



BE PRESENT

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 and 2015
with
INDEPENDENT AUDITOR'S REPORT**

THE UNIVERSITY MUSICAL SOCIETY

June 30, 2016 and 2015

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Independent Auditor's Report

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 statements of financial position as of June 30, 2016 and 2015, 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.

Auditor's 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 Society as of June 30, 2016 and 2015, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

September 23, 2016

THE UNIVERSITY MUSICAL SOCIETY

Statement of Financial Position

	June 30,	
	2016	2015
Assets		
Cash equivalents on deposit with the University	\$ 1,412,207	\$ 2,163,523
Accounts receivable, net	90,892	35,259
Grants and pledges receivable, net	3,419,662	1,057,739
Prepaid expenses	224,389	211,781
Investments on deposit with the University	20,100,604	19,143,716
Capital assets, net	119,598	124,093
Total Assets	\$ 25,367,352	\$ 22,736,111
Liabilities and Net Assets		
Accrued compensation	\$ 417,997	\$ 230,421
Accounts payable and other liabilities	111,445	103,222
Deferred revenue	966,294	964,521
Total Liabilities	1,495,736	1,298,164
Net Assets:		
Unrestricted	5,470,779	5,203,394
Temporarily restricted	8,832,951	8,064,775
Permanently restricted	9,567,886	8,169,778
Total Net Assets	23,871,616	21,437,947
Total Liabilities and Net Assets	\$ 25,367,352	\$ 22,736,111

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

THE UNIVERSITY MUSICAL SOCIETY

Statement of Activities

	Year Ended June 30,	
	2016	2015
Unrestricted Net Assets		
Operating Revenues, Gains and Other Support:		
Ticket sales	\$ 3,504,295	\$ 2,553,979
Gifts and grants	2,901,968	2,750,151
Net investment income	771,276	658,459
Events	266,844	113,445
Other	524,439	439,766
Net assets released from restrictions	2,208,383	986,996
Total Operating Revenues, Gains and Other Support	<u>10,177,205</u>	<u>7,502,796</u>
Operating Expenses:		
Concerts and other programs	5,269,374	3,623,499
Administrative	3,297,096	2,878,406
Strategic initiatives	20,962	12,526
Development	989,393	891,913
Chorus	70,273	74,438
Total Operating Expenses	<u>9,647,098</u>	<u>7,480,782</u>
Increase in unrestricted net assets from operations	<u>530,107</u>	<u>22,014</u>
Nonoperating Revenues (Expenses):		
Net unrealized (loss) gain on investments on deposit with the University	(262,722)	12,701
Total Nonoperating (Expenses) Revenues, Net	<u>(262,722)</u>	<u>12,701</u>
Increase in unrestricted net assets	<u>267,385</u>	<u>34,715</u>
Temporarily Restricted Net Assets		
Gifts and grants	3,551,963	3,641,606
Net investment income	15,293	14,548
Net unrealized (loss) gain on investments on deposit with the University	(590,697)	24,991
Net assets released from restrictions	(2,208,383)	(986,996)
Increase in temporarily restricted net assets	<u>768,176</u>	<u>2,694,149</u>
Permanently Restricted Net Assets		
Gifts and grants	1,398,108	295,291
Increase in permanently restricted net assets	<u>1,398,108</u>	<u>295,291</u>
Increase in net assets	<u>2,433,669</u>	<u>3,024,155</u>
Net Assets, Beginning of Year	<u>21,437,947</u>	<u>18,413,792</u>
Net Assets, End of Year	<u>\$ 23,871,616</u>	<u>\$ 21,437,947</u>

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

THE UNIVERSITY MUSICAL SOCIETY

Statement of Cash Flows

	Year Ended June 30,	
	2016	2015
Cash Flows from Operating Activities		
Increase in net assets	\$ 2,433,669	\$ 3,024,155
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	51,142	43,830
Net unrealized loss (gain) on investments	853,419	(37,692)
Gifts and grants restricted for long-term purposes	(1,398,108)	(295,291)
Changes in operating assets and liabilities:		
Accounts receivable, net	(55,633)	(12,629)
Grants and pledges receivable, net	(1,817,986)	56,635
Prepaid expenses	(12,608)	(81,622)
Accrued compensation	187,576	(112,121)
Accounts payable and other liabilities	8,223	80,286
Deferred revenue	1,773	165,202
Net Cash Provided by Operating Activities	251,467	2,830,753
Cash Flows from Investing Activities		
Net purchase of investments on deposit with the University	(1,810,307)	(1,788,179)
Purchases of capital assets	(46,647)	(73,639)
Net Cash Used in Investing Activities	(1,856,954)	(1,861,818)
Cash Flows from Financing Activities		
Gifts and grants restricted for long-term purposes	854,171	179,889
Net Cash Provided by Financing Activities	854,171	179,889
Net (decrease) increase in cash and cash equivalents	(751,316)	1,148,824
Cash equivalents on deposit with the University, Beginning of Year	2,163,523	1,014,699
Cash equivalents on deposit with the University, End of Year	\$ 1,412,207	\$ 2,163,523

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

THE UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

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.

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

The Society adheres to financial 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 UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements--Continued

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

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 pay 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.

Investments 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, and, 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 maintains the net asset value ("NAV") 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 NAV of UEF shares at the end of each calendar quarter based on the fair value of the pool. Participants may purchase or redeem UEF shares at NAV at each valuation date, subject to minimum holding and notice requirements.

Capital assets are recorded at cost or, if donated, at appraised value at the date of donation. Depreciation is provided on a straight-line basis 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 expense, respectively.

THE UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements--Continued

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

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 are expensed as incurred. Marketing expenses totaled \$1,012,619 and \$758,724 for the years ended June 30, 2016 and 2015, respectively.

The Society has performed an evaluation of subsequent events through September 23, 2016, 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.

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 \$1,412,207 and \$2,163,523 at June 30, 2016 and 2015, respectively.

THE UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements--Continued

Note 2--Cash and Investments--Continued

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 a general target of 80 percent equities and 20 percent fixed income securities, within a permitted range of 65 to 90 percent for equities and 10 to 35 percent for 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, 2016 and 2015, the Long Term Portfolio consisted of cash and equivalents (1 percent and 1 percent), fixed income securities (9 percent and 14 percent), U.S. and non-U.S. equities (14 percent and 13 percent), commingled funds (25 percent and 26 percent) and nonmarketable alternative investments (51 percent and 46 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.

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 8 percent and 5 percent of the portfolio at June 30, 2016 and 2015, respectively.

THE UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements--Continued

Note 2--Cash and Investments--Continued

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 assets 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. At June 30, 2016 and 2015, the annual distribution rate was 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.

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.

THE UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements--Continued

Note 2--Cash and Investments--Continued

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 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 NAVs 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 a contribution and as an 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 \$3,540,364 and \$3,355,865 for the years ended June 30, 2016 and 2015, respectively.

Other services, including facility rentals, are purchased from the University at standard rates and amounted to \$237,000 and \$199,944 for the years ended June 30, 2016 and 2015, respectively.

The University provided \$1,000,000 and \$830,000 for the years ended June 30, 2016 and 2015, respectively, 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 2016 and 2015.

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, 2016 and 2015 is summarized as follows:

	2016	2015
Grants and pledges:		
Operating	\$ 96,500	\$ 43,250
Future year programming	2,492,829	711,573
Endowments	910,917	351,425
	<u>3,500,246</u>	<u>1,106,248</u>
Less:		
Allowance for uncollectible pledges	69,028	43,935
Unamortized discount to present value	11,556	4,574
Total grants and pledges receivable, net	<u>\$ 3,419,662</u>	<u>\$ 1,057,739</u>

Payments on grants and pledges receivable at June 30, 2016 are expected to be received in the following years ended June 30:

2017	\$ 2,437,120
2018	400,542
2019	257,042
2020	196,542
2021	209,000
	<u>\$ 3,500,246</u>

Note 5--Capital Assets

The Society's capital assets at June 30, 2016 and 2015 are summarized as follows:

	2016	2015
Furniture and fixtures	\$ 83,691	\$ 82,029
Equipment	162,785	144,202
Leasehold improvements	32,238	54,612
	<u>278,714</u>	<u>280,843</u>
Less accumulated depreciation	159,116	156,750
	<u>\$ 119,598</u>	<u>\$ 124,093</u>

The Society is obligated under various operating agreements for rental of production related equipment and auditorium space. Rental expenses totaled \$429,391 and \$236,455 for the years ended June 30, 2016 and 2015, respectively.



Independent Auditor's Report on Supplementary Information

To the Board of Directors of the University Musical Society

We have audited the financial statements of the University Musical Society as of June 30, 2016 and 2015 and for the years then ended and our report thereon appears on page 1 and 2 of this document. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. No procedures were performed over the "Budget" and "Variance" columns on page 22 and 23. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 23, 2016

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Investments by Fund

	June 30,	
	2016	2015
William R. Kinney Endowment Fund (cost of \$213,798 in 2016 and 2015)	\$ 811,888	\$ 849,080
Charles A. Sink Memorial Fund (cost of \$180,110 in 2016 and \$166,872 in 2015)	330,719	332,126
University Musical Society - Invested Funds (cost of \$12,691 in 2016 and \$8,869 in 2015)	12,691	8,869
University Musical Society - Total Return Fund (cost of \$798,244 in 2016 and \$739,504 in 2015)	1,467,390	1,473,636
National Endowment of the Arts Matching Fund (cost of \$582,110 in 2016 and 2015)	1,030,624	1,077,836
Norman and Deborah Herbert Endowment Fund (cost of \$28,104 in 2016 and \$23,000 in 2015)	30,675	26,790
Natalie Matovinovic Endowment Fund (cost of \$63,175 in 2016 and \$60,575 in 2015)	74,843	75,698
University Musical Society - Endowment Pool Funds (cost of \$201,273 in 2016 and 2015)	2,005,268	2,097,128
David and Phyllis Herzig Endowment Fund (cost of \$45,000 in 2016 and 2015)	49,148	51,399
Temporarily restricted income on Clifford and Fanni Epstein Permanent Endowment Fund	451	3,764
Choral Union Fund (cost of \$213,439 in 2016 and \$200,708 in 2015)	316,825	318,123
*William and Mary Palmer Endowment Fund (cost of \$59,153 in 2016 and 2015)	193,344	202,201
Richard and Lillian Ives Endowment Fund (cost of \$515,359 in 2016 and 2015)	576,840	603,265
General Quasi Endowment (cost of \$850,000 in 2016)	845,535	
Zelenock Family Endowment Fund (cost of \$30,000 in 2016 and \$20,000 in 2015)	29,509	20,496
John R. and Betty Edman Endowment Fund (cost of \$30,500 in 2016 and 2015)	33,845	35,396
Wallace C. Klein Endowment Fund (cost of \$100,000 in 2016 and 2015)	101,397	106,042
Ilene H. Forsyth Choral Union Endowment Fund (cost of \$1,515,289 in 2016 and 2015)	1,448,915	1,515,289
*Ottmar Eberbach Fund #2 (cost of \$800 in 2016 and 2015)	8,737	9,138
*Ottmar Eberbach Fund #3 (cost of \$27,000 in 2016 and 2015)	191,701	200,483

* Denotes permanently restricted endowments (income on permanently restricted endowments is classified as unrestricted, temporarily restricted, or permanently restricted, as designated by the donor)

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Investments by Fund--Continued

	June 30,	
	2016	2015
*Clifford and Fanni Epstein Endowment Fund (cost of \$15,972 in 2016 and 2015)	63,142	62,743
*H. Gardner Ackley Endowment Fund (cost of \$135,275 in 2016 and 2015)	204,913	214,300
*Catherine S. Arcure Endowment Fund (cost of \$27,482 in 2016 and 2015)	40,193	42,034
*Hal and Ann Davis Endowment Fund (cost of \$48,259 in 2016 and 2015)	76,327	79,823
*Mary R. Romig-de Young Endowment Fund (cost of \$846,711 in 2016 and 2015)	1,417,847	1,482,798
*Doris and Herbert E. Sloan Endowment Fund (cost of \$386,376 in 2016 and 2015)	557,469	583,006
*Herbert S. and Carol L. Amster Endowment Fund (cost of \$115,724 in 2016 and \$110,724 in 2015)	205,665	209,940
*Dr. James Stanley Endowment Fund (cost of \$111,000 in 2016 and \$101,000 in 2015)	129,215	124,841
*Susan B. Ullrich Endowment Fund (cost of \$60,560 in 2016 and \$59,560 in 2015)	70,256	72,429
*The Wallace Foundation Endowment Fund (cost of \$1,000,000 in 2016 and 2015)	1,407,905	1,472,400
*University Musical Society Capital Campaign Endowment Fund (cost of \$2,037,636 in 2016 and \$1,931,054 in 2015)	2,194,625	2,184,539
*Medical Community Endowment Fund (cost of \$124,752 in 2016 and \$119,847 in 2015)	142,595	144,025
*Prudence and Amnon Rosenthal Endowment Fund (cost of \$92,688 in 2016 and 2015)	122,604	128,221
*Jazznet Endowment Fund (cost of \$579,832 in 2016 and 2015)	757,641	792,348
*Doris Duke Charitable Foundation Endowment Fund (cost of \$652,935 in 2016 and 2015)	717,189	750,043
*Ilene H. Forsythe Endowment Fund (Theater) (cost of \$91,096 in 2016 and 2015)	94,021	98,328
*Dr. Robert Miller Endowment Fund (cost of \$16,800 in 2016 and 2015)	16,596	17,356
*George N. and Katherine Hall Endowment Fund (cost of \$1,500 in 2016 and \$1,000 in 2015)	1,609	1,160
*Carl and Isabelle Brauer Endowment Fund (cost of \$167,642 in 2016 and 2015)	169,985	177,771
*Richard and Susan Gutow Endowment Fund (cost of \$138,500 in 2016 and \$133,500 in 2015)	145,696	147,188
*Dahlmann Sigma NU Endowment Fund (cost of \$41,000 in 2016 and \$21,000 in 2015)	42,373	23,563
*Candis J. and Helmut Stern Endowment Fund (cost of \$513,646 in 2016 and 2015)	551,095	576,340

* Denotes permanently restricted endowments (income on permanently restricted endowments is classified as unrestricted, temporarily restricted, or permanently restricted, as designated by the donor)

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Investments by Fund--Continued

	June 30,	
	2016	2015
*Ilene H. Forsythe Endowment Fund (Chamber Arts) (cost of \$503,534 in 2016 and 2015)	525,955	550,048
*Anne and Paul Glendon Endowment Fund (cost of \$25,500 in 2016 and 2015)	27,418	28,674
*Dallas and Sharon Dort Endowment Fund (cost of \$100,512 in 2016 and 2015)	100,760	105,376
*Essel and Manakk Bailey Endowment Fund (cost of \$55,516 in 2016 and \$45,516 in 2015)	53,595	45,592
*Jerry and Dale Kolins Endowment Fund (cost of \$14,000 in 2016 and \$7,000 in 2015)	13,684	7,055
*Barbara Garavaglia Endowment Fund (cost of \$38,400 in 2016 and \$15,000 in 2015)	37,553	15,016
*Stephen and Rosamund Forrest Endowment Fund (cost of \$33,333 in 2016)	32,806	
*Karl V. Hauser and Ilene H Forsythe Endowment Fund (cost of \$501,310 in 2016)	493,386	
*Ken Fischer Legacy Endowment Fund (cost of \$100,000 in 2016)	100,000	
*Barbara Fieschmann Theater Endowment Fund (cost of \$26,141 in 2016)	26,141	
Investments on deposit with the University	<u>\$ 20,100,604</u>	<u>\$ 19,143,716</u>

* Denotes permanently restricted endowments (income on permanently restricted endowments is classified as unrestricted, temporarily restricted, or permanently restricted, as designated by the donor)

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Net Investment Income by Fund

	Year Ended June 30,	
	2016	2015
Unrestricted		
William R. Kinney Endowment Fund	\$ 33,334	\$ 32,956
Charles A. Sink Memorial Fund	13,239	12,584
University Musical Society - Total Return Fund	58,740	55,835
National Endowment for the Arts Matching Fund	42,315	41,835
Norman and Deborah Herbert Endowment Fund	1,156	992
Natalie Matovinovic Endowment Fund	3,048	2,840
University Musical Society - Endowment Pool Funds	82,332	81,398
David and Phyllis Herzig Endowment Fund	2,018	1,995
William and Mary Palmer Endowment Fund	7,938	7,848
Richard and Lillian Ives Endowment Fund	23,684	23,415
General Quasi Endowment Fund	10,247	
Zelenock Family Endowment Fund	1,010	600
John R. and Betty Edman Endowment Fund	1,390	1,374
Wallace C. Klein Endowment Fund	4,163	4,116
Ilene H. Forsythe Choral Union Endowment Fund	59,489	
Ottmar Eberbach Endowment Fund #2	359	355
Ottmar Eberbach Endowment Fund #3	7,871	7,782
H. Gardner Ackley Endowment Fund	8,413	8,318
Catherine S. Arcure Endowment Fund	1,650	1,632
Hal and Ann Davis Endowment Fund	3,134	3,098
Mary R. Romig-de Young Endowment Fund	58,214	57,553
Doris and Herbert E. Sloan Endowment Fund	22,888	22,629
Herbert S. and Carol L. Amster Endowment Fund	8,394	8,149
Dr. James Stanley Endowment Fund	5,205	4,650
Susan B. Ullrich Endowment Fund	2,844	2,772
The Wallace Foundation Endowment Fund	57,805	57,150
University Musical Society Capital Campaign Endowment Fund	87,603	81,947
Medical Community Endowment Fund	5,705	5,489
Prudence and Amnon Rosenthal Endowment Fund	5,034	4,977
Jazznet Endowment Fund	31,107	30,754
Doris Duke Charitable Foundation Endowment Fund	29,446	29,112
Ilene H. Forsythe Endowment Fund (Theater)	3,860	3,816
Dr. Robert Miller Endowment Fund	681	674
George N. and Katherine Hall Endowment Fund	46	45
Carl and Isabelle Brauer Endowment Fund	6,980	6,900
Richard and Susan Gutow Endowment Fund	5,881	5,615
Dahlmann Sigma NU Endowment Fund	1,229	915
Candis J. and Helmut Stern Endowment Fund	22,627	22,370
Ilene H. Forsythe Endowment Fund (Chamber Arts)	21,595	21,350
Anne and Paul Glendon Endowment Fund	1,126	1,113
Dallas and Sharon Dort Endowment Fund	4,137	3,313
Essel and Manakk Bailey Endowment Fund	1,790	1,381
Jerry and Dale Kollins Endowment Fund	420	137
Barbara Garavaglia Endowment Fund	1,059	146
Stephen and Rosamund Forrest Endowment Fund	1,013	

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Net Investment Income by Fund--Continued

	Year Ended June 30,	
	2016	2015
Karl V. Hauser and Ilene Forsythe Endowment Fund	15,237	
Life Insurance Adjustment Fund	3,820	(3,471)
	771,276	658,459
Temporarily Restricted		
Choral Union Fund	12,682	11,966
Clifford and Fanni Epstein Endowment Fund	2,611	2,582
	15,293	14,548
	\$ 786,569	\$ 673,007

THE UNIVERSITY MUSICAL SOCIETY

Comparison of Budget and Actual Revenues and Expenses,
Unrestricted Net Assets

	Year Ended June 30, 2016		
	Budget (Unaudited)	Actual	Variance- Favorable/(Unfavorable) (Unaudited)
Operating Revenues			
Ticket sales	\$ 2,933,529	\$ 3,504,295	\$ 570,766
Net investment income	730,000	771,276	41,276
Other operating	450,500	524,439	73,939
Individual giving	1,234,000	1,146,912	(87,088)
Individual giving - pledge released	1,293,000	1,283,372	(9,628)
Corporate giving	477,250	458,550	(18,700)
Events/advisory	252,000	266,844	14,844
UM/UMS partnership	810,000	1,060,000	250,000
Grants and foundations	307,715	236,506	(71,209)
Funds released from restrictions	910,730	925,011	14,281
Total Operating Revenues	9,398,724	10,177,205	778,481
Concert and Other Program Expenses			
Contracted fees	2,453,250	2,396,609	56,641
Marketing	908,355	1,012,619	(104,264)
Concert productions	1,165,560	1,144,048	21,512
Programs and printing	119,900	84,855	35,045
Stagehands	410,425	383,692	26,733
Education	264,600	247,551	17,049
Total Concert and Other Program Expenses	5,322,090	5,269,374	52,716
Administrative Expenses			
Auditing	17,000	17,200	(200)
Benefits - staff	436,830	427,092	9,738
Board of directors	3,000	3,968	(968)
Credit card expense	75,000	95,630	(20,630)
Depreciation	49,000	51,142	(2,142)
University overheads	71,911	71,907	4
Office supplies, computer expense and miscellaneous	250,286	281,461	(31,175)
Office rental expense	133,000	132,357	643
Postage	12,000	11,456	544
Public relations	12,500	23,559	(11,059)
Salaries - office	1,876,085	2,021,465	(145,380)
Staff development	6,000	14,137	(8,137)
Taxes - payroll	131,702	123,855	7,847
Travel	24,000	21,867	2,133
Total Administrative Expenses	3,098,314	3,297,096	(198,782)

THE UNIVERSITY MUSICAL SOCIETY

Comparison of Budget and Actual Revenues and Expenses,
Unrestricted Net Assets--Continued

	Year Ended June 30, 2016		
	Budget (Unaudited)	Actual	Variance- Favorable/(Unfavorable) (Unaudited)
Strategic Initiatives			
Development transformative gifts	20,000	20,962	(962)
Innovative programming	5,000		5,000
Total Strategic Initiatives Expenses	25,000	20,962	4,038
Development Expenses			
Director and staff	552,124	510,016	42,108
Events	136,000	178,328	(42,328)
Benefits - staff	164,266	172,735	(8,469)
Travel, hosting and national council	105,250	114,768	(9,518)
Supplies	14,750	13,546	1,204
Total Development Expenses	972,390	989,393	(17,003)
Chorus Expenses			
Conductor and others	39,335	40,963	(1,628)
Transportation	11,500	5,512	5,988
Staff benefits and taxes	9,495	6,702	2,793
Music, supplies and tuning	20,600	17,096	3,504
Total Chorus Expenses	80,930	70,273	10,657
Total Operating Expenses	9,498,724	9,647,098	(148,374)
(Decrease) Increase in Net Assets from Operations	(100,000)	530,107	630,107
Net Unrealized Loss on Investments	-	(262,722)	(262,722)
Change in Unrestricted Net Assets	\$ (100,000)	\$ 267,385	\$ 367,385

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Ticket Sales and Expenses

	Year Ended June 30,	
	2016	2015
Ticket Sales		
Choral Union Series	\$ 1,036,241	\$ 1,014,631
Choice Series	2,124,853	1,220,363
Chamber Arts Series	201,403	183,701
Messiah Concerts	100,828	101,863
Other overages	40,970	33,421
Total Ticket Sales	\$ 3,504,295	\$ 2,553,979

	Year Ended June 30,	
	2016	2015
Concert and Other Program Expenses		
Concert artists:		
Choral Union Series	\$ 986,165	\$ 817,500
Choice Series	1,245,037	862,889
Chamber Arts Series	114,750	98,500
Messiah Concerts	50,657	54,176
	2,396,609	1,833,065
Other concert and other program expenses	2,872,765	1,790,434
Total Concert and Other Program Expenses	\$ 5,269,374	\$ 3,623,499