

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, 2014 and 2013

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-15

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, 2014 and 2013, 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, 2014 and 2013, 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.

Marc Paneth LLP

New York, NY
February 3, 2015



AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents (Notes 2B, 11 and 13):		
Operating	\$ 367,014	\$ 44,257
Cash reserve	<u>923,750</u>	<u>923,750</u>
Total cash and cash equivalents	1,290,764	968,007
Accounts receivable (Notes 2F and 4)	88,018	228,782
Contributions and pledges receivable (Notes 2G and 5)	1,201,175	1,556,328
Investments, at fair value (Notes 2D, 2I, 3)	5,070,469	4,512,265
Prepaid expenses and other assets	228,799	196,072
Property and equipment, net (Notes 2E and 6)	<u>96,555</u>	<u>206,338</u>
TOTAL ASSETS	<u>\$ 7,975,780</u>	<u>\$ 7,667,792</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 41,816	\$ 37,320
Deferred revenue (Note 2F)	539,422	503,781
Deferred rent (Note 9)	<u>219,084</u>	<u>205,084</u>
TOTAL LIABILITIES	<u>800,322</u>	<u>746,185</u>
COMMITMENTS (Notes 7, 9 and 10)		
NET ASSETS (DEFICIT) (Note 2C)		
Unrestricted		
Board designated change capital fund (Note 13)	310,000	250,000
Board designated fund for cash reserve (Note 13)	500,000	500,000
Working capital reserve (Note 13)	423,750	423,750
Available for operations	<u>(423,861)</u>	<u>(435,186)</u>
Total unrestricted	809,889	738,564
Temporarily restricted (Notes 8 and 12)	2,904,438	2,721,912
Permanently restricted (Note 12)	<u>3,461,131</u>	<u>3,461,131</u>
TOTAL NET ASSETS	<u>7,175,458</u>	<u>6,921,607</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,975,780</u>	<u>\$ 7,667,792</u>

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	Year Ended September 30, 2014			Year Ended September 30, 2013			Total 2014	Total 2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE:								
Contributions and grants (Note 2G)	\$ 1,439,592	\$ 1,344,972	\$ -	\$ 1,628,673	\$ 399,677	\$ -	\$ 2,784,564	\$ 2,028,350
Membership dues (Note 2F)	1,682,318	-	-	1,742,568	-	-	1,682,318	1,742,568
Meetings and seminars (Note 2F)	461,435	-	-	470,709	-	-	461,435	470,709
Symphony magazine	287,696	-	-	310,341	-	-	287,696	310,341
Other income	12,138	-	-	16,536	-	-	12,138	16,536
Investment income, net (Notes 2D and 3)	90,954	483,522	-	86,380	463,125	-	90,954	551,505
Net assets released from restrictions (Notes 2C, 8 and 12)	1,645,968	(1,645,968)	-	2,437,475	(2,137,475)	(300,000)	1,645,968	551,505
TOTAL SUPPORT AND REVENUE	5,620,101	182,526	-	6,694,682	(1,274,673)	(300,000)	5,802,627	5,120,009
EXPENSES AND LOSSES (Note 2H):								
Program services:								
Learning and leadership development	1,846,458	-	-	2,023,262	-	-	1,846,458	2,023,262
Research and development	394,930	-	-	320,585	-	-	394,930	320,585
Communications and public relations	830,553	-	-	1,075,026	-	-	830,553	1,075,026
Membership services	576,670	-	-	420,813	-	-	576,670	420,813
Advocacy	424,817	-	-	433,828	-	-	424,817	433,828
Total program services	4,073,428	-	-	4,273,514	-	-	4,073,428	4,273,514
Supporting services:								
Management and general Development	705,504	-	-	924,063	-	-	705,504	924,063
Total supporting services	769,844	-	-	682,100	-	-	769,844	682,100
	1,475,348	-	-	1,616,163	-	-	1,475,348	1,616,163
TOTAL EXPENSES AND LOSSES	5,548,776	-	-	5,889,677	-	-	5,548,776	5,889,677
CHANGE IN NET ASSETS	71,325	182,526	-	805,005	(1,274,673)	(300,000)	253,851	(769,668)
Net assets (deficit) - beginning of year	738,564	2,721,912	3,461,131	(66,441)	3,996,585	3,761,131	6,921,607	7,691,275
NET ASSETS - END OF YEAR	\$ 809,889	\$ 2,904,438	\$ 3,461,131	\$ 738,564	\$ 2,721,912	\$ 3,461,131	\$ 7,175,458	\$ 6,921,607

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(With Comparative Totals for September 30, 2013)

	Program Services				Supporting Services		Total 2014	TOTAL 2013
	Learning and Leadership Development	Research and Development	Communications and Public Relations	Membership Services	Advocacy	Program Services		
Salaries	\$ 598,182	\$ 202,454	\$ 421,562	\$ 300,780	\$ 237,241	\$ 1,760,219	\$ 764,345	\$ 2,606,594
Payroll taxes and employee benefits (Note 7)	133,754	44,220	93,240	67,603	52,819	391,646	171,450	580,950
Total Salaries and Related Costs	731,936	246,674	514,802	368,383	290,060	2,151,865	935,795	3,187,544
Faculty/consultants	107,675	27,946	26,791	4,038	19	166,469	6,558	355,667
Professional services (Note 3)	529,000	-	-	-	-	529,000	53,171	68,200
Awards/professional development	170,484	-	1,006	5,352	998	177,925	-	487,550
Meeting expenses	68,474	85	4,141	34,542	13,698	120,933	12,164	227,906
Travel and lodging	10,930	-	118,157	-	296	129,383	6,656	133,847
Printing, production and copying	2,598	-	28,926	978	703	33,724	6,278	144,478
Postage and delivery	25,037	519	8,979	2,827	37,934	87,511	3,914	41,095
Supplies	164,053	49,328	108,797	68,929	59,446	447,554	20,003	101,853
Occupancy (Note 9)	29,166	14,328	10,657	54,194	16,866	118,821	14,190	614,428
Telecommunications	9,855	1,871	4,101	2,949	2,244	21,000	4,538	169,882
Equipment rental and repairs	2,300	644	1,442	1,078	850	6,314	6,007	162,325
Insurance	170	80	520	1,400	-	2,170	1,738	28,281
Staff training, recruitment and support	-	-	-	290	130	420	6,142	12,150
Bank charges and fees	1,605	-	-	1,368	6	2,979	75,445	3,908
Miscellaneous	-	-	-	-	-	-	2,565	85,853
Bad debt	-	-	-	-	-	-	42,752	5,645
Depreciation and amortization (Note 2E)	195	41,100	4,234	30,342	2,169	78,040	49,917	35,480
	\$ 1,846,458	\$ 394,930	\$ 830,553	\$ 576,670	\$ 484,817	\$ 4,073,428	\$ 1,475,348	\$ 5,548,776
TOTAL EXPENSES								\$ 5,889,677

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

	Program Services						Supporting Services		Total 2013		
	Learning and Leadership Development	Research and Development	Communications and Public Relations		Membership Services	Advocacy	Total Program Services	Management and General		Total Supporting Services	
								Development			
Salaries	\$ 717,234	\$ 153,548	\$ 568,802	\$ 216,215	\$ 236,267	\$ 1,892,066	\$ 470,562	\$ 243,976	\$ 714,528	\$ 2,606,594	
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	
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	
Faculty/consultants	128,462	28,884	37,233	-	5,046	199,625	278	155,764	156,042	355,667	
Professional services (Note 3)	13,901	-	-	-	-	13,901	52,259	-	52,259	66,200	
Awards/professional development	487,550	-	-	-	-	487,550	-	-	-	487,550	
Meeting expenses	186,488	281	2,665	390	719	189,543	27,151	11,212	38,363	227,906	
Travel and lodging	70,181	1,332	5,301	5,245	18,039	100,098	20,980	3,712	24,672	124,770	
Printing, production and copying	9,511	30	127,911	60	236	137,748	664	6,066	6,730	144,478	
Postage and delivery	6,473	385	28,968	1,260	700	37,786	1,219	2,090	3,309	41,095	
Supplies	13,975	9,918	10,137	2,687	40,026	76,743	1,219	2,090	3,309	82,357	
Occupancy (Note 9)	178,626	36,120	143,307	62,459	55,306	476,018	65,109	73,301	138,410	614,428	
Telecommunications	20,653	13,827	15,589	50,540	12,415	113,224	11,357	37,744	49,101	162,325	
Equipment rental and repairs	10,255	1,460	5,896	4,573	2,034	24,218	1,457	2,606	4,063	28,281	
Insurance	2,545	525	2,104	867	750	6,791	4,439	920	5,359	12,150	
Stair training, recruitment and support	1,635	-	824	-	-	2,459	1,570	64,445	66,015	68,474	
Bank charges and fees	4,794	3	76	255	9	5,137	86,853	-	86,853	85,853	
Miscellaneous	-	-	-	-	-	-	3,226	-	3,226	3,226	
Bad debt	-	-	-	-	-	-	35,480	-	35,480	35,480	
Depreciation and amortization (Note 2E)	51	40,974	4,376	30,007	1,918	77,326	26,978	22,674	49,652	126,978	
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	

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, 2014 AND 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 253,851	\$ (769,668)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	127,957	126,978
Write off of uncollectible pledges	42,752	35,480
Discount on contributions (decrease)	(12,185)	(27,177)
Net realized/unrealized (gain) loss on investments	(486,083)	(463,708)
Subtotal	(73,708)	(1,098,095)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	140,764	(462,191)
Contributions and pledges receivable	324,586	1,996,454
Prepaid expenses and other assets	(32,727)	(9,955)
(Decrease) or increase in liabilities:		
Accounts payable and accrued expenses	4,496	(86,020)
Deferred revenue	35,641	385,191
Deferred rent	14,000	27,669
Net Cash Provided by Operating Activities	413,052	753,053
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(18,174)	(14,093)
Proceeds from sales of investments	1,459,268	140,792
Purchases of investments	(1,531,389)	(85,614)
Net Cash (Used in) Provided by Investing Activities	(90,295)	41,085
NET INCREASE IN CASH AND CASH EQUIVALENTS	322,757	794,138
Cash and cash equivalents - beginning of year	968,007	173,869
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,290,764	\$ 968,007

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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 800 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 statements 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.
- D. ***Investments*** – Investments are carried at fair value as explained in note 3 and includes cash to be reinvested. 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 on the permanently restricted endowment are recorded as increases in unrestricted net assets, unless the donors stipulate such earnings should increase specific temporarily restricted net assets until those purpose restrictions are satisfied.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 7-10 years. The League capitalizes property and equipment with a cost of \$5,000 or more and a useful life greater than one year. 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.
- 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, 2014 and 2013, 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:** Deferred membership dues and membership receivables have been reclassified to conform to the September 30, 2014 financial statement presentation. The amount reclassified for the year ended September 30, 2013 amounted to \$398,871.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

NOTE 3 – INVESTMENTS & FAIR VALUE MEASUREMENTS

Investments consist of the following as of September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
CommonFund Multi-Strategy Equity Fund	\$ 3,615,071	\$ 3,085,596
CommonFund Institutional Core Plus Bond Fund	-	719,705
CommonFund High Quality Bond Fund	-	706,964
Corporate Bonds	<u>983,921</u>	<u>-</u>
Total Investments at Fair Value	4,598,992	4,512,265
Cash	<u>471,477</u>	<u>-</u>
Total Investments	<u>\$ 5,070,469</u>	<u>\$ 4,512,265</u>

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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 87,868	\$ 85,614
Interest on cash and cash equivalents	525	2,183
Net realized/unrealized gain/(loss) on investments	<u>486,083</u>	<u>463,708</u>
Total investment income	<u>\$ 574,476</u>	<u>\$ 551,505</u>

Investment fees for the years ended September 30, 2014 and 2013 were approximately \$16,200 and \$16,100, respectively, and are included in professional services on the accompanying statements 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 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, 2014 and 2013, there were no transfers.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

NOTE 3 – INVESTMENTS & FAIR VALUE MEASUREMENTS (Continued)

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.

Financial assets carried at fair value at September 30, 2014, are classified in the table as follows:

	<u>Level 2</u>	<u>Total</u>
CommonFund Multi-Strategy Equity Fund	\$ 3,615,071	\$ 3,615,071
Corporate Bonds	<u>983,921</u>	<u>983,921</u>
TOTAL INVESTMENTS AT FAIR VALUE	<u>\$ 4,598,992</u>	<u>\$ 4,598,992</u>

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

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

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Membership dues	\$ 47,963	\$ 122,759
Symphony Magazine advertising	27,946	88,873
Other	<u>12,109</u>	<u>17,150</u>
Total accounts receivable	<u>\$ 88,018</u>	<u>\$ 228,782</u>

NOTE 5 – CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable consist of the following as of September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Contributions and pledges receivable:		
Due within 1 year	\$ 879,123	\$ 1,202,166
Due within 1 to 5 years	<u>328,588</u>	<u>372,883</u>
	1,207,711	1,575,049
Present value discount (at rates ranging from 0.11%-5.0%)	<u>(6,536)</u>	<u>(18,721)</u>
Total contributions and pledges receivable, net	<u>\$ 1,201,175</u>	<u>\$ 1,556,328</u>

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	Estimated Useful Lives
Leasehold improvements	\$ 904,923	\$ 904,923	2-4 years
Furniture and fixtures	216,737	214,244	7-10 years
Computer hardware and software	<u>1,146,980</u>	<u>1,131,299</u>	5 years
Total cost	2,268,640	2,250,466	
Less: accumulated depreciation and amortization	<u>(2,172,085)</u>	<u>(2,044,128)</u>	
Net book value	<u>\$ 96,555</u>	<u>\$ 206,338</u>	

Depreciation expense amounted to \$127,957 and \$126,978 for the years ended September 30, 2014 and 2013, 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, 2014 and 2013.

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, 2014 and 2013 are available for the following purposes, which may also contain time restrictions:

	<u>2014</u>	<u>2013</u>
Women's Conducting Initiative Program	\$ 256,608	\$ 341,079
Orchestra Management Fellowship Program	889,446	630,924
Technology Initiatives	15,403	26,146
Board Governance	250,185	-
Knowledge Center	115,000	-
Other Research and Development/Learning and Leadership Development Programs	120,932	539,759
Community Engagement	567,500	1,115,500
Time restricted	<u>689,364</u>	<u>68,504</u>
Total temporarily restricted net assets	<u>\$ 2,904,438</u>	<u>\$ 2,721,912</u>

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

NOTE 8 – TEMPORARILY RESTRICTED CONTRIBUTIONS (Continued)

During the years ended September 30, 2014 and 2013, the League released temporarily restricted net assets by incurring program expenses or the passage of time, as follows:

	<u>2014</u>	<u>2013</u>
American Conducting Fellows Program	\$ -	\$ 24,393
Women's Conducting Initiative Program	84,471	98,123
Board Governance	75,000	-
Knowledge Center	35,000	-
Orchestra Management Fellowship Program	225,000	289,161
Technology Initiatives	18,243	17,519
Other Research and Development/Learning and Leadership Development Programs	591,750	757,143
Community Engagement	548,000	494,500
Time restricted	<u>68,504</u>	<u>456,636</u>
Total net assets released from restrictions	<u>\$ 1,645,968</u>	<u>\$ 2,137,475</u>

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 statements of financial position.

The League is also obligated under an operating lease for an office suite in Washington, DC through December 2014. Subsequent to the end of the lease period, the League will rent this space on a month to month basis.

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, 2014 are approximately as follows:

2015	\$ 518,000
2016	519,000
2017	534,000
2018	550,000
2019	566,000
Thereafter	<u>141,000</u>
Total	<u>\$ 2,828,000</u>

Rent expense for the years ended September 30, 2014 and 2013 amounted to approximately \$581,000 and \$576,000, respectively.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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. The League received a three month extension for the line of credit from July 2014 through October 2014. On October 17, 2014, the League renewed its \$1,000,000 line of credit with a maturity date of August 23, 2015. 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, 2014, there was no outstanding balance under this agreement. As of February 3, 2015, 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, 2014 and 2013, there were approximately \$1,544,000 and \$718,000, respectively of cash and cash equivalents held by banks that exceeded FDIC limits. Such amounts include outstanding checks.

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, 2014 and 2013.

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.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

NOTE 12 – ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets for the year ended September 30, 2014, are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income:			
Interest and dividends	\$ 74,460	\$ -	\$ 74,460
Net realized/unrealized loss	<u>409,062</u>	<u>-</u>	<u>409,062</u>
Total investment income	\$ 483,522	\$ -	\$ 483,522
Appropriations	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>
Change in endowment net assets	\$ 258,522	\$ -	\$ 258,522
Endowment net assets, beginning of year	<u>\$ 630,924</u>	<u>\$ 3,461,131</u>	<u>\$ 4,092,055</u>
Endowment net assets, end of year	<u>\$ 889,446</u>	<u>\$ 3,461,131</u>	<u>\$ 4,350,577</u>

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

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

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.

NOTE 13 – RESERVE FUNDS

	<u>Reserve Full Value</u>	<u>9/30/2013 Balance</u>	<u>Additions</u>	<u>Replacement</u>	<u>9/30/14 Balance</u>
Board-designated Change Capital Fund	\$ 350,000	\$ 250,000	\$ 50,000	\$ 10,000	\$ 310,000
Board-designated Cash Reserve Fund	500,000	500,000	-	-	500,000
Working Capital Reserve	423,750	<u>423,750</u>	-	-	<u>423,750</u>
Total		<u>\$ 1,173,750</u>			<u>\$ 1,233,750</u>

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

NOTE 13 – RESERVE FUNDS (Continued)

	Reserve Full Value	9/30/2012 Balance	Additions	Withdrawals	9/30/13 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	<u>375,000</u>	48,750	-	<u>423,750</u>
Total		<u>\$ 375,000</u>			<u>\$ 1,173,750</u>

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. During fiscal year 2014, the League received an additional \$50,000 from a donor for the board-designated change capital fund and replaced \$10,000 of the fiscal year 2013 draw.

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.

As of September 30, 2014, 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, 2014 and 2013 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 2011.

NOTE 15 – SUBSEQUENT EVENTS

The League has evaluated, for potential recognition and disclosure, events subsequent to the statement of financial position date through February 3, 2015, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through February 3, 2015, that would require adjustment to or disclosure in the financial statements.