970	$ 1,097,485	$ 768,776	$ 12,751,231	$ 5,210,622
Accelerando	279,944	-	279,944	-	-	279,944	153,361
Advertising	642,712	-	642,712	-	-	642,712	37,071
Assisting artists' fees and guest conductor	3,628,631	-	3,628,631	-	-	3,628,631	(6,463)
Bad debt expense	-	-	-	-	84,881	84,881	92,342
Bank charges	-	-	-	243,354	-	243,354	112,063
Concert production	293,056	-	293,056	-	-	293,056	12,008
Concessions costs of goods sold	-	108,452	108,452	-	-	108,452	1,022
Debt service	-	650,000	650,000	-	-	650,000	650,000
Dues and subscriptions	-	-	-	78,701	-	78,701	57,526
Ensemble	28,221	-	28,221	-	-	28,221	-
General contracts	-	94,559	94,559	-	-	94,559	56,368
Hall rental	18,104	-	18,104	-	-	18,104	-
Housekeeping and janitorial	-	305,948	305,948	-	-	305,948	41,445
Information technology	-	-	-	303,185	-	303,185	218,854
Instrument rental and repair	484,826	-	484,826	-	-	484,826	6,910
Insurance	-	168,000	168,000	202,651	-	370,651	277,164
Meals and entertainment	-	113	113	24,699	-	24,812	12,212
Music purchase, rental, royalties and commissions	233,047	-	233,047	-	-	233,047	12,663
Office supplies and maintenance	-	6,310	6,310	41,301	-	47,611	43,132
Postage	40,915	-	40,915	10,707	30,660	82,282	18,438
Printing	17,715	-	17,715	-	60,353	78,068	40,670
Professional fees	-	-	-	299,850	717,550	1,017,400	623,775
Security	-	197,019	197,019	-	-	197,019	105,326
Symphony store	-	59,897	59,897	-	-	59,897	16,135
Taxes and licenses	-	4,252	4,252	-	-	4,252	4,509
Telephone	-	-	-	9,751	-	9,751	9,401
Tools, equipment and maintenance	-	119,383	119,383	-	-	119,383	26,184
Travel	16,858	-	16,858	-	8,150	25,008	254
Truck rental	5,925	-	5,925	-	-	5,925	2,686
Utilities	-	716,410	716,410	-	-	716,410	569,207
Miscellaneous	364,627	72,262	436,889	429,423	170,387	1,036,699	131,547
In-kind expenses	220,757	-	220,757	-	-	220,757	129,028
Total expenses before depreciation	16,478,356	3,184,557	19,662,913	2,741,107	1,840,757	24,244,777	8,665,460
Depreciation	286,520	1,724,805	2,011,325	279,682	137,754	2,428,761	2,550,420
Total expenses	$ 16,764,876	$ 4,909,362	$ 21,674,238	$ 3,020,789	$ 1,978,511	$ 26,673,538	$ 11,215,880

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Year ended July 31, 2021

	Program Expenses					
	Orchestra and Concert Operations	Schermerhorn Symphony Center	Total Program Expenses	General and Administrative Expenses	Fund-raising Expenses	2021 Total
Salaries and benefits	$ 3,856,241	$ 569,918	$ 4,426,159	$ 455,798	$ 328,665	$ 5,210,622
Accelerando	153,361	-	153,361	-	-	153,361
Advertising	37,071	-	37,071	-	-	37,071
Assisting artists' fees and guest conductor	(6,463)	-	(6,463)	-	-	(6,463)
Bad debt expense	-	-	-	-	92,342	92,342
Bank charges	-	-	-	112,063	-	112,063
Concert production	12,008	-	12,008	-	-	12,008
Concessions costs of goods sold	-	1,022	1,022	-	-	1,022
Debt service	-	650,000	650,000	-	-	650,000
Dues and subscriptions	-	-	-	57,526	-	57,526
Ensemble	-	-	-	-	-	-
General contracts	-	56,368	56,368	-	-	56,368
Hall rental	-	-	-	-	-	-
Housekeeping and janitorial	-	41,445	41,445	-	-	41,445
Information technology	-	-	-	218,854	-	218,854
Instrument rental and repair	6,910	-	6,910	-	-	6,910
Insurance	-	149,545	149,545	127,619	-	277,164
Meals and entertainment	-	-	-	12,212	-	12,212
Music purchase, rental, royalties and commissions	12,663	-	12,663	-	-	12,663
Office supplies and maintenance	-	312	312	42,820	-	43,132
Postage	1,182	-	1,182	9,155	8,101	18,438
Printing	13,462	-	13,462	-	27,208	40,670
Professional fees	-	-	-	321,447	302,328	623,775
Security	-	105,326	105,326	-	-	105,326
Symphony store	-	16,135	16,135	-	-	16,135
Taxes and licenses	-	4,509	4,509	-	-	4,509
Telephone	-	-	-	9,401	-	9,401
Tools, equipment and maintenance	-	26,184	26,184	-	-	26,184
Travel	-	-	-	-	254	254
Truck rental	2,686	-	2,686	-	-	2,686
Utilities	-	569,207	569,207	-	-	569,207
Miscellaneous	58,542	5,973	64,515	26,539	40,493	131,547
In-kind expenses	129,028	-	129,028	-	-	129,028
Total expenses before depreciation	4,276,691	2,195,944	6,472,635	1,393,434	799,391	8,665,460
Depreciation	391,878	1,724,598	2,116,476	290,742	143,202	2,550,420
Total expenses	$ 4,668,569	$ 3,920,542	$ 8,589,111	$ 1,684,176	$ 942,593	$ 11,215,880

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
July 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Increase in net assets	$ 1,909,139	$ 3,918,455
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,428,761	2,550,420
Gain on sale of property and equipment	(3,656)	(399)
Gain on debt forgiveness	(2,000,000)	(2,880,520)
Gain on sale of investments and beneficial interests in trust	(418,670)	(433,261)
Unrealized loss (gain) on investments and beneficial interests in trust, net	2,267,117	(1,985,237)
Bad debt expense	84,881	92,342
Contributions with perpetual restrictions	(291,991)	(371,229)
Net change in assets and liabilities:		
Accounts, grants and contributions receivable	(185,638)	(780,099)
Prepaid expenses and other current assets	(146,949)	(36,694)
Accounts payable and accrued liabilities	153,047	162,331
Deferred grant revenues	(4,216,751)	4,216,751
Deferred revenue	(651,467)	91,034
Net cash (used in) provided by operating activities	(1,072,177)	4,543,894
Cash flows from investing activities		
Purchases of property and equipment	(118,606)	(89,664)
Proceeds from sale of property and equipment	4,801	1,350
Proceeds from sales of investments and beneficial interests in trust	1,416,416	1,902,733
Purchases of investments and beneficial interests in trust	(1,157,671)	(2,183,697)
Net cash provided by (used in) investing activities	144,940	(369,278)
Cash flows from financing activities		
Borrowings on installment note payable	-	2,000,000
Proceeds from contributions with perpetual donor restrictions	291,991	371,229
Net cash provided by financing activities	291,991	2,371,229
Net change in cash and cash equivalents	(635,246)	6,545,845
Cash and cash equivalents at beginning of year	11,806,249	5,260,404
Cash and cash equivalents at end of year	$ 11,171,003	$ 11,806,249
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 650,000	$ 162,500

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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 of the Association have been prepared on the accrual basis and include the assets, liabilities and financial activities of all program services of the Association. In accordance with U.S. generally accepted accounting principles, the financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions. Net assets are classified as without donor restriction or with donor restriction as described below:

> *Net assets without donor restrictions:* Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. Net assets without donor restrictions include undesignated net assets and net assets that are Board designated for endowment or other purposes.
>
> *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature while others are perpetual in nature. These restrictions may be purpose-restricted or time-restricted.

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.

Accounting Pronouncements Issued, Not Yet Adopted: In recent years, the FASB has issued various ASUs regarding accounting for leases which have collectively created the new lease standard ASC 842, *Leases*. The most significant change for lessees under ASC 842 is the requirement to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. ASC 842 is effective for the Association for the fiscal year beginning August 1, 2022. The Association is currently evaluating the effect that ASC 842 will have on the financial statements and related disclosures.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: The Association's program revenues consist primarily of ticket sales, both single tickets and package sales, and facility rental revenues. All of the program revenues are derived from contracts with customers within the scope of ASC 606. Accordingly, the Association recognizes revenue as when (or as) control of the promised goods or services transfers to the customer. Revenue is recorded at the amount of consideration the Association expects to be entitled to in exchange for the delivered goods or services, which includes an estimate of expected returns or refunds when applicable. All of the Association's program revenues are recognized at a point in time.

The Association's sole performance obligation for the program revenues consists of providing the service or event to the customer. 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 as the performances occur. Season ticket sales for the next concert season are recorded as deferred revenue in the current year. Any refunds of performances yet to occur are recorded directly against the related deferred revenue balances.

Rental revenue is recorded at a point in time when the rental event occurs. Partial payment from customers is typically due upfront at the time of rental agreement signing prior to the event which creates a deferred revenue contract liability. Returns are generally not permitted after a performance or event has occurred and been recognized into revenue.

Support Recognition: Outside of its program and operating revenues, the Association receives support in the form of concert sponsorships, contributions and grants. The Association recognizes these forms of support in accordance with ASC 958-605 which allows for recognition of conditional gifts only upon fulfillment of any stipulated conditions. Proceeds from conditional contributions received are initially recorded as a deferred liability and subsequently recognized as support revenue when the Organization has substantially met all terms and conditions of the grant.

Unconditional contributions received and unconditional promises to give are recognized when such gifts or promises are received. Contributions are recorded as net assets with or without restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions to support future symphony seasons received prior to year-end are recognized as income with donor restrictions. If a restriction has been met in the same year that it was imposed, then the revenues are reflected in net assets without donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction accomplished, net assets with donor restrictions are released from restrictions and reclassified to net assets without donor restrictions. During the years ended July 31, 2022 and 2021, the Association released net assets with donor restrictions to net assets without donor restrictions in the amounts of $1,582,342 and $2,316,664, after meeting stipulated time or purpose restrictions.

Contributions received in which donors have stipulated that the principal be maintained in perpetuity are also classified as net assets with donor restrictions. The earnings from these net assets are classified as with donor restrictions until appropriated for use in current operating expenses by the board, as these donations were silent to usage of earnings.

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

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

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.

Grants Receivable: Grants receivable represents amounts under awarded grants that have been expended per the terms of the applicable grant award and drawn but the grant proceeds are outstanding. All grants receivable are expected to be received within the next 12 month and are classified as current assets.

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. The Association has no history of losses on accounts receivable from rentals, and accordingly, Management does not believe an allowance for doubtful accounts is necessary at July 31, 2022 and 2021.

Investments and Beneficial Interests in Trust: The Association's investments and beneficial interests in trust are held at one financial institution, which manages the funds they hold within guidelines established by the Trust Advisory Board and implemented by the investment firm. The Association also has a separate Trustee who provides compliance and oversight to the investment firm. These NSET funds are reported in noncurrent assets as beneficial interests in trust and qualify as a board-designated endowment without donor restrictions. 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, 2022 and 2021, there were no investments classified as current for this purpose.

Investment income is recorded on the accrual basis and considered without donor restrictions 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 inherently 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. Certain assets such as land and some instruments and art are considered non-depreciable.

The Association owns a viola and cello, with a cost of $1,975,000, that are used in performances on a permanent basis. The instruments are considered historical pieces and are preserved and cared for as such. The Association has the ability and intent to retain the instruments. The instruments are classified as assets with donor restrictions, 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 an impairment loss 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, 2022 and 2021, management believes that no impairment existed.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising: At July 31, 2022 and 2021, prepaid expenses included $83,769 and $38,303 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.

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

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

> Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Association has the ability to access as of the measurement date.
>
> Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Significant unobservable inputs that reflect the Association's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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.

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, 2022 and 2021, 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, 2022 and 2021, and for the years then ended.

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)

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 and expenses were $220,757 and $129,028 during the years ending July 31, 2022 and 2021, respectively.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Staff, committees, benefits and taxes expense line items are allocated based on time spent related to general and administrative and programmatic purposes. Expenses from consultants and vendors are normally charged directly to the related functional category.

Reclassifications: Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on the change in net assets or the net asset balances.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to July 31, 2022 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2022. Management has performed their analysis through December 16, 2022, the date the financial statements were available to be issued.

NOTE 2 – IMPACT FROM COVID-19

As a result of the COVID-19 pandemic, all program activities were cancelled during the 2020-2021 season which is reflected in the results of the fiscal year ending July 31, 2021. The Association resumed program activities duing the fiscal year ending July 31, 2022 beginning with the season opening performance on September 16, 2021.

In response to the market volatility and instability resulting from the COVID-19 pandemic, the Federal government enacted several laws including but not limited to the Coronavirus Aid, Relief, and Economic Security Act, the Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan Act (collectively, the “Acts”). The Acts created various programs to support individuals and businesses in the form of loans, grants, and tax changes, among other types of relief. The Association applied for and benefited from a few key relief programs from the Acts in relation to the pandemic.

Paycheck Protection Program: The Association received two Paycheck Protection Program (“PPP”) loans from the US Small Business Administration (“SBA”). Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if the Association utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels for a specified period of time. The Association accounts for the PPP loans as debt under ASC 470. Under this guidance, the Association will recognize the entire loan balance and related accrued interest into the statement of activities only upon receipt of formal loan forgiveness by the SBA.

On April 15, 2020, the Association received its first PPP loan in the principal amount of $2,847,380. During the year ended July 31, 2021, the Association applied for and received formal forgiveness on the full amount of its first PPP loan. Accordingly, a gain on debt forgiveness of $2,880,520 has been recorded in the accompanying statements of activities.

(Continued)

NOTE 2 – IMPACT FROM COVID-19 (Continued)

In February 2021, the Association received the proceeds from its second PPP loan in the principal amount of $2,000,000. During the year ended July 31, 2022, the Association applied for and received formal forgiveness on the full amount of its second PPP loan and recorded a gain on debt forgiveness of $2,000,000 in the accompanying statements of activities.

Shuttered Venue Operators Grant Program: The Acts authorized $15 billion in payments to be distributed through the Shuttered Venue Operators Grant ("SVOG") Program through the SBA. Payments from the SVOG are not loans; however, SVOG funds are required to be paid back if not fully utilized by the end of the budget period on certain qualified expenses. During the years ended July 31, 2022 and 2021, the Association received cash payments of $3,310,041 and $4,620,083 from the SVOG Program, respectively.

The Association accounted for the SVOG proceeds received as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the SVOG proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when the Organization has substantially met all terms and conditions of the grant. The Association's assessment of whether the terms and conditions for amounts received have been substantially met considers, among other things, the terms of the Acts and all other interpretive guidance issued by the U.S. Small Business Administration. Such guidance sets forth the allowable methods for quantifying eligible expenses. Based on the Association's assessment, the Association recognized $7,526,792 and $403,332 of grant revenue specifically from SVOG within the accompanying statement of activities for the years ended July 31, 2022 and 2021, respectively. As of July 31, 2021, the unexpended portion of the initial proceeds totaled $4,216,751 and was recorded as a deferred grant revenue liability within the accompanying statements of financial position. There were no unexpended amounts remaining as a deferred grant liability as of July 31, 2022.

Coronavirus Relief Fund: The Acts authorized payments to be distributed through pass-through grant programs under the Coronavirus Relief Fund (CRF). Grant proceeds from the CRF are considered cost reimbursement grants. During the year ended July 31, 2022, the Association was awarded a multi-year grant in the total amount of $3,500,000 from the Tennessee Arts Commission through the CRF. This grant award must be spent on qualified expenses to receive the full amount of the proceeds.

The Association accounted for the CRF grant received as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, any award amounts are only recognized into grants revenue when the Association has substantially met all terms and conditions of the grant. During the year ended July 31, 2022, the Association recognized $1,977,268 of grant revenue specifically from CRF within the accompanying statement of activities. The Association has $496,166 of grants receivable outstanding as of July 31, 2022 from the CRF award. The remaining CRF award is anticipated to be expended and received over the next two fiscal years.

(Continued)

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 11,171,003	$ 11,806,249
Accounts receivable	403,676	626,083
Grants receivable	496,166	-
Contributions receivable, net	2,495,038	2,668,040
Investments	3,055,668	3,308,105
Beneficial interests in trust	9,293,116	11,147,871
Total financial assets	26,914,667	29,556,348
Less amounts unavailable for general expenditures within one year, due to:		
Board designations	(10,443,429)	(12,466,547)
Donor restrictions based upon purpose or time	(4,154,793)	(4,836,505)
Financial assets unavailable to be used within one year	(14,598,222)	(17,303,052)
Financial assets available to meet general expenditures within one year	$ 12,316,445	$ 12,253,296

The majority of the Association's board designated endowment of $10,443,429 is subject to an annual spending policy as discussed in detail in Note 11. The Association's management monitors cash daily, weekly, monthly and annually by forecasting the inflows and outflows of cash in order to satisfy the general operating expenditures of the Association. Additionally, the Board has adopted a strategy that focuses on growth of the investment portfolio with the goal of providing the maximum amount of funding to support the mission of the Association. This strategy includes a multifaceted investment allocation mix, which the overarching goal of maximizing earnings, and is not focused on maximizing liquidity.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2022	2021
Land	$ 3,500,000	$ 3,500,000
Building	131,604,397	131,582,504
Parking structure	1,109,169	1,109,169
Musical instruments – depreciable	2,270,345	2,248,880
Musical instruments – non-depreciable	1,975,000	1,975,000
Furniture and equipment	6,325,674	6,257,062
Art, décor and sculptures – non-depreciable	1,199,855	1,194,855
	147,984,440	147,867,470
Less accumulated depreciation	(80,369,913)	(77,941,643)
	$ 67,614,527	$ 69,925,827

(Continued)

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2022 and 2021 consists of promises to give based on commitments made by corporate and individual donors, including board members. Receivables without donor restrictions include donations to the general fund and to the annual campaign. Receivables with donor restrictions 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 and 75th Anniversary"	Other	2022 Total	2021 Total
2022	$ -	$ -	$ -	$ 1,520,307
2023	197,132	1,414,458	1,611,590	446,703
2024	170,000	165,000	335,000	270,000
2025	120,000	5,000	125,000	110,000
2026	115,000	-	115,000	100,000
2027	100,000	-	100,000	100,000
Thereafter	700,000	-	700,000	700,000
Total	1,402,132	1,584,458	2,986,590	3,247,010
Less discount	(293,156)	(6,164)	(299,320)	(346,738)
Net present value of receivables	1,108,976	1,578,294	2,687,270	2,900,272
Less allowance for doubtful accounts	(155,000)	(37,232)	(192,232)	(232,232)
Contributions receivable, net	953,976	1,541,062	2,495,038	2,668,040
Current maturities, net	152,132	1,377,226	1,529,358	1,438,075
Noncurrent maturities, net	$ 801,844	$ 163,836	$ 965,680	$ 1,229,965

The Association's fund-raising campaigns "A Time for Greatness" (ATFG) and "Sustaining Greatness" (SG) concluded in previous fiscal years; however, the Association still has limited receivables anticipated as initially pledged under these campaigns. During the year ended July 31, 2022, the Association launched a new campaign in conjunction with their upcoming 75th Anniversary. The funds raised from this campaign will be held in perpertuity to fund the long-term sustainability of the Assocation. Contributions receivable from the ATFG, SG and 75th Anniversary campaigns include $931,844 and $800,498, of assets with donor restrictions as of July 31, 2022 and 2021. During the years ended July 31, 2022 and 2021, the Association had cash collections totaling $2,894,803 and $1,544,468, respectively, from donors that are considered related parties, such as board members and others.

NOTE 6 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUST

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

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).

NOTE 6 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUST (Continued)

Beneficial Interests in Trust: The corpus of the trust will be held in perpetuity and only an annual distribution of investment returns is available to the Association. The fair value of the beneficial interests in the trust is determined using the market approach and based on the fair value of the underlying investments held by the third-party trust which management believes approximates the fair value of the expected future cash flows to be received by the Association. (Level 3 inputs)

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

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At July 31, 2022				
Investments:				
Mutual funds	$ 3,055,668	$ -	$ -	$ 3,055,668
Beneficial interests in trust	-	-	9,293,116	9,293,116
Total investments and beneficial interests in trust at July 31, 2022	$ 3,055,668	$ -	$ 9,293,116	$ 12,348,784
At July 31, 2021				
Investments:				
Mutual funds	$ 3,308,105	$ -	$ -	$ 3,308,105
Beneficial interests in trust	-	-	11,147,871	11,147,871
Total investments and beneficial interests in trust at July 31, 2021	$ 3,308,105	$ -	$ 11,147,871	$ 14,455,976

Investment income, net of related fees and expenses, is as follows for the years ended July 31, 2022 and 2021:

	2022	2021
Dividends	$ 288,652	$ 210,120
Realized gains, net	418,670	433,261
Unrealized (losses) gains, net	(2,267,117)	1,985,237
Trustee, management and professional fees	(135,395)	(162,812)
	$ (1,695,190)	$ 2,465,806

NOTE 7 – MORTGAGE NOTE PAYABLE

The Association has a mortgage note payable for twenty million dollars that is held by a private entity affiliated with a board member of the Association and accordingly is considered a related party transaction. There are no principal payments due on the note payable until maturity in July 2025. However, quarterly interest payments at the fixed rate of 3.25% are due on January 31, April 30, July 31 and October 31 of each year. The note is secured by the building.

(Continued)

NOTE 7 – MORTGAGE NOTE PAYABLE (Continued)

After the shutdown of concert and event operations discussed in Note 2, the Association did not make five quarterly interest payments on their mortgage note payable during both the years ended July 31, 2021 and 2020. During the year ended July 31, 2021, the Association received a formal notice of default that included a discussion on possible forbearance for a period of time. On July 19, 2021, the Association entered into a Forbearance and Restructuring Agreement with the note holder that cured the events of default from missed interest payments during 2020 and 2021. Also in accordance with the forbearance agreement, the Association resumed making quarterly interest payments effective July 31, 2021, and accordingly, the entire balance of the mortgage note payable is presented as a noncurrent liability on the accompanying statement of financial position at July 31, 2022 and 2021.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

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.

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. 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). During the year ended July 31, 2022, the Association began matching employee contributions to the plan up to 2.5% of the employee's annual salary. Prior to the year ending July 31, 2022, the matching contributions by the Association was entirely discretionary. The Association made matching contributions to the plan of $56,029 during the year ended July 31, 2022. There were no matching contributions to the plan during the year ended July 31, 2021.

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 $488,183 and $137,665 to the plan in 2022 and 2021. The risks of participating in a multi-employer pension plan ("MEPP") differ from single-employer plans. The potential risks include, but are not limited to, the use of the Association's contributions to provide benefits to employees of other participating employers, the Association becoming obligated for other participating employers' unfunded obligations, and, upon the Association's withdrawal from a plan, the Association being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

(Continued)

NOTE 9 - BENEFIT PLANS (Continued)

The MEPP in which the Association participated in during the years ended July 31, 2022 and 2021 is summarized in the table below. The Pension Protection Act ("PPA") zone status represents the most recent available information from the MEPP which is for the plan year ended March 31, 2021 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	Employer ID Number/ Pension Plan Number	PPA Zone Status	FIP/RP Status (2)	2022	2021	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	$ 488,183	$ 137,665	No	July 2024

(1) This information was obtained from the respective plan's Form 5500 for the most current available and prior year filing. These dates may not correspond with the Association's calendar year contributions. The above noted percentage of total plan contributions column is based upon disclosures contained in the plan's Form 5500 filing ("Forms"). Those Forms, among other things, disclose the names of individual participating employers whose annual contributions account for more than 5% of the aggregate annual amount contributed by all participating employers for plan years 2022 and 2021.

(2) The FIP/RP Status column indicates a yes or no for plans which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

NOTE 10 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods at July 31, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purpose:		
Annual campaign and fund-raising events	$ 1,233,551	$ 1,835,351
Debt service and building maintenance	412,867	494,705
Operating activities of the Association	931,844	800,498
	2,578,262	3,130,554
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	128,532	397,152
Subject to spending policy and appropriation:		
Investment in perpetuity, including amounts above original gift amounts, which once appropriated, is expendable to support any activities of the Association	1,447,999	1,308,799
Not subject to appropriation or expenditures:		
Musical instruments required to be used by the Association	1,975,000	1,975,000
Total net assets with donor restrictions	$ 6,129,793	$ 6,811,505

Additionally, the Association's board has designated, from net assets without donor restrictions, the Association's beneficial interests in trust and a portion of the investments as a board designated quasi endowment. The board designated endowment totaled $10,443,429 and $12,466,547 at July 31, 2022 and 2021, respectively.

(Continued)

NOTE 11 – ENDOWMENT ASSETS

The Association's endowment assets consist of donor restricted funds required to be held in perpetuity and certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. Endowment net asset composition by type of fund is as follows as of July 31, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
As of July 31, 2022			
Board designated endowment	$ 10,443,429	$ -	$ 10,443,429
Donor restricted funds:			
Original donor restricted gift amounts required to be maintained in perpetuity by donors	-	1,447,999	1,447,999
	$ 10,443,429	$ 1,447,999	$ 11,891,428
As of July 31, 2021			
Board designated endowment	$ 12,466,547	$ -	$ 12,466,547
Donor restricted funds:			
Original donor restricted gift amounts required to be maintained in perpetuity by donors	-	1,308,799	1,308,799
	$ 12,466,547	$ 1,308,799	$ 13,775,346

Changes in endowment net assets for years ended July 31, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
2022			
Beginning net assets	$ 12,466,547	$ 1,308,799	$ 13,775,346
Investment return	(1,611,117)	-	(1,611,117)
Transfers, net	(412,001)	(152,791)	(564,792)
Contributions	-	291,991	291,991
Ending net assets	$ 10,443,429	$ 1,447,999	$ 11,891,428
2021			
Beginning net assets	$ 10,426,260	$ 937,570	$ 11,363,830
Investment return	2,568,298	-	2,568,298
Transfers, net	(528,011)	-	(528,011)
Contributions	-	371,229	371,229
Ending net assets	$ 12,466,547	$ 1,308,799	$ 13,775,346

(Continued)

NOTE 11 – ENDOWMENT ASSETS (Continued)

Interpretation of UPMIFA: The Board of Directors have interpreted the Tennessee 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 net assets with donor restrictions (a) the original value of perpetually restricted gifts donated to the Association, (b) the original value of subsequently perpetually restricted gifts donated to the Association, and (c) accumulations to the Association made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the 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 amounts with temporary donor restrictions are reported as an offset to net assets without donor restrictions. There were no deficiencies in these funds as of July 31, 2022 and 2021.

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 trust are subject to various distribution restrictions based upon the terms of the Trust Agreement of the Nashville Symphony Association. The NSET shall make quarterly distributions to or for the benefit of the Association. The distributions shall be based upon the "rolling 3-year average" of the market value of the investments held in the NSET, being the sum of the market value of the Trust determined on and as of the last day of each of the immediately preceding 12 calendar quarters, divided by 12. For purposes of this, the "market value" of the Trust, to be determined on and as of the last day of each applicable quarter, shall consist of the market value of the principal of the trust estate (to include stocks, bonds and mutual funds and unrealized gains and losses thereon), cash and cash equivalents. The distributions shall be an amount equal to one and 25/100 percent (1.25%) per quarter of the "average market value" of the trust estate (to include both principal and income as of the applicable date) of the Trust.

The Trust Advisory Board may direct the Trustee to withhold some or all of any distribution and may request distributions to be made less frequently than quarterly. The Trustee shall not make any distribution in the event the market value (as defined) has decreased in value for two successive quarters unless the Executive Committee of the Association and the Trust Advisory Board so directs the Trustee to make a distribution. In the event the market value declines for three successive quarters, the Trustee shall withhold all distributions until directed by the Trust Advisory Board and the Executive Committee of the Association, and the Executive Committee shall meet to review the distribution policy set forth herein prior to directing the Trustee to do so. Distributions may not exceed one and 25/100 percent (1.25%) of the "rolling 3-year average" in any calendar quarter. Distributions, at the request of the Trust Advisory Board, may be deferred until such time as is convenient with the financial needs of the Association.

The Trustee shall make all calculations necessary to determine the market valuations and amount of distributions. The decision of the Trustee shall be final. During the fiscal year 2022, the trustee calculated the trust distributions to the Association at $412,001.

(Continued)

NOTE 11 – ENDOWMENT ASSETS (Continued)

Other than as allowed by the Trust Agreement, the Trustee may not encroach upon the principal of the Trust or any other funds contributed to this Trust pursuant to the provisions of or otherwise and to be administered hereunder except and only to the extent that the terms and conditions of such contributions specifically allow encroachment, which terms and conditions shall be communicated in writing to the Trustee by the Trust Advisory Board which shall also direct or authorize any encroachment in accordance with such terms and conditions.

The rights and obligations of the Association are described more fully in the Trust Agreement which also includes a “spendthrift” clause that is intended to restrain both voluntary and involuntary transfers of the Association's interest in the Trust to the fullest extent allowed by the laws of the State of Tennessee.

NOTE 12 – RELATED PARTIES

Board members are considered related parties to the Association. By virtue of the organizational structure and operating practices of the Association, the operating revenues and support revenue during a fiscal year include amounts from related parties as discussed in Note 5. Additionally, the mortgage note payable as discussed in Note 7 is also considered a related party transaction.

SUPPLEMENTARY INFORMATION

NASHVILLE SYMPHONY ASSOCIATION
DIVISIONAL COMBINING STATEMENT OF FINANCIAL POSITION
July 31, 2022 (with comparative July 31, 2021 information)

	Without donor restrictions					With donor restrictions					
	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Nashville Symphony Off-site	Campaign Pledges and Investments	Total Without Donor Restrictions	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Campaign Pledges and Investments	Total With Donor Restrictions	2022 Total	2021 Total
ASSETS											
Current assets											
Cash and cash equivalents	$ 644,721	$ 6,005,104	$ -	$ 3,465,308	$ 10,115,133	$ 503,516	$ 413,154	$ 139,200	$ 1,055,870	$ 11,171,003	$ 11,806,249
Accounts receivable	90,309	313,367	-	-	403,676	-	-	-	-	403,676	626,083
Prepaid expenses and other assets	472,267	224,415	-	-	696,682	-	-	-	-	696,682	549,733
Grants receivable	496,166	-	-	-	496,166	-	-	-	-	496,166	-
Contributions receivable, net	647,191	-	-	22,132	669,323	730,035	-	130,000	860,035	1,529,358	1,438,075
Total current assets	2,350,654	6,542,886	-	3,487,440	12,380,980	1,233,551	413,154	269,200	1,915,905	14,296,885	14,420,140
Long-term assets											
Contributions receivable, net	-	-	-	-	-	163,836	-	801,844	965,680	965,680	1,229,965
Due from (to) funds	8,641,825	(12,351,225)	358,416	3,386,575	35,591	(35,304)	(287)	-	(35,591)	-	-
Investments	-	-	-	1,746,869	1,746,869	-	-	1,308,799	1,308,799	3,055,668	3,308,105
Beneficial interests in trust	-	-	-	9,293,116	9,293,116	-	-	-	-	9,293,116	11,147,871
Property and equipment, net	-	65,639,527	-	-	65,639,527	-	-	1,975,000	1,975,000	67,614,527	69,925,827
Total long-term assets	8,641,825	53,288,302	358,416	14,426,560	76,715,103	128,532	(287)	4,085,643	4,213,888	80,928,991	85,611,768
Total assets	$ 10,992,479	$ 59,831,188	$ 358,416	$ 17,914,000	$ 89,096,083	$ 1,362,083	$ 412,867	$ 4,354,843	$ 6,129,793	$ 95,225,876	$ 100,031,908
LIABILITIES AND NET ASSETS											
Current liabilities											
Accounts payable and accrued liabilities	$ 1,327,826	$ 31,126	$ -	$ -	$ 1,358,952	$ -	$ -	$ -	$ -	$ 1,358,952	$ 1,205,905
Deferred grant revenues	-	-	-	-	-	-	-	-	-	-	4,216,751
Current portion of installment note payable	-	-	-	-	-	-	-	-	-	-	260,582
Deferred revenues	3,401,135	647,266	-	-	4,048,401	-	-	-	-	4,048,401	4,699,868
Total current liabilities	4,728,961	678,392	-	-	5,407,353	-	-	-	-	5,407,353	10,383,106
Long-term liabilities											
Other accrued liabilities	-	812,500	-	-	812,500	-	-	-	-	812,500	812,500
Mortgage note payable	-	20,000,000	-	-	20,000,000	-	-	-	-	20,000,000	20,000,000
Installment note payable	-	-	-	-	-	-	-	-	-	-	1,739,418
Total long-term liabilities	-	20,812,500	-	-	20,812,500	-	-	-	-	20,812,500	22,551,918
Total liabilities	4,728,961	21,490,892	-	-	26,219,853	-	-	-	-	26,219,853	32,935,024
Net assets											
Without donor restrictions											
Undesignated	6,263,518	38,340,296	358,416	7,470,571	52,432,801	-	-	-	-	52,432,801	47,818,832
Board designated	-	-	-	10,443,429	10,443,429	-	-	-	-	10,443,429	12,466,547
With donor restrictions	-	-	-	-	-	1,362,083	412,867	4,354,843	6,129,793	6,129,793	6,811,505
Total net assets	6,263,518	38,340,296	358,416	17,914,000	62,876,230	1,362,083	412,867	4,354,843	6,129,793	69,006,023	67,096,884
Total liabilities and net assets	$ 10,992,479	$ 59,831,188	$ 358,416	$ 17,914,000	$ 89,096,083	$ 1,362,083	$ 412,867	$ 4,354,843	$ 6,129,793	$ 95,225,876	$ 100,031,908

NASHVILLE SYMPHONY ASSOCIATION
DIVISIONAL COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2022 (with comparative July 31, 2021 information)

	Without donor restrictions					With donor restrictions					
Program and other revenues	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Nashville Symphony Off-site	Campaign Pledges and Investments	Total Without Donor Restrictions	Nashville Symphony Orchestra	Schermerhorn Symphony Center	Campaign Pledges and Investments	Total With Donor Restrictions	2022 Total	2021 Total
Program revenues											
Ticket sales	$ 6,738,991	$ -	$ 604,185	$ -	$ 7,343,176	$ -	$ -	$ -	$ -	$ 7,343,176	$ -
Orchestra fee engagements	66,500	-	-	-	66,500	-	-	-	-	66,500	15,000
Concert hall rental	-	310,925	-	-	310,925	-	-	-	-	310,925	76,500
Ancillary rental	-	40,525	-	-	40,525	-	-	-	-	40,525	4,700
Concessions and Symphony store	-	498,838	-	-	498,838	-	-	-	-	498,838	11,957
Expense reimbursements	-	201,513	-	-	201,513	-	-	-	-	201,513	66,018
Interest and other income	943,014	546,891	176,320	10,109	1,676,334	-	-	-	-	1,676,334	24,258
Total program revenues	7,748,505	1,598,692	780,505	10,109	10,137,811	-	-	-	-	10,137,811	198,433
Community Foundation distribution	391,477	-	-	-	391,477	-	-	-	-	391,477	361,000
Transfers from endowments	412,001	-	-	(412,001)	-	-	-	-	-	-	-
Total transfers	803,478	-	-	(412,001)	391,477	-	-	-	-	391,477	361,000
Total program and other revenues	8,551,983	1,598,692	780,505	(401,892)	10,529,288	-	-	-	-	10,529,288	559,433
Orchestra and Symphony Center expenses											
Orchestra expenses											
Operations and artistic administration	13,235,481	-	641,815	-	13,877,296	-	-	-	-	13,877,296	3,139,547
Education	568,200	-	-	-	568,200	-	-	-	-	568,200	308,921
Marketing	1,759,194	-	52,909	-	1,812,103	-	-	-	-	1,812,103	699,195
Administration and support	2,741,107	-	-	-	2,741,107	-	-	-	-	2,741,107	1,393,434
Fund-raising	1,840,757	-	-	-	1,840,757	-	-	-	-	1,840,757	799,391
In-kind expenses	220,757	-	-	-	220,757	-	-	-	-	220,757	129,028
Total orchestra expenses	20,365,496	-	694,724	-	21,060,220	-	-	-	-	21,060,220	6,469,516
Symphony Center expenses											
Concessions and Symphony store	-	361,719	-	-	361,719	-	-	-	-	361,719	91,421
Management and building operations	-	2,822,838	-	-	2,822,838	-	-	-	-	2,822,838	2,104,523
Total Symphony Center expenses	-	3,184,557	-	-	3,184,557	-	-	-	-	3,184,557	2,195,944
Total Orchestra and Symphony Center expenses before depreciation	20,365,496	3,184,557	694,724	-	24,244,777	-	-	-	-	24,244,777	8,665,460
Surplus (deficit) before support, investment income (loss) and other noncash items	(11,813,513)	(1,585,865)	85,781	(401,892)	(13,715,489)	-	-	-	-	(13,715,489)	(8,106,027)
Support											
Contributions	5,991,608	24,500	-	-	6,016,108	304,052	-	336,546	640,598	6,656,706	7,332,498
Grants	9,674,061	-	-	-	9,674,061	260,032	-	-	260,032	9,934,093	935,442
Fund-raising events	937,023	-	-	-	937,023	-	-	-	-	937,023	831,608
In-kind contributions	220,757	-	-	-	220,757	-	-	-	-	220,757	129,028
Total support	16,823,449	24,500	-	-	16,847,949	564,084	-	336,546	900,630	17,748,579	9,228,576
Net assets released from restrictions	1,434,504	81,838	-	66,000	1,582,342	(1,434,504)	(81,838)	(66,000)	(1,582,342)	-	-
Surplus (deficit) before investment income (loss) and other noncash items	6,444,440	(1,479,527)	85,781	(335,892)	4,714,802	(870,420)	(81,838)	270,546	(681,712)	4,033,090	1,122,549
Investment income (loss), net											
Net investment income	-	-	-	(233,176)	(233,176)	-	-	-	-	(233,176)	330,543
Net beneficial interests in trust income	-	-	-	(1,326,619)	(1,326,619)	-	-	-	-	(1,326,619)	2,298,075
Total beneficial interests and investment expenses	-	-	-	(135,395)	(135,395)	-	-	-	-	(135,395)	(162,812)
Total investment income (loss), net	-	-	-	(1,695,190)	(1,695,190)	-	-	-	-	(1,695,190)	2,465,806
Surplus (deficit) before other noncash items	6,444,440	(1,479,527)	85,781	(2,031,082)	3,019,612	(870,420)	(81,838)	270,546	(681,712)	2,337,900	3,588,355
Gain on debt forgiveness	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	2,880,520
Depreciation	-	(2,428,761)	-	-	(2,428,761)	-	-	-	-	(2,428,761)	(2,550,420)
Increase (decrease) in net assets	8,444,440	(3,908,288)	85,781	(2,031,082)	2,590,851	(870,420)	(81,838)	270,546	(681,712)	1,909,139	3,918,455
Net assets (deficit) at beginning of year	(2,180,922)	42,248,584	272,635	19,945,082	60,285,379	2,232,503	494,705	4,084,297	6,811,505	67,096,884	63,178,429
Net assets (deficit) at end of year	$ 6,263,518	$ 38,340,296	$ 358,416	$ 17,914,000	$ 62,876,230	$ 1,362,083	$ 412,867	$ 4,354,843	$ 6,129,793	$ 69,006,023	$ 67,096,884

NASHVILLE SYMPHONY ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended July 31, 2022

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Listing Number	Assistance Identifying Number	Expenditures
Small Business Administration			
COVID-19 - Shuttered Venue Operators Grant	59.075	SBAHQ21SV000120	$ 7,526,793
Department of Treasury			
Pass-through programs:			
Tennessee Arts Commission			
COVID-19 – CARES Act – Coronavirus Relief Fund	21.019	EMW-2018-UA-00016-S01	1,977,268
Total Expenditures of Federal Awards			**$ 9,504,061**

See accompanying Note to Schedule of Expenditures of Federal Awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Nashville Symphony Association (“Association”) under programs of the federal government for the year ended July 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Association has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Nashville Symphony Association ("Association"), which comprise the statement of financial position as of July 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Franklin, Tennessee
December 16, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Nashville Symphony Association's ("Association") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Association's major federal programs for the year ended July 31, 2022. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Association's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Franklin, Tennessee
December 16, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance in GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
59.075	COVID-19 - Shuttered Venue Operators Grant
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee?	____ Yes	X No

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Questioned Costs

None Reported