



**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2018 and 2017  
with  
REPORT OF INDEPENDENT AUDITORS**

THE UNIVERSITY MUSICAL SOCIETY

June 30, 2018 and 2017

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## **Report of Independent Auditors**

To the Board of Directors of the University Musical Society

We have audited the accompanying financial statements of the University Musical Society (the “Society”), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and of cash flows for the years then ended.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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 the 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 our 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, we consider internal control relevant to the Society'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 Society'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 the University Musical Society as of June 30, 2018 and 2017, 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.

*PricewaterhouseCoopers LLP*

November 19, 2018

THE UNIVERSITY MUSICAL SOCIETY

**Statement of Financial Position**

	June 30,	
	2018	2017
<b>Assets</b>		
Cash equivalents on deposit with the University	\$ 936,680	\$ 1,155,844
Accounts receivable, net	28,499	57,373
Grants and pledges receivable, net	150,060	1,302,124
Prepaid expenses and other assets	401,743	389,674
Investments on deposit with the University	26,681,717	24,012,870
Capital assets, net	68,292	97,764
<b>Total Assets</b>	<b>\$ 28,266,991</b>	<b>\$ 27,015,649</b>
<b>Liabilities and Net Assets</b>		
Accrued compensation	\$ 238,362	\$ 274,052
Accounts payable and other liabilities	28,062	199,098
Deferred revenue	1,102,187	939,411
Total Liabilities	1,368,611	1,412,561
Net Assets:		
Unrestricted	7,804,591	7,871,660
Temporarily restricted	7,972,147	7,872,129
Permanently restricted	11,121,642	9,859,299
Total Net Assets	26,898,380	25,603,088
<b>Total Liabilities and Net Assets</b>	<b>\$ 28,266,991</b>	<b>\$ 27,015,649</b>

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

THE UNIVERSITY MUSICAL SOCIETY

Statement of Activities

	Year Ended June 30,	
	2018	2017
<b>Unrestricted Net Assets</b>		
Operating Revenues, Gains and Other Support:		
Ticket sales	\$ 3,061,163	\$ 2,958,306
Gifts and grants	3,262,551	3,924,325
Net investment income	977,908	861,291
Events	171,787	322,154
Other	448,647	498,595
Net assets released from restrictions	1,303,392	2,544,294
Total Operating Revenues, Gains and Other Support	<u>9,225,448</u>	<u>11,108,965</u>
Operating Expenses:		
Concerts and other programs	5,069,392	4,679,071
Administrative	3,571,155	3,523,061
Development	992,658	944,728
Chorus	66,048	83,275
Total Operating Expenses	<u>9,699,253</u>	<u>9,230,135</u>
(Decrease) increase in unrestricted net assets from operations	<u>(473,805)</u>	<u>1,878,830</u>
Nonoperating Revenues:		
Net unrealized gain on investments on deposit with the University	406,736	522,051
Total Nonoperating Revenues	<u>406,736</u>	<u>522,051</u>
(Decrease) increase in unrestricted net assets	<u>(67,069)</u>	<u>2,400,881</u>
<b>Temporarily Restricted Net Assets</b>		
Gifts and grants	556,548	417,335
Net investment income	17,628	16,398
Net unrealized gain on investments on deposit with the University	829,234	1,223,510
Net assets released from restrictions	(1,303,392)	(2,544,294)
Increase (decrease) in temporarily restricted net assets	<u>100,018</u>	<u>(887,051)</u>
<b>Permanently Restricted Net Assets</b>		
Gifts and grants	1,251,512	999,091
Net investment income	10,831	3,957
Increase in permanently restricted net assets	<u>1,262,343</u>	<u>1,003,048</u>
Increase in net assets	<u>1,295,292</u>	<u>2,516,878</u>
Net Assets, Beginning of Year	<u>25,603,088</u>	<u>23,086,210</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 26,898,380</u></u>	<u><u>\$ 25,603,088</u></u>

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

THE UNIVERSITY MUSICAL SOCIETY

Statement of Cash Flows

	Year Ended June 30,	
	2018	2017
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 1,295,292	\$ 2,516,878
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	50,764	49,443
Net unrealized gain on investments	(1,235,970)	(1,745,561)
Gifts and grants restricted for long-term purposes	(1,251,512)	(999,091)
Changes in operating assets and liabilities:		
Accounts receivable, net	28,874	33,519
Grants and pledges receivable, net	1,079,229	1,021,480
Prepaid expenses and other assets	(12,069)	88,266
Accrued compensation	(35,690)	(143,945)
Accounts payable and other liabilities	(171,036)	87,653
Deferred revenue	162,776	(26,883)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(89,342)</b>	<b>881,759</b>
<b>Cash Flows from Investing Activities</b>		
Net purchase of investments on deposit with the University	(1,432,877)	(2,166,705)
Purchases of capital assets	(21,292)	(27,609)
<b>Net Cash Used in Investing Activities</b>	<b>(1,454,169)</b>	<b>(2,194,314)</b>
<b>Cash Flows from Financing Activities</b>		
Gifts and grants restricted for long-term purposes	1,324,347	1,056,192
<b>Net Cash Provided by Financing Activities</b>	<b>1,324,347</b>	<b>1,056,192</b>
Net decrease in cash and cash equivalents	(219,164)	(256,363)
Cash Equivalents on Deposit with the University, Beginning of Year	1,155,844	1,412,207
<b>Cash Equivalents on Deposit with the University, End of Year</b>	<b>\$ 936,680</b>	<b>\$ 1,155,844</b>

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

# THE UNIVERSITY MUSICAL SOCIETY

## Notes to Financial Statements

June 30, 2018 and 2017

### Note 1--Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation: The University Musical Society (the “Society”) presents professional concerts and performances by musical artists and organizations. The Society also manages the University Choral Union for musical education and public performance. The Society is a separate nonprofit organization affiliated with the University of Michigan (the “University”) and is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Although the Society is affiliated with the University and located on the Ann Arbor campus, the Society supports itself solely from ticket sales, gifts, grants, investment and other income.

Net assets are categorized as:

- **Unrestricted** - Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.
- **Temporarily Restricted** - Net assets subject to externally imposed stipulations that can be fulfilled by actions of the Society pursuant to those stipulations or that expire by the passage of time.
- **Permanently Restricted** - Net assets subject to externally imposed stipulations that they be maintained permanently by the Society. Such assets include the Society’s permanent endowment funds.

Accounting Standards Issued But Not Yet Adopted: During 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard requires entities to measure and recognize the consideration received in exchange for goods and services by allocating the transaction price to identified performance obligations. Consideration is then recognized into revenue as these performance obligations are satisfied. The standard is effective for fiscal years beginning after December 15, 2018, and the Society is currently evaluating the impact to its financial statements and related disclosures.

THE UNIVERSITY MUSICAL SOCIETY

**Notes to Financial Statements--Continued**

**Note 1--Organization and Summary of Significant Accounting Policies--Continued**

During 2016, the FASB issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies the classification of net assets and requires additional disclosures related to liquidity, financial performance and cash flows. The standard is effective for fiscal years beginning after December 15, 2017, and the Society is currently evaluating the impact to its financial statements and related disclosures.

Summary of Significant Accounting Policies: The accompanying financial statements have been prepared on the accrual basis.

The Society adheres to accounting principles generally accepted in the United States of America in reporting expenses by their functional classification. Accordingly, depreciation and maintenance expenses have been allocated to functional classifications.

For purposes of the statement of cash flows, the Society considers all highly liquid investments purchased with a maturity of three months or less, to be cash equivalents.

The Society receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift and nature of fundraising. The fair value of pledges receivable approximates their financial statement carrying amount.

Cash equivalents on deposit with the University represent deposits in the University Investment Pool ("UIP"), a short-term commingled pool managed by the University that can be readily liquidated to pay contractual liabilities. Investments on deposit with the University represent investments in the University Endowment Fund ("UEF"), a commingled pool which is invested entirely in the Long Term Portfolio, a diversified, equity-oriented investment pool managed by the University. The University establishes the fair market value of the UIP at \$1.00 per share and any participant in the pool may purchase or redeem shares at that price. The University determines the fair market value of UEF shares at the end of each calendar quarter based on the fair market value of the pool. Participants may purchase or redeem UEF shares at fair market value at each valuation date, subject to minimum holding and notice requirements.

THE UNIVERSITY MUSICAL SOCIETY

**Notes to Financial Statements--Continued**

**Note 1--Organization and Summary of Significant Accounting Policies--Continued**

Capital assets are recorded at cost or, if donated, at appraised value at the date of donation. Depreciation is provided on a straight-line method over the estimated useful lives of the respective assets, which range from four to fifteen years.

Revenues are reported as increases in unrestricted net assets unless use of the resources are limited by externally imposed stipulations. Contributions and endowment income with externally imposed stipulations that are met in the same year as received or earned are reported as unrestricted revenues. Contributions and endowment income with externally imposed stipulations that are not met in the same year as received or earned are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when an expense is incurred that satisfies the externally imposed stipulations.

Ticket sales are recognized as revenue in the year when the related concerts are presented. Ticket sales and related expenditures in advance of the year of presentation are treated as deferred revenue and prepaid expenses, respectively.

Net investment income represents distributions from pooled investments. Unrealized investment gains and losses are reported separately as nonoperating activity.

Expenses are reported as decreases in unrestricted net assets. Expirations of externally imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions between the applicable classes of net assets.

Marketing costs, which are included as a component of concerts and other programs, are expensed as incurred. Marketing expenses totaled \$989,309 and \$801,474 for the years ended June 30, 2018 and 2017, respectively.

The Society has performed an evaluation of subsequent events through November 19, 2018, the date the financial statements were issued.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

THE UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements--Continued

Note 1--Organization and Summary of Significant Accounting Policies--Continued

During 2018, the Society identified prior period errors related to the classification of pledges receivable and recognition of split-interest agreements. The statement of financial position, statement of activities and statement of cash flows prepared for the year ended June 30, 2017 have been revised to reflect the proper classification and recognition of these items. In addition, the pledges receivable revision also impacts Note 4, grants and pledges receivable. Management has concluded that these errors were not material to the 2017 financial statements. The revision of the June 30, 2017 financial statements is as follows:

	June 30, 2017 As Previously Reported	Split Interest Adjustments	Pledges Receivable Adjustments	June 30, 2017 As Adjusted
<b>Statement of Financial Position</b>				
Grants and pledges receivable, net	\$ 2,439,373		\$ (1,137,249)	\$ 1,302,124
Prepaid expenses and other assets	170,559	\$ 219,115		389,674
Net Assets				
Temporarily restricted	8,194,472	219,115	(541,458)	7,872,129
Permanently restricted	10,455,090		(595,791)	9,859,299
<b>Statement of Activities</b>				
Gifts and grants	\$ 3,725,783		\$ 198,542	\$ 3,924,325
Net assets released from restrictions	2,742,836		(198,542)	2,544,294
Temporarily Restricted Net Assets				
Gifts and grants	864,449	\$ (34,436)	(412,678)	417,335
Net assets released from restrictions	(2,742,836)		198,542	(2,544,294)
Permanently Restricted Net Assets				
Gifts and grants	883,247		115,844	999,091
<b>Statement of Cash Flows</b>				
Cash Flows from Operating Activities				
Increase in net assets	\$ 2,649,606	\$ (34,436)	\$ (98,292)	\$ 2,516,878
Gifts and grants restricted for long-term purposes	(883,247)		(115,844)	(999,091)
Grants and pledges receivable, net	807,344		214,136	1,021,480
Prepaid expenses and other assets	53,830	34,436		88,266

## THE UNIVERSITY MUSICAL SOCIETY

### Notes to Financial Statements--Continued

#### Note 2--Cash and Investments

The Society's cash and investments are maintained in the University's centralized investment pools. Cash reserves and relatively short duration assets are invested in the UIP, while longer term assets held in the UEF are invested in the University's Long Term Portfolio. The UIP is principally invested in investment-grade money market securities, U.S. government and other fixed income securities and absolute return strategies. The longer investment horizon of the University's Long Term Portfolio allows for an equity-oriented strategy to achieve higher expected returns over time, and permits the use of less liquid alternative investments, providing for equity diversification beyond the stock markets.

The Society either invests or finances its working capital requirements with the University based on the timing of the Society's cash flows. The Society earns interest on its deposits at the same rate and is charged interest on advances made. The interest rate is adjusted quarterly based on the U.S. Treasury Bill rate. Cash equivalents on deposit with the University totaled \$936,680 and \$1,155,844 at June 30, 2018 and 2017, respectively.

The University's investment policies are governed and authorized by University Bylaws and the Board of Regents. The approved asset allocation policy for the Long Term Portfolio, in which the UEF invests, sets general targets for both equities and fixed income securities. Since diversification is a fundamental risk management strategy, the Long Term Portfolio is broadly diversified within these general categories. At June 30, 2018 and 2017, the Long Term Portfolio consisted of cash and equivalents (2 percent and 1 percent), fixed income securities (6 percent and 8 percent), U.S. and non-U.S. equities (10 percent and 12 percent), commingled funds (21 percent and 27 percent) and nonmarketable alternative investments (61 percent and 52 percent).

Commingled (pooled) funds held in the Long Term Portfolio include Securities and Exchange Commission regulated mutual funds and externally managed funds, limited partnerships and corporate structures which are generally unrated and unregulated. Commingled funds have liquidity (redemption) provisions, which enable the University to make full or partial withdrawals with notice, subject to restrictions on the timing and amount. Commingled funds are primarily invested in non-U.S./global equities and absolute return strategies, but also include exposure to domestic fixed income and equity securities. Certain commingled funds may use derivatives, short positions and leverage as part of their investment strategy; however, these investments are structured to limit the University's risk exposure to the amount of invested capital.

THE UNIVERSITY MUSICAL SOCIETY

**Notes to Financial Statements--Continued**

**Note 2--Cash and Investments--Continued**

Nonmarketable alternative investments held in the Long Term Portfolio consist of limited partnerships and similar vehicles involving an advance commitment of capital called by the general partner as needed and distributions of capital and return on invested capital as underlying strategies are concluded during the life of the partnership. These limited partnerships include venture capital, private equity, real estate, natural resources and absolute return strategies. There is not an active secondary market for these alternative investments, which are generally unrated and unregulated, and the liquidity of these investments is dependent on actions taken by the general partner.

The Long Term Portfolio holds investments denominated in foreign currencies and forward foreign exchange contracts used to manage the risk related to fluctuations in currency exchange rates between the time of purchase or sale and the actual settlement of foreign securities. Various investment managers acting for the University also use forward foreign exchange contracts in risk-based transactions to carry out their portfolio strategies. Foreign exchange risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The Long Term Portfolio's non-U.S. dollar exposure amounted to 10 percent and 11 percent of the portfolio at June 30, 2018 and 2017, respectively.

The University's investment strategy incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forwards, futures and commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statement of net position and is not represented by the contract or notional amounts of the instruments.

The Society receives quarterly distributions from the UEF based on the University's endowment spending rule. The annual distribution rate is 4.5 percent of the one-quarter lagged seven year moving average fair value of fund shares. To protect endowment principal in the event of a prolonged market downturn, distributions are limited to 5.3 percent of the current fair value of fund shares. Monthly distributions are also made from the UIP to the Society based on the 90-day U.S. Treasury Bill rate. The University's costs to administer and grow the UEF and UIP are funded by investment returns.

THE UNIVERSITY MUSICAL SOCIETY

**Notes to Financial Statements--Continued**

**Note 2--Cash and Investments--Continued**

Withdrawals may be made quarterly from the UEF, with thirty days' notice, based upon University policy, generally after a five-year investment period. Withdrawals may be made from the UIP on a daily basis.

Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820"), establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs, which should be maximized under ASC 820, reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A significant portion of the underlying investments of the University's commingled pools include nonmarketable alternative investments and certain commingled funds described earlier in this note that are priced by managers using Level 3 inputs or net asset value, due to the lack of observable market data. The proprietary valuation techniques and unobservable pricing assumptions used by these managers to estimate fair value may have a significant impact on the resulting fair value determination of these investments. However, the Society uses Level 2 inputs to measure the fair value of its investments in the University's commingled pools described in Note 1 and within this note, since shares may be purchased or sold subject to holding and notice requirements at the fair market value determined by the University.

THE UNIVERSITY MUSICAL SOCIETY

**Notes to Financial Statements--Continued**

**Note 3--Transactions with the University of Michigan**

The Society receives no general fund support or student fee allocations from the University, but occupies rent-free administrative space in the University's Burton Memorial Tower. The estimated fair value of this space, \$60,000 per year, is recorded as gifts and grants revenue and administrative expense in the accompanying financial statements. The Society also occupies rental space under an operating lease administered by the University.

Staff members of the Society are treated as employees of the University. The Society reimburses the University for payroll, benefits, payroll taxes and payroll processing costs which totaled \$3,742,467 and \$3,811,156 for the years ended June 30, 2018 and 2017, respectively.

Other services, including facility rentals, are purchased from the University at standard rates and amounted to \$224,470 and \$233,426 for the years ended June 30, 2018 and 2017, respectively.

The University provided \$1,000,000 for the years ended June 30, 2018 and 2017, which is included in gifts and grants revenue on the statement of activities. This represents the University's contribution toward the University of Michigan/University Musical Society Partnership Program that provides support to designated Society education, creation and presentation programs of special value to the University. In addition, the University's health system provided \$100,000 for sponsorship of certain musical and theatrical performances in both 2018 and 2017.

THE UNIVERSITY MUSICAL SOCIETY

**Notes to Financial Statements--Continued**

**Note 4--Grants and Pledges Receivable**

The composition of grants and pledges receivable at June 30, 2018 and 2017 is summarized as follows:

	<b>2018</b>	<b>2017</b>
Grants and pledges:		
Operating	\$ 56,700	\$ 283,000
Future year programming	45,967	922,404
Endowments	54,000	116,083
	156,667	1,321,487
Less:		
Allowance for uncollectible pledges	6,030	18,060
Unamortized discount to present value	577	1,303
Total grants and pledges receivable, net	\$ 150,060	\$ 1,302,124

Payments on grants and pledges receivable at June 30, 2018 are expected to be received in the following years ended June 30:

2019	\$ 103,167
2020	30,000
2021	18,500
2022	5,000
	\$ 156,667

**Note 5--Capital Assets**

The Society's capital assets at June 30, 2018 and 2017 are summarized as follows:

	<b>2018</b>	<b>2017</b>
Furniture and fixtures	\$ 82,664	\$ 82,664
Equipment	182,980	164,304
Leasehold improvements	43,117	43,117
	308,761	290,085
Less accumulated depreciation	240,469	192,321
	\$ 68,292	\$ 97,764

The Society is obligated under various operating agreements for rental of production related equipment and auditorium space. Rental expenses totaled \$387,666 and \$356,411 for the years ended June 30, 2018 and 2017, respectively.

THE UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements--Continued

**Note 6--Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2018 and 2017 are summarized as follows:

	<b>2018</b>	<b>2017</b>
Purpose restrictions:		
Programming	\$ 7,847,361	\$ 7,730,839
Education		13,350
Other	124,786	127,940
	<u>\$ 7,972,147</u>	<u>\$ 7,872,129</u>

Temporarily restricted net assets released from restrictions during the years ended June 30, 2018 and 2017 are summarized as follows:

	<b>2018</b>	<b>2017</b>
Programming	\$ 935,587	\$ 2,011,964
Education	277,757	500,000
Other	90,048	32,330
	<u>\$ 1,303,392</u>	<u>\$ 2,544,294</u>

**Note 7--Permanently Restricted Net Assets**

Permanently restricted net assets at June 30, 2018 and 2017 are summarized as follows:

	<b>2018</b>	<b>2017</b>
Programming	\$ 10,466,685	\$ 9,204,342
Jazznet	579,832	579,832
Other	75,125	75,125
	<u>\$ 11,121,642</u>	<u>\$ 9,859,299</u>

Investment returns on permanently restricted net assets are available to support programming and other operations.

THE UNIVERSITY MUSICAL SOCIETY

**Notes to Financial Statements--Continued**

**Note 8--Retirement Plan**

The Society participates in the University's retirement plan, a defined contribution retirement plan through the Teachers Insurance and Annuity Association - College Retirement Equities Fund ("TIAA-CREF") and Fidelity Management Trust Company ("FMTC") mutual funds. All staff are eligible to participate in the plan based upon age and service requirements. Participants maintain individual contracts with TIAA-CREF, or accounts with FMTC, and are fully vested.

Eligible employees generally contribute 5 percent of their pay and the Society generally contributes an amount equal to 10 percent of employees' pay to the plan after one year of employment with the University. Participants may elect to contribute additional amounts to the plan within specified limits that are not matched by the Society's contributions. Contributions made to the plan by the Society amounted to \$185,449 and \$220,475 for the years ended June 30, 2018 and 2017, respectively.