AMERICAN SYMPHONY ORCHESTRA LEAGUE
(D/B/A LEAGUE OF AMERICAN ORCHESTRAS)

League
of American
Orchestras

Financial Statements
(Together with Independent Auditors' Report)

Years Ended September 30, 2013 and 2012

MARKS PANETH
ACCOUNTANTS & ADVISORS

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

CONTENTS

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
American Symphony Orchestra League
(d/b/a the League of American Orchestras)

We have audited the accompanying financial statements of American Symphony Orchestra League (d/b/a League of American Orchestras) (the "League"), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Symphony Orchestra League (d//b/a League of American Orchestras) as of September 30, 2013 and 2012, 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.

Marks Paneth LLP

New York, NY
March 31, 2014

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents (Notes 2B and 11):		
Operating	$ 44,257	$ 28,530
Cash reserve	923,750	145,339
Total cash and cash equivalents	968,007	173,869
Accounts receivable (Note 4)	627,653	564,333
Contributions and pledges receivable (Notes 2G and 5)	1,556,328	3,561,085
Investments, at fair value (Notes 2D, 2I, 3)	4,512,265	4,103,735
Prepaid expenses and other assets	196,072	186,117
Property and equipment, net (Notes 2E and 6)	206,338	319,223
TOTAL ASSETS	$ 8,066,663	$ 8,908,362
LIABILITIES		
Accounts payable and accrued expenses	$ 37,320	$ 123,340
Deferred revenue (Note 2F)	902,652	916,332
Deferred rent (Note 9)	205,084	177,415
TOTAL LIABILITIES	1,145,056	1,217,087
COMMITMENTS (Notes 7, 9 and 10)		
NET ASSETS (DEFICIT) (Note 2C)		
Unrestricted		
Board designated change capital fund (Note 13)	250,000	-
Board designated fund for cash reserve (Note 13)	500,000	-
Working capital reserve (Note 13)	423,750	375,000
Available for operations	(435,186)	(441,441)
Total unrestricted	738,564	(66,441)
Temporarily restricted (Note 8)	2,721,912	3,996,585
Permanently restricted (Note 12)	3,461,131	3,761,131
TOTAL NET ASSETS	6,921,607	7,691,275
TOTAL LIABILITIES AND NET ASSETS	$ 8,066,663	$ 8,908,362

The accompanying notes are an integral part of these financial statements.

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	Year Ended September 30, 2013				Year Ended September 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2012
OPERATING ACTIVITIES:								
SUPPORT AND REVENUE:								
Contributions and grants (Note 2G)	$ 1,628,673	$ 399,677	$ -	$ 2,028,350	$ 1,275,534	$ 3,541,374	$ -	$ 4,816,908
Membership dues (Note 2F)	1,742,568	-	-	1,742,568	1,726,142	-	-	1,726,142
Meetings and seminars (Note 2F)	463,009	-	-	463,009	531,868	-	-	531,868
Symphony magazine	310,341	-	-	310,341	343,407	-	-	343,407
Other income	24,236	-	-	24,236	31,138	-	-	31,138
Investment income, net (Notes 2D and 3)	88,380	463,125	-	551,505	44,650	586,521	-	631,171
Net assets released from restrictions (Notes 2C, 8 and 12)	2,437,475	(2,137,475)	(300,000)	-	2,338,446	(2,338,446)	-	-
TOTAL SUPPORT AND REVENUE	6,694,682	(1,274,673)	(300,000)	5,120,009	6,291,185	1,789,449	-	8,080,634
EXPENSES AND LOSSES (Note 2H):								
Program services:								
Learning and leadership development	2,023,262	-	-	2,023,262	1,799,716	-	-	1,799,716
Research and development	320,585	-	-	320,585	278,296	-	-	278,296
Communications and public relations	1,075,026	-	-	1,075,026	1,155,389	-	-	1,155,389
Membership services	420,813	-	-	420,813	584,251	-	-	584,251
Advocacy	433,828	-	-	433,828	373,263	-	-	373,263
Total program services	4,273,514	-	-	4,273,514	4,190,915	-	-	4,190,915
Supporting services:								
Management and general	924,063	-	-	924,063	1,237,336	-	-	1,237,336
Development	692,100	-	-	692,100	841,522	-	-	841,522
Total supporting services	1,616,163	-	-	1,616,163	2,078,858	-	-	2,078,858
TOTAL EXPENSES AND LOSSES	5,889,677	-	-	5,889,677	6,269,773	-	-	6,269,773
CHANGE IN NET ASSETS FROM OPERATIONS	805,005	(1,274,673)	(300,000)	(769,668)	21,412	1,789,449	-	1,810,861
Net assets (deficit) - beginning of year	(66,441)	3,996,585	3,761,131	7,691,275	(87,853)	2,207,136	3,761,131	5,880,414
NET ASSETS (DEFICIT) - END OF YEAR	$ 738,564	$ 2,721,912	$ 3,461,131	$ 6,921,607	$ (66,441)	$ 3,996,585	$ 3,761,131	$ 7,691,275

The accompanying notes are an integral part of these financial statements.

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Totals for September 30, 2012)

	Program Services						Supporting Services				
	Learning and Leadership Development	Research and Development	Communications and Public Relations	Membership Services	Advocacy	Total Program Services	Management and General	Development	Total Supporting Services	Total 2013	TOTAL 2012
Salaries	717,234	153,548	568,802	216,215	236,267	1,892,066	470,552	243,976	714,528	2,606,594	2,766,030
Payroll taxes and employee benefits (Note 7)	171,728	33,298	121,637	46,255	50,363	423,281	107,054	50,615	157,669	580,950	552,701
Total Salaries and Related Costs	888,962	186,846	690,439	262,470	286,630	2,315,347	577,606	294,591	872,197	3,187,544	3,318,731
Faculty/Consultants	128,462	28,884	37,233	-	5,046	199,625	278	155,764	156,042	355,667	592,010
Professional Services (Note 3)	13,901	-	-	-	-	13,901	52,299	-	52,299	66,200	82,398
Awards/Professional Development	487,550	-	-	-	10,000	497,550	-	-	-	497,550	95,871
Meeting Expenses	185,488	281	2,665	390	719	189,543	27,151	11,212	38,363	227,906	285,169
Travel and Lodging	70,181	1,332	5,301	5,245	18,039	100,098	20,960	3,712	24,672	124,770	154,806
Printing, Production and Copying	9,511	30	127,911	60	236	137,748	664	6,066	6,730	144,478	153,130
Postage and Delivery	6,473	385	28,968	1,260	700	37,786	1,219	2,090	3,309	41,095	46,700
Supplies	13,975	9,918	10,137	2,687	40,026	76,743	8,417	16,693	25,110	101,853	133,961
Occupancy (Note 9)	178,626	36,120	143,507	62,459	55,306	476,018	65,109	73,301	138,410	614,428	599,032
Telecommunications	20,853	13,827	15,589	50,540	12,415	113,224	11,357	37,744	49,101	162,325	171,373
Equipment rental and repairs	10,255	1,460	5,896	4,573	2,034	24,218	1,457	2,606	4,063	28,281	24,443
Insurance	2,545	525	2,104	867	750	6,791	4,439	920	5,359	12,150	11,799
Staff training, recruitment and support	1,635	-	824	-	-	2,459	1,570	64,445	66,015	68,474	10,808
Bank charges and fees	-	-	-	-	-	-	85,853	-	85,853	85,853	87,784
Miscellaneous	4,794	3	76	255	9	5,137	3,226	282	3,508	8,645	6,983
Bad Debt	-	-	-	-	-	-	35,480	-	35,480	35,480	375,526
Depreciation and amortization (Note 2E)	51	40,974	4,376	30,007	1,918	77,326	26,978	22,674	49,652	126,978	119,249
TOTAL EXPENSES	2,023,262	320,585	1,075,026	420,813	433,828	4,273,514	924,063	692,100	1,616,163	5,889,677	6,269,773

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Program Services						Supporting Services			
	Learning and Leadership Development	Research and Development	Communications and Public Relations	Membership Services	Advocacy	Total Program Services	Management and General	Development	Total Supporting Services	Total 2012
Salaries	$ 686,558	$ 132,252	$ 614,434	$ 354,133	$ 223,526	$ 2,010,903	$ 400,597	$ 354,530	$ 755,127	$ 2,766,030
Payroll taxes and employee benefits (Note 7)	145,854	26,415	119,166	69,257	43,282	403,974	79,470	69,257	148,727	552,701
Total Salaries and Related Costs	832,412	158,667	733,600	423,390	266,808	2,414,877	480,067	423,787	903,854	3,318,731
Faculty/Consultants	309,474	28,923	48,530	2,283	215	389,425	6,177	196,408	202,585	592,010
Professional Services (Note 3)	-	-	-	950	3,530	4,480	77,918	-	77,918	82,398
Awards/Professional Development	95,871	-	-	-	-	95,871	-	-	-	95,871
Meeting Expenses	210,583	373	1,808	3,347	539	216,650	26,359	42,160	68,519	285,169
Travel and Lodging	95,701	1,387	8,104	17,457	9,158	131,807	15,439	7,560	22,999	154,806
Printing, Production and Copying	6,331	-	137,516	-	458	144,305	521	8,304	8,825	153,130
Postage and Delivery	9,071	354	29,593	1,366	797	41,181	2,685	2,834	5,519	46,700
Supplies	46,558	9,041	10,789	3,041	40,055	109,484	8,754	15,723	24,477	133,961
Occupancy (Note 9)	155,476	26,026	140,463	43,501	43,354	408,820	115,283	74,929	190,212	599,032
Telecommunications	14,926	13,258	31,863	55,417	5,840	121,304	9,355	40,714	50,069	171,373
Equipment rental and repairs	8,557	884	4,760	1,742	1,280	17,223	4,684	2,536	7,220	24,443
Insurance	2,176	364	1,962	606	604	5,712	5,044	1,043	6,087	11,799
Staff training, recruitment and support	538	70	1,990	276	-	2,874	5,544	2,390	7,934	10,808
Bank charges and fees	9,139	-	-	-	-	9,139	78,645	-	78,645	87,784
Miscellaneous	2,894	3	156	868	-	3,921	2,406	656	3,062	6,983
Bad Debt	-	-	-	-	-	-	375,526	-	375,526	375,526
Depreciation and amortization (Note 2E)	9	38,946	4,255	30,007	625	73,842	22,929	22,478	45,407	119,249
TOTAL EXPENSES	$ 1,799,716	$ 278,296	$ 1,155,389	$ 584,251	$ 373,263	$ 4,190,915	$ 1,237,336	$ 841,522	$ 2,078,858	$ 6,269,773

The accompanying notes are an integral part of these financial statements.

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (769,668)	$ 1,810,861
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	126,978	119,249
Write off of uncollectible pledges	35,480	375,526
Discount on contributions (increase) decrease	(27,177)	(82,874)
Net realized/unrealized (gain) loss on investments	(463,708)	(546,236)
Subtotal	(1,098,095)	1,676,526
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	(63,320)	44,219
Contributions and pledges receivable	1,996,454	(1,846,637)
Prepaid expenses and other assets	(9,955)	(8,536)
(Decrease) or increase in liabilities:		
Accounts payable and accrued expenses	(86,020)	(44,568)
Deferred revenue	(13,680)	250,011
Deferred rent	27,669	40,929
Net Cash Provided by Operating Activities	753,053	111,944
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(14,093)	(40,485)
Proceeds from sales of investments	140,792	259,227
Purchases of investments	(85,614)	(84,676)
Net Cash Provided by Investing Activities	41,085	134,066
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	-	1,130,000
Repayments on line of credit	-	(1,380,000)
Net Cash Used in Financing Activities	-	(250,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	794,138	(3,990)
Cash and cash equivalents - beginning of year	173,869	177,859
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 968,007	$ 173,869

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

American Symphony Orchestra League (d/b/a League of American Orchestras) (the "League") was founded in 1942 and chartered by Congress in 1962. One of the nation's largest performing arts service organizations, the League comprises nearly 1,000 member symphony, chamber, youth and collegiate orchestras of all sizes, and links a national network of thousands of instrumentalists, conductors, managers, board members, volunteers, staff members and business partners.

The League supplies guidance and support to the orchestra field through: collection and dissemination of critical information and knowledge across multiple channels, including a national Conference and award-winning magazine; nationally recognized learning and leadership development programs; dedicated advocacy and strategic communications activities; targeted research and development projects; and leadership around collective action.

Examples of recent and current League initiatives include: programs and materials on financial management in tough economic times and problem-solving for emerging administrative leaders; an online career center; the field's first review and analysis of audience demographic trends; assistance in obtaining visas for foreign guest artists; a study of innovation in orchestras; and a national orchestra food drive.

The League is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting*** – The League's financial statements have been prepared on the accrual basis of accounting. The League adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

B. ***Cash and Cash Equivalents*** – All highly liquid instruments with a maturity of three months or less when acquired are considered to be cash equivalents.

C. ***Basis of Presentation*** – the League maintains its net assets under the following three classes:

- Unrestricted – includes the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

- Temporarily Restricted – resources received with donor stipulations that limit the use of the donated assets or place time restrictions on the resources. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- Permanently Restricted – includes funds that have been designated by the donor to be held and invested in perpetuity. The income and net capital appreciation from all permanently restricted assets are available for unrestricted or temporarily restricted purposes, in accordance with donor intent.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ***Investments*** – Investments are carried at fair value as explained in note 3. Unrealized gains and losses are included in the accompanying statements of activities. Donated securities are recorded at their fair value, as determined using quoted market prices at the date of donation, and are sold immediately upon receipt by the League. Dividend and interest income are recorded as earned. Net investment earnings are recorded as increases in unrestricted net assets unless the donors stipulate such earnings should increase specific temporarily or permanently restricted net assets until appropriated by the board.

E. ***Property and Equipment*** – Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis, applied over the estimated useful lives of the assets, which range from 3-10 years. Amortization of leasehold improvements is provided using the straight-line method, applied over the lesser of the estimated useful lives of the improvements or the remaining term of the lease.

F. ***Revenue and Deferred Revenue*** – The League recognizes membership dues from its orchestra members as revenue during the period to which the membership relates. Revenue generated from meetings and seminars is recognized at the time the meeting or seminar takes place. Any amounts received in advance are recorded as deferred revenue. As of September 30, 2013 and 2012, the League determined that no allowance is needed for accounts receivable. Such estimate is based on management's evaluation of the creditworthiness of its members, the aged basis of its receivables, as well as current economic conditions and historical information.

G. ***Contributions and Pledges Receivable*** – Contributions and pledges are recognized when the donor makes an unconditional promise to give. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. As of September 30, 2013 and 2012, the League determined that no allowance is needed for contributions and pledges and other receivables. Such estimate is based on management's evaluation of the creditworthiness of the donors, the aged basis of its receivables, as well as current economic conditions and historical information.

H. ***Functional Allocation of Expenses*** – The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the programs and supporting services benefited.

I. ***Fair Value Measurements*** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 3.

J. ***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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

K. ***Reclassification:*** Certain line items in the 2012 financial statements have been reclassified to conform to the 2013 financial statement presentation.

NOTE 3 – INVESTMENTS & FAIR VALUE MEASUREMENTS

Investments consist of the following as of September 30, 2013 and 2012:

	2013	2012
CommonFund Institutional Core Plus Bond Fund	$ 719,705	$ 1,481,581
CommonFund High Quality Bond Fund	706,964	-
CommonFund Multi Strategy Equity Fund	3,085,596	2,622,154
Total Investments	$ 4,512,265	$ 4,103,735

Certain investments are subject to market volatility that could substantially change their carrying value in the near term.

Investment income consists of the following for the years ended September 30, 2013 and 2012:

	2013	2012
Interest and dividends	$ 85,614	$ 84,676
Interest on cash and cash equivalents	2,183	259
Net realized/unrealized gain/(loss) on investments	463,708	546,236
Total investment gain	$ 551,505	$ 631,171

Investments fees for the year ended September 30, 2013 and 2012 were approximately $16,100 and $14,900, respectively, and are included in professional services on the accompanying statement of functional expenses.

The fair value hierarchy defines three levels as follows:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are also obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining fair value, the League utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended September 30, 2013 and 2012, there were no transfers.

Fair value for assets in Level 2 are hedge funds and are measured using net asset value per share. CommonFund investment programs are designed to generate superior long-term investment performance. The fund permits monthly redemptions with a prior five day notice prior to month's end. There are no unfunded commitments.

NOTE 3 – INVESTMENTS & FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at September 30, 2013 are classified in the table as follows:

	Level 2	Total
CommonFund Multi-Strategy Bond Fund	$ 719,705	$ 719,705
CommonFund High Quality Bond Fund	706,964	706,964
CommonFund Multi-Strategy Equity Fund	3,085,596	3,085,596
TOTAL INVESTMENTS AT FAIR VALUE	$ 4,512,265	$ 4,512,265

Financial assets carried at fair value at September 30, 2012 are classified in the table as follows:

	Level 2	Total
CommonFund Multi-Strategy Equity Fund	$ 2,622,154	$ 2,622,154
CommonFund High Quality Bond Fund	1,481,581	1,481,581
TOTAL INVESTMENTS AT FAIR VALUE	$ 4,103,735	$ 4,103,735

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of September 30, 2013 and 2012:

	2013	2012
Membership dues	$ 520,780	$ 493,090
Symphony Magazine advertising	88,873	71,243
Other	18,000	-
Total accounts receivable	$ 627,653	$ 564,333

NOTE 5 – CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable consist of the following as of September 30, 2013 and 2012:

	2013	2012
Contributions and pledges receivable:		
Due within 1 year	$ 1,202,166	$ 2,360,463
Due within 1 to 5 years	372,883	1,246,520
	1,575,049	3,606,983
Present value discount (at rates ranging from 0.80%-7.75%)	(18,721)	(45,898)
Total contributions and pledges receivable, net	$ 1,556,328	$ 3,561,085

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2013 and 2012:

	2013	2011	Estimated Useful Lives
Leasehold improvements	$ 904,923	$ 904,923	2-4 years
Furniture and fixtures	214,244	214,244	5-10 years
Computer hardware and software	1,131,299	1,117,207	5 years
Total cost	2,250,466	2,236,374	
Less: accumulated depreciation and amortization	(2,044,128)	(1,917,151)	
Net book value	$ 206,338	$ 319,223	

Depreciation expense amounted to $126,978 and $119,249 for the years ended December 31, 2013 and 2012, respectively.

NOTE 7 – RETIREMENT PLANS

The League has a defined contribution plan, which is qualified under Section 403(b) of the U.S. Internal Revenue Code. Employees who have completed two years of service are eligible to participate. In 2010, the League suspended discretionary contributions to the plan. As a result, the League had no contributions for the years ended September 30, 2013 and 2012.

The League also sponsors a separate, salary-reduction tax-deferred annuity plan under Section 403(b).

In fiscal year 2007, the League established a Section 457(b) deferred compensation plan for its key employees. Under the terms of the plan, such eligible employees may contribute amounts through a salary-reduction agreement. The League does not contribute to this plan.

NOTE 8 – TEMPORARILY RESTRICTED CONTRIBUTIONS

Temporarily restricted net assets as of September 30, 2013 and 2012 are available for the following purposes, which may also contain time restrictions:

	2013	2012
American Conducting Fellows Program	$ -	$ 24,393
Women's Conducting Initiative Program	341,079	439,176
Orchestra Management Fellowship Program	630,924	456,960
Technology Initiatives	26,146	36,163
Other Research and Development/Learning and Leadership Development Programs	539,759	931,902
Community Engagement	1,115,500	1,610,000
Time restricted	68,504	497,991
Total temporarily restricted net assets	$ 2,721,912	$ 3,996,585

NOTE 8 – TEMPORARILY RESTRICTED CONTRIBUTIONS (Continued)

During the years ended September 30, 2013 and 2012, the League released temporarily restricted net assets by incurring program expenses or the passage of time, as follows:

	2013	2012
American Conducting Fellows Program	$ 24,393	$ 88,524
Women's Conducting Initiative Program	98,123	29,649
Learning and Leadership Programs	-	475,000
Orchestra Management Fellowship Program	289,161	279,988
Technology Initiatives	17,519	76,263
Other Research and Development/Learning and Leadership Development Programs	757,143	519,653
Community Engagement	494,500	37,500
Time restricted	456,636	831,869
Total net assets released from restrictions	$ 2,137,475	$ 2,338,446

NOTE 9 – COMMITMENTS

During fiscal-year 1999, the League entered into a ten-year lease for office facilities in New York City. The lease provided for scheduled rent increases and escalations over the lease term and a free-rent allowance for the first six months. The League renewed this lease in June of 2008 for the ten years beginning January 1, 2010. This lease extension provided for scheduled rent increases and escalations over the lease term and a free-rent allowance for the first month. The effects of these scheduled rent increases and free-rent allowances are being recognized by the League on a straight-line basis over the term of the lease. Such amounts are reported as deferred rent in the accompanying statement of financial position.

The League is also obligated under an operating lease for an office suite in Washington, DC through December 2014.

The League is also obligated under operating leases for office equipment, which expire in fiscal year 2015.

Future minimum rental commitments under these leases for the years ending subsequent to September 30, 2013 are approximately as follows:

2014	$ 540,000
2015	515,000
2016	510,000
2017	523,000
2018	541,000
Thereafter	421,000
Total	$ 3,050,000

Rent expense for the years ended September 30, 2013 and 2012 amounted to approximately $576,000 and $560,000, respectively.

NOTE 10 – BANK LINE OF CREDIT

On July 13, 2012, the League renewed its $1,000,000 line of credit with a maturity date of July 13, 2014. Under the terms of the renewal agreement, interest is payable monthly at a rate equal to the London InterBank Offered Rate plus 2.754 percentage points and any indebtedness is secured by all assets of the League. As of September 30, 2013, there was no outstanding balance under this agreement. As of March 31, 2014, there was no outstanding balance.

NOTE 11 – CONCENTRATIONS

Cash and cash equivalents that potentially subject the League to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to $250,000 per depositor. As of September 30, 2013, there was approximately $718,000 of cash and cash equivalents held by banks that exceeded FDIC limits. Such amounts include outstanding checks. No amounts exceeded FDIC limits as of September 30, 2012.

NOTE 12 – ENDOWMENT NET ASSETS

Accounting principles generally accepted in the United States of America, provide guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The guidance requires disclosure about an organization's endowment funds, whether or not the organization is subject to UPMIFA.

The League's Board of Directors have determined that as a federally chartered institution operating in the State of New York, the League is not generally subject to the not-for profit law of any state. Inasmuch as nearly all of the states, including New York, have enacted a version of UPMIFA, the League has implemented the general disclosure guidance of U.S. GAAP as it relates to endowment net assets. In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor restricted endowment funds that fall below the level, if any; the donor requires the organization to retain. Such deterioration may occur for a variety of reasons, including unfavorable market fluctuations. There were no deficiencies as of September 30, 2013 and 2012.

The League's endowment investment policy is to invest assets into investment instruments approved by the Finance Committee of the Board of Directors with the allocation of funds based upon specified target percentages (or range of target percentages) for each type of investment instrument. The overall investment objective is to maximize the total return from income (dividends and interest) and the appreciation of investments commensurate with moderate risk across various asset classes. Any income on the League's endowment funds and any increase in value over the historical dollar value at the time of the donation are generally utilized within the year earned for the program purposes, authorized by the relevant contributions to the endowment. Unless authorized by the Board of Directors or the Finance Committee in compliance with the terms of the relevant contribution, the appropriations from the endowment funds do not deplete the value of any restricted endowment funds below historical dollar value at the time of donation.

NOTE 12 – ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets for the year ended September 30, 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Investment income:			
Interest and dividends	$ 85,614	$ -	$ 85,614
Net realized/unrealized loss	377,511	-	377,511
Total investment income	$ 463,125	$ -	$ 463,125
Contributions	-	-	-
Appropriations	(289,161)	(300,000)	(589,161)
Change in endowment net assets	$ 173,964	$ (300,000)	$ (126,036)
Endowment net assets, beginning of year	$ 456,960	$ 3,761,131	$ 4,218,091
Endowment net assets, end of year	$ 630,924	$ 3,461,131	$ 4,092,055

During the year ended September 30, 2013, the League received approval from a donor to transfer $300,000 from permanently restricted net assets to unrestricted net assets to establish the board designated change capital fund. The League's board of directors approved the deployment of $50,000 from this fund. In accordance with the approved policies, the fund must be replenished within the next five years.

Changes in endowment net assets for the year ended September 30, 2012 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Investment income:			
Interest and dividends	$ 78,982	$ -	$ 78,982
Net realized/unrealized loss	507,539	-	507,539
Total investment income	$ 586,521	$ -	$ 586,521
Appropriations	(279,988)	-	(279,988)
Change in endowment net assets	$ 306,533	$ -	$ 306,533
Endowment net assets, beginning of year	$ 150,427	$ 3,761,131	$ 3,911,558
Endowment net assets, end of year	$ 456,960	$ 3,761,131	$ 4,218,091

NOTE 13 – RESERVE FUNDS

	Reserve Full Value	Opening Balance	Additions	Withdrawals	Closing Balance
Board-designated Change Capital Fund	$300,000	-	$300,000	$50,000	$250,000
Board-designated Cash Reserve Fund	500,000	-	500,000	-	500,000
Working Capital Reserve	423,750	375,000	48,750	-	423,750

The Board-designated Change Capital Fund is a revolving fund designed to allow the League to invest prudently in change initiatives intended to enhance services to members and/or strengthen the organization's sustainability. Any draw taken on the corpus of the fund must be replaced within sixty months. The use of dividends, interest, and realized and/or unrealized gains generated by the fund are at the discretion to the Board. In Fiscal Year 2013, the League's Board approved a $50,000 draw on this fund.

The Board-Designated Cash Reserve Fund is a revolving fund established to level out operating cash flow throughout the course of the fiscal year. The fund must hold its full value for no less than 30 (thirty) consecutive days during the course of each fiscal year.

The Working Capital Reserve was established through a grant made initially in 2006 and increased in subsequent years to create a working capital reserve intended to provide liquidity for short-term operating cash flow requirements throughout the course of the fiscal year. The fund must be fully replenished to its full value by September 30th of each fiscal year.

Reserve funds represent donated funds to be used by the League to assist with its cyclical cash requirements. The cash reserves must be replenished to its base. Based upon the requirements above this was met as of September 30, 2013. As of September 30, 2012, the League obtained a waiver from the donor regarding the TCFF Cash Reserve fund requirement.

As of September 30, 2013, there was a balance of $923,750 in Cash and Short Term Investments, representing the holdings of the two Cash Reserve Funds. The funds associated with the Change Capital Fund are invested in the Commonfund.

NOTE 14 – UNCERTAIN TAX POSITIONS

The League has no uncertain tax positions as of September 30, 2013 and 2012 in accordance with Accounting Standards Codification ("ASC") Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The League is no longer subject to federal or state and local income tax examinations by tax authorities for fiscal years before 2010.

NOTE 15 – SUBSEQUENT EVENTS

The League has evaluated, for potential recognition and disclosure, events subsequent to the statement of financial position date through March 31, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through March 31, 2014 that would require adjustment to or disclosure in the financial statements.