

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



Financial Statements
(Together with Independent Auditors' Report)

Years Ended September 30, 2015 and 2014

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, 2015 AND 2014

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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, 2015 and 2014, 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 from material misstatement.

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

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

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, 2015 and 2014, 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
January 26, 2016

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents (Notes 2B, 11 and 13):		
Operating	\$ 198,922	\$ 367,014
Cash reserve	620,361	923,750
Total cash and cash equivalents	819,283	1,290,764
Accounts receivable (Notes 2F and 4)	116,142	88,018
Contributions and pledges receivable (Notes 2G and 5)	1,022,505	1,201,175
Investments, at fair value (Notes 2D, 2I, 3)	5,046,623	5,070,469
Prepaid expenses and other assets	334,123	228,799
Property and equipment, net (Notes 2E and 6)	91,091	96,555
TOTAL ASSETS	\$ 7,429,767	\$ 7,975,780
LIABILITIES		
Accounts payable and accrued expenses	\$ 60,048	\$ 41,816
Deferred revenue (Note 2F)	545,337	539,422
Deferred rent (Note 9)	211,506	219,084
TOTAL LIABILITIES	816,891	800,322
COMMITMENTS AND CONTINGENCIES (Notes 7, 9 and 10)		
NET ASSETS (DEFICIT) (Note 2C)		
Unrestricted		
Board designated change capital fund (Note 13)	370,000	310,000
Board designated fund for cash reserve (Note 13)	500,000	500,000
Working capital reserve (Note 13)	423,750	423,750
Available for operations	(420,824)	(423,861)
Total unrestricted	872,926	809,889
Temporarily restricted (Notes 8 and 12)	2,178,819	2,904,438
Permanently restricted (Note 12)	3,561,131	3,461,131
TOTAL NET ASSETS	6,612,876	7,175,458
TOTAL LIABILITIES AND NET ASSETS	\$ 7,429,767	\$ 7,975,780

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	Year Ended September 30, 2015				Year Ended September 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
SUPPORT AND REVENUE:								
Contributions and grants (Note 2G)	\$ 1,197,326	\$ 1,418,719	\$ 100,000	\$ 2,716,045	\$ 1,439,592	\$ 1,344,972	\$ -	\$ 2,784,564
Membership dues (Note 2F)	1,869,281	-	-	1,869,281	1,682,318	-	-	1,682,318
Meetings and seminars (Note 2F)	600,455	-	-	600,455	461,435	-	-	461,435
Symphony magazine	293,757	-	-	293,757	287,696	-	-	287,696
Other income	20,305	-	-	20,305	12,138	-	-	12,138
Investment (loss) income, net (Notes 2D and 3)	(20,687)	(88,742)	-	(109,429)	90,954	483,522	-	574,476
Net assets released from restrictions (Notes 2C, 8 and 12)	2,055,596	(2,055,596)	-	-	1,645,968	(1,645,968)	-	-
TOTAL SUPPORT AND REVENUE	6,016,033	(725,619)	100,000	5,390,414	5,620,101	182,526	-	5,802,627
EXPENSES AND LOSSES (Note 2H):								
Program services:								
Learning and leadership development	1,979,989	-	-	1,979,989	1,846,458	-	-	1,846,458
Research and development	598,938	-	-	598,938	394,930	-	-	394,930
Communications and public relations	946,094	-	-	946,094	830,553	-	-	830,553
Membership services	449,102	-	-	449,102	576,670	-	-	576,670
Advocacy	431,073	-	-	431,073	424,817	-	-	424,817
Total program services	4,405,196	-	-	4,405,196	4,073,428	-	-	4,073,428
Supporting services:								
Management and general	794,284	-	-	794,284	705,504	-	-	705,504
Development	753,516	-	-	753,516	769,844	-	-	769,844
Total supporting services	1,547,800	-	-	1,547,800	1,475,348	-	-	1,475,348
TOTAL EXPENSES AND LOSSES	5,952,996	-	-	5,952,996	5,548,776	-	-	5,548,776
CHANGE IN NET ASSETS	63,037	(725,619)	100,000	(562,582)	71,325	182,526	-	253,851
Net assets - beginning of year	809,889	2,904,438	3,461,131	7,175,458	738,564	2,721,912	3,461,131	6,921,607
NET ASSETS - END OF YEAR	\$ 872,926	\$ 2,178,819	\$ 3,561,131	\$ 6,612,876	\$ 809,889	\$ 2,904,438	\$ 3,461,131	\$ 7,175,458

AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Totals for September 30, 2014)

	Program Services					Supporting Services			Total 2015	TOTAL 2014	
	Learning and Leadership Development	Research and Development	Communications and Public Relations	Membership Services	Advocacy	Total Program Services	Management and General	Development			Total Supporting Services
Salaries	\$ 607,390	\$ 348,000	\$ 463,773	\$ 193,404	\$ 244,511	\$ 1,857,078	\$ 384,828	\$ 422,514	\$ 807,342	\$ 2,664,420	\$ 2,524,564
Payroll taxes and employee benefits (Note 7)	135,577	77,575	103,225	44,885	55,446	416,708	87,595	95,051	182,646	599,354	563,096
Total Salaries and Related Costs	742,967	425,575	566,998	238,289	299,957	2,273,786	472,423	517,565	989,988	3,263,774	3,087,660
Faculty/consultants	140,044	32,939	33,888	25,647	4,271	236,789	16,154	14,485	30,639	267,428	173,027
Professional services (Note 3)	-	3,849	-	-	-	3,849	49,240	-	49,240	53,089	53,171
Awards/professional development	503,014	-	-	-	-	503,014	-	-	-	503,014	529,000
Meeting expenses	260,388	337	2,855	6,746	1,502	271,828	26,558	37,248	63,806	335,634	208,387
Travel and lodging	88,877	2,278	7,290	33,785	14,534	146,764	6,375	3,173	9,548	156,312	133,847
Printing, production and copying	4,621	409	110,170	0	229	115,429	-	3,370	3,370	118,799	135,661
Postage and delivery	2,868	828	27,831	1,196	618	33,341	1,607	2,940	4,547	37,888	37,638
Supplies	32,634	11,587	14,668	5,806	42,279	106,974	7,371	10,144	17,515	124,489	107,514
Occupancy (Note 9)	146,288	79,168	105,459	47,654	51,067	429,636	92,276	97,687	189,963	619,599	617,436
Telecommunications	32,471	16,513	12,625	67,018	11,607	140,234	21,140	47,841	68,981	209,215	169,946
Equipment rental and repairs	3,851	2,169	2,839	1,580	1,512	11,951	2,351	2,754	5,105	17,056	27,007
Insurance	2,259	1,054	1,456	697	730	6,196	5,062	1,408	6,470	12,666	12,456
Staff training, recruitment and support	1,800	310	57,251	1,070	-	60,431	-	1,390	1,390	61,821	3,908
Bank charges and fees	13,163	-	-	-	-	13,163	66,015	-	66,015	79,178	75,865
Miscellaneous	4,012	-	123	1,287	-	5,422	1,970	1,456	3,426	8,848	5,544
Bad debt	-	-	-	-	-	-	11,370	-	11,370	11,370	42,752
Depreciation and amortization (Note 2E)	732	21,922	2,641	18,327	2,767	46,389	14,372	12,055	26,427	72,816	127,957
TOTAL EXPENSES	\$ 1,979,989	\$ 598,938	\$ 946,094	\$ 449,102	\$ 431,073	\$ 4,405,196	\$ 794,284	\$ 753,516	\$ 1,547,800	\$ 5,952,996	\$ 5,548,776

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, 2014

	Program Services					Supporting Services			Total 2014	
	Learning and Leadership Development	Research and Development	Communications and Public Relations	Membership Services	Advocacy	Total Program Services	Management and General	Development		Total Supporting Services
Salaries	\$ 598,182	\$ 202,454	\$ 421,562	\$ 300,780	\$ 237,241	\$ 1,760,219	\$ 339,091	\$ 425,254	\$ 764,345	\$ 2,524,564
Payroll taxes and employee benefits (Note 7)	133,754	44,230	93,240	67,603	52,819	391,646	79,540	91,910	171,450	563,096
Total Salaries and Related Costs	731,936	246,684	514,802	368,383	290,060	2,151,865	418,631	517,164	935,795	3,087,660
Faculty/consultants	107,675	27,946	26,791	4,038	19	166,469	3,328	3,230	6,558	173,027
Professional services (Note 3)	-	-	-	-	-	-	53,171	-	53,171	53,171
Awards/professional development	529,000	-	-	-	-	529,000	-	-	-	529,000
Meeting expenses	170,484	85	1,006	5,352	998	177,925	18,298	12,164	30,462	208,387
Travel and lodging	68,474	-	4,141	34,542	13,096	120,253	6,938	6,656	13,594	133,847
Printing, production and copying	10,930	-	118,157	-	296	129,383	24	6,254	6,278	135,661
Postage and delivery	2,598	519	28,926	978	703	33,724	814	3,100	3,914	37,638
Supplies	25,037	11,734	9,979	2,827	37,934	87,511	5,291	14,712	20,003	107,514
Occupancy (Note 9)	164,053	49,329	105,797	68,929	59,446	447,554	31,741	138,141	169,882	617,436
Telecommunications	22,166	14,938	10,657	54,194	16,866	118,821	14,190	36,935	51,125	169,946
Equipment rental and repairs	9,835	1,871	4,101	2,949	2,244	21,000	1,469	4,538	6,007	27,007
Insurance	2,300	644	1,442	1,078	850	6,314	4,229	1,913	6,142	12,456
Staff training, recruitment and support	170	80	520	1,400	-	2,170	-	1,738	1,738	3,908
Bank charges and fees	-	-	-	290	130	420	75,445	-	75,445	75,865
Miscellaneous	1,605	-	-	1,368	6	2,979	2,227	338	2,565	5,544
Bad debt	-	-	-	-	-	-	42,752	-	42,752	42,752
Depreciation and amortization (Note 2E)	195	41,100	4,234	30,342	2,169	78,040	28,956	22,961	49,917	127,957
TOTAL EXPENSES	\$ 1,846,458	\$ 394,930	\$ 830,553	\$ 576,670	\$ 424,817	\$ 4,073,428	\$ 705,504	\$ 769,844	\$ 1,475,348	\$ 5,548,776

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, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (562,582)	\$ 253,851
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	72,815	127,957
Write off of uncollectible receivables	11,370	42,752
Discount on contributions increase/(decrease)	3,663	(12,185)
Net realized/unrealized loss (gain) on investments	210,230	(486,083)
Subtotal	(264,504)	(73,708)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	(39,494)	140,764
Contributions and pledges receivable	175,007	324,586
Prepaid expenses and other assets	(105,324)	(32,727)
(Decrease) or increase in liabilities:		
Accounts payable and accrued expenses	18,232	4,496
Deferred revenue	5,915	35,641
Deferred rent	(7,578)	14,000
Net Cash (Used in) Provided by Operating Activities	(217,746)	413,052
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(67,351)	(18,174)
Proceeds from sales of investments	100,801	1,459,268
Purchases of investments	(287,185)	(1,531,389)
Net Cash Used in Investing Activities	(253,735)	(90,295)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(471,481)	322,757
Cash and cash equivalents - beginning of year	1,290,764	968,007
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 819,283	\$ 1,290,764

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

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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 include 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, 2015 AND 2014**

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, 2015 and 2014, 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 U.S GAAP 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.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

NOTE 3 – INVESTMENTS & FAIR VALUE MEASUREMENTS

Investments consist of the following as of September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
CommonFund Multi-Strategy Equity Fund	\$ 3,589,222	\$ 3,615,071
Corporate Bonds	<u>1,197,982</u>	<u>983,921</u>
Total Investments at Fair Value	4,787,204	4,598,992
Cash and cash equivalents	<u>259,419</u>	<u>471,477</u>
Total Investments	<u>\$ 5,046,623</u>	<u>\$ 5,070,469</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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 100,282	\$ 87,868
Interest on cash and cash equivalents	519	525
Net realized/unrealized (loss)/gain on investments	<u>(210,230)</u>	<u>486,083</u>
Total investment (loss) income	<u>\$ (109,429)</u>	<u>\$ 574,476</u>

Investment fees for the years ended September 30, 2015 and 2014 were approximately \$15,000 and \$16,200, 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, 2015 and 2014, there were no transfers.

**AMERICAN SYMPHONY ORCHESTRA LEAGUE
(d/b/a LEAGUE OF AMERICAN ORCHESTRAS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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, 2015, are classified in the table as follows:

	<u>Level 2</u>	<u>Total</u>
CommonFund Multi-Strategy Equity Fund	\$ 3,589,222	\$ 3,589,222
Corporate Bonds	<u>1,197,982</u>	<u>1,197,982</u>
TOTAL INVESTMENTS AT FAIR VALUE	<u>\$ 4,787,204</u>	<u>\$ 4,787,204</u>

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>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Membership dues	\$ 64,315	\$ 47,963
Symphony Magazine advertising	33,011	27,946
Other	<u>18,816</u>	<u>12,109</u>
Total accounts receivable	<u>\$ 116,142</u>	<u>\$ 88,018</u>

NOTE 5 – CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable consist of the following as of September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Contributions and pledges receivable:		
Due within 1 year	\$ 677,467	\$ 879,123
Due within 1 to 5 years	<u>355,237</u>	<u>328,588</u>
	1,032,704	1,207,711
Present value discount (at rates ranging from 0.11%-5.0%)	<u>(10,199)</u>	<u>(6,536)</u>
Total contributions and pledges receivable, net	<u>\$ 1,022,505</u>	<u>\$ 1,201,175</u>

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NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 904,923	\$ 904,923	2-4 years
Furniture and fixtures	216,737	216,737	7-10 years
Computer hardware and software	<u>1,214,331</u>	<u>1,146,980</u>	5 years
Total cost	2,335,991	2,268,640	
Less: accumulated depreciation and amortization	<u>(2,244,900)</u>	<u>(2,172,085)</u>	
Net book value	<u>\$ 91,091</u>	<u>\$ 96,555</u>	

Depreciation and amortization expense amounted to \$72,815 and \$127,957 for the years ended September 30, 2015 and 2014, 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. In 2010 through 2014, the League suspended discretionary contributions to the plan. During 2015, the League made a contribution of approximately \$48,000.

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, 2015 and 2014 are available for the following purposes, which may also contain time restrictions:

	<u>2015</u>	<u>2014</u>
Women's Conducting Initiative Program	\$ 123,976	\$ 256,608
Orchestra Management Fellowship Program	393,857	889,446
Technology Initiatives	9,778	15,403
Board Governance	272,535	250,185
Knowledge Center	40,000	115,000
Strategic Planning	57,500	-
Other Research and Development/Learning and Leadership Development Programs	498,621	120,932
Community Engagement	462,500	567,500
Time restricted	<u>320,052</u>	<u>689,364</u>
Total temporarily restricted net assets	<u>\$ 2,178,819</u>	<u>\$ 2,904,438</u>

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NOTE 8 – TEMPORARILY RESTRICTED CONTRIBUTIONS (Continued)

During the years ended September 30, 2015 and 2014, the League released temporarily restricted net assets by incurring program expenses or the passage of time, as follows:

	<u>2015</u>	<u>2014</u>
Women's Conducting Initiative Program	\$ 132,632	\$ 84,471
Board Governance	220,000	75,000
Knowledge Center	75,000	35,000
Orchestra Management Fellowship Program	250,000	225,000
Technology Initiatives	5,625	18,243
Other Research and Development/Learning and Leadership Development Programs	224,843	591,750
Community Engagement	605,000	548,000
Time restricted	<u>542,496</u>	<u>68,504</u>
Total net assets released from restrictions	<u>\$ 2,055,596</u>	<u>\$ 1,645,968</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. 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 was also obligated under an operating lease for an office suite in Washington, DC through December 2014. As of January 2015, the League rented this space on a month to month basis.

The League is also obligated under operating leases for office equipment.

Future minimum rental commitments under these leases for the years ending subsequent to September 30, 2015 are approximately as follows:

2016	\$ 410,000
2017	541,000
2018	556,000
2019	572,000
2020	<u>294,000</u>
Total	<u>\$ 2,373,000</u>

Rent expense for the years ended September 30, 2015 and 2014 amounted to approximately \$583,000 and \$581,000, respectively.

B. The League has been named as a defendant in certain legal actions. Upon review by the League's legal counsel, management believes that, if liability is established, all pending claims will be adequately covered by the League's insurance coverage.

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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. On June 10, 2015, the League closed on a two-year renewal of the \$1,000,000 line of credit with a maturity date of June 10, 2017. Under the terms of the renewal agreement, interest is payable monthly at a rate equal to the London InterBank Offered Rate plus 2.815 percentage points and any indebtedness is secured by all assets of the League. As of September 30, 2015, there was no outstanding balance under this agreement. As of January 26, 2016, 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, 2015 and 2014, there were approximately \$572,000 and \$1,544,000, respectively of cash and cash equivalents held by banks that exceeded FDIC limits. Such amounts include outstanding checks.

NOTE 12 – ENDOWMENT NET ASSETS

U.S GAAP provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to an 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, 2015 and 2014.

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.

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NOTE 12 – ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets for the year ended September 30, 2015, are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income:			
Interest and dividends	\$ 84,583	\$ -	\$ 84,583
Net realized/unrealized loss	<u>(173,325)</u>	<u>-</u>	<u>(173,325)</u>
Total investment income	\$ (88,742)	\$ -	\$ (88,742)
Contributions to Endowment	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Appropriations	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Change in endowment net assets	\$ (338,742)	\$ 100,000	\$ (238,742)
Endowment net assets, beginning of year	<u>\$ 889,446</u>	<u>\$ 3,461,131</u>	<u>\$ 4,350,577</u>
Endowment net assets, end of year	<u>\$ 550,704</u>	<u>\$ 3,561,131</u>	<u>\$ 4,111,835</u>

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>

NOTE 13 – RESERVE FUNDS

	<u>Reserve Full Value</u>	<u>9/30/2014 Balance</u>	<u>Additions</u>	<u>Replacement</u>	<u>9/30/15 Balance</u>
Board-designated Change Capital Fund	\$ 400,000	\$ 310,000	\$ 50,000	\$ 10,000	\$ 370,000
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>\$ 1,233,750</u>			<u>\$ 1,293,750</u>

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NOTE 13 – RESERVE FUNDS (Continued)

	Reserve Full Value	9/30/2013 Balance	Additions	Replacement	9/30/14 Balance
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	423,750	-	-	423,750
Total		<u>\$ 1,173,750</u>			<u>\$ 1,233,750</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. 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. During fiscal year 2015, the League received an additional \$50,000 from a donor for the board-designated change capital 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.

As of September 30, 2015 and 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 believes it has no uncertain tax positions as of September 30, 2015 and 2014 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 2012.

NOTE 15 – SUBSEQUENT EVENTS

The League has evaluated, for potential recognition and disclosure, events subsequent to the date of the statements of financial position through January 26, 2016, the date the financial statements were available to be issued.