



**THE UNIVERSITY MUSICAL SOCIETY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 and 2014**  
**with**  
**INDEPENDENT AUDITOR'S REPORT**

THE UNIVERSITY MUSICAL SOCIETY

June 30, 2015 and 2014

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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, 2015 and 2014, and the related statements of activities and of cash flow 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, 2015 and 2014, 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 21, 2015

THE UNIVERSITY MUSICAL SOCIETY

Statement of Financial Position

	June 30,	
	2015	2014
<b>Assets</b>		
Cash equivalents on deposit with the University	\$ 2,163,523	\$ 1,014,699
Accounts receivable, net	35,259	22,630
Grants and pledges receivable, net	1,057,739	998,972
Prepaid expenses	211,781	130,159
Investments on deposit with the University	19,143,716	17,317,845
Capital assets, net	124,093	94,284
<b>Total Assets</b>	<b>\$ 22,736,111</b>	<b>\$ 19,578,589</b>
<b>Liabilities and Net Assets</b>		
Accrued compensation	\$ 230,421	\$ 342,542
Accounts payable and other liabilities	103,222	22,936
Deferred revenue	964,521	799,319
Total Liabilities	1,298,164	1,164,797
Net Assets:		
Unrestricted	5,203,394	5,168,679
Temporarily restricted	8,064,775	5,370,626
Permanently restricted	8,169,778	7,874,487
Total Net Assets	21,437,947	18,413,792
<b>Total Liabilities and Net Assets</b>	<b>\$ 22,736,111</b>	<b>\$ 19,578,589</b>

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

THE UNIVERSITY MUSICAL SOCIETY

Statement of Activities

	Year Ended June 30,	
	2015	2014
<b>Unrestricted Net Assets</b>		
Operating Revenues, Gains, and Other Support:		
Ticket sales	\$ 2,553,979	\$ 2,393,454
Gifts and grants	2,750,151	2,750,488
Net investment income	658,459	630,466
Events	113,445	220,854
Other	439,766	449,686
Net assets released from restrictions	986,996	706,826
Total Operating Revenues, Gains and Other Support	<u>7,502,796</u>	<u>7,151,774</u>
Operating Expenses:		
Concerts and other programs	3,623,499	3,246,826
Administrative	2,878,406	2,810,958
Strategic initiatives	12,526	48,987
Development	891,913	897,559
Chorus	74,438	89,944
Total Operating Expenses	<u>7,480,782</u>	<u>7,094,274</u>
Increase in unrestricted net assets from operations	<u>22,014</u>	<u>57,500</u>
Nonoperating Revenues:		
Net unrealized gain on investments on deposit with the University	12,701	625,750
Increase in unrestricted net assets from nonoperating activities	<u>12,701</u>	<u>625,750</u>
Increase in unrestricted net assets	<u>34,715</u>	<u>683,250</u>
<b>Temporarily Restricted Net Assets</b>		
Gifts and grants	3,641,606	673,622
Net unrealized gain on investments on deposit with the University	24,991	1,165,902
Net investment income	14,548	13,822
Net assets released from restrictions	(986,996)	(706,826)
Increase in temporarily restricted net assets	<u>2,694,149</u>	<u>1,146,520</u>
<b>Permanently Restricted Net Assets</b>		
Gifts and grants	295,291	1,034,334
Increase in permanently restricted net assets	<u>295,291</u>	<u>1,034,334</u>
Increase in net assets	<u>3,024,155</u>	<u>2,864,104</u>
Net Assets, Beginning of Year	<u>18,413,792</u>	<u>15,549,688</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 21,437,947</u></u>	<u><u>\$ 18,413,792</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,	
	2015	2014
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 3,024,155	\$ 2,864,104
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	43,830	34,170
Net unrealized gain on investments	(37,692)	(1,791,653)
Gifts and grants restricted for long-term purposes	(295,291)	(1,034,334)
Changes in operating assets and liabilities:		
Accounts receivable, net	(12,629)	2,389
Grants and pledges receivable, net	56,635	(307,885)
Prepaid expenses	(81,622)	34,739
Accrued compensation	(112,121)	78,913
Accounts payable and other liabilities	80,286	(31,206)
Deferred revenue	165,202	400
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,830,753</b>	<b>(150,363)</b>
<b>Cash Flows from Investing Activities</b>		
Net purchase of investments on deposit with the University	(1,788,179)	(1,168,812)
Purchases of capital assets	(73,639)	(26,143)
<b>Net Cash Used in Investing Activities</b>	<b>(1,861,818)</b>	<b>(1,194,955)</b>
<b>Cash Flows from Financing Activities</b>		
Gifts and grants restricted for long-term purposes	179,889	948,089
<b>Net Cash Provided by Financing Activities</b>	<b>179,889</b>	<b>948,089</b>
Net increase (decrease) in cash and cash equivalents	1,148,824	(397,229)
Cash equivalents on deposit with the University, Beginning of Year	1,014,699	1,411,928
<b>Cash equivalents on deposit with the University, End of Year</b>	<b>\$ 2,163,523</b>	<b>\$ 1,014,699</b>

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

# THE UNIVERSITY MUSICAL SOCIETY

## Notes to Financial Statements

June 30, 2015 and 2014

### 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 three 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 \$758,724 and \$653,905 for the years ended June 30, 2015 and 2014, respectively.

The Society has performed an evaluation of subsequent events through September 21, 2015, 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 \$2,163,523 and \$1,014,699 at June 30, 2015 and 2014, 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, 2015 and 2014, the Long Term Portfolio consisted of cash and equivalents (1 percent and 1 percent), fixed income securities (14 percent and 13 percent), U.S. and non-U.S. equities (13 percent and 15 percent), commingled funds (26 percent and 20 percent) and nonmarketable alternative investments (46 percent and 51 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 5 percent and 10 percent of the portfolio at June 30, 2015 and 2014, respectively.

## THE UNIVERSITY MUSICAL SOCIETY

### Notes to Financial Statements--Continued

#### Note 2--Cash and Investments--Continued

The University's investment strategy, like that of most other institutions, 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 distributions from the UEF based on the University's endowment spending rule. At June 30, 2015 and 2014, 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. 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 (“ASC”) 820 *Fair Value Measurements and Disclosures* 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 \$3,355,865 and \$3,297,090 for the years ended June 30, 2015 and 2014, respectively.

Other services, including facility rentals, are purchased from the University at standard rates and amounted to \$199,944 and \$182,662 for the years ended June 30, 2015 and 2014, respectively.

The University provided \$830,000 and \$774,276 for the years ended June 30, 2015 and 2014, 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 University Musical 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 2015 and 2014. Other schools and units provided \$80,000 for sponsorship of certain musical and theatrical performances in 2014, which is also included in gifts and grants revenue on the statement of activities.

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, 2015 and 2014 is summarized as follows:

	<b>2015</b>	<b>2014</b>
Grants and pledges:		
Operating	\$ 43,250	\$ 159,683
Future year programming	711,573	672,983
Endowments	351,425	240,925
	<u>1,106,248</u>	<u>1,073,591</u>
Less:		
Allowance for uncollectible pledges	43,935	70,199
Unamortized discount to present value	4,574	4,420
Total grants and pledges receivable, net	<u>\$ 1,057,739</u>	<u>\$ 998,972</u>

Payments on grants and pledges receivable at June 30, 2015 are expected to be received as follows:

2016	\$ 531,862
2017	305,700
2018	188,100
2019	72,000
2020	8,586
	<u>\$ 1,106,248</u>

**Note 5--Capital Assets**

The Society's capital assets at June 30, 2015 and 2014 are summarized as follows:

	<b>2015</b>	<b>2014</b>
Furniture and fixtures	\$ 82,029	\$ 96,120
Equipment	144,202	79,365
Leasehold improvements	54,612	54,612
	<u>280,843</u>	<u>230,097</u>
Less accumulated depreciation	156,750	135,813
	<u>\$ 124,093</u>	<u>\$ 94,284</u>

The Society is obligated under various operating agreements for rental of production related equipment and auditorium space. Rental expenses totaled \$236,455 and \$258,908 for the years ended June 30, 2015 and 2014, respectively.

THE UNIVERSITY MUSICAL SOCIETY

Notes to Financial Statements--Continued

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

Temporarily restricted net assets at June 30, 2015 and 2014 are summarized as follows:

	<b>2015</b>	<b>2014</b>
Purpose restrictions:		
Programming	\$ 7,765,457	\$ 4,715,399
Education	200,000	410,218
Other	99,318	245,009
	<u>\$ 8,064,775</u>	<u>\$ 5,370,626</u>

Temporarily restricted net assets released from restrictions during the years ended June 30, 2015 and 2014 are summarized as follows:

	<b>2015</b>	<b>2014</b>
Programming	\$ 659,931	\$ 498,734
Education	210,218	200,000
Other	116,847	8,092
	<u>\$ 986,996</u>	<u>\$ 706,826</u>

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

Permanently restricted net assets at June 30, 2015 and 2014 are summarized as follows:

	<b>2015</b>	<b>2014</b>
Programming	\$ 7,514,821	\$ 7,219,530
Jazznet	579,832	579,832
Other	75,125	75,125
	<u>\$ 8,169,778</u>	<u>\$ 7,874,487</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 \$215,986 and \$201,720 for the years ended June 30, 2015 and 2014, respectively.



## Independent Auditor's Report on Supplementary Information

To Board of Directors of the University Musical Society

We have audited the financial statements of the University Musical Society as of June 30, 2015 and 2014 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. 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 21, 2015

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Investments by Fund

	June 30,	
	2015	2014
William R. Kinney Endowment Fund (cost of \$213,798 in 2015 and 2014)	\$ 849,080	\$ 847,266
Charles A. Sink Memorial Fund (cost of \$166,872 in 2015 and \$151,231 in 2014)	332,126	318,845
University Musical Society - Invested Funds (cost of \$8,869 in 2015 and \$17,340 in 2014)	8,869	17,340
University Musical Society - Total Return Fund (cost of \$739,504 in 2015 and \$670,107 in 2014)	1,473,636	1,414,708
National Endowment of the Arts Matching Fund (cost of \$582,110 in 2015 and 2014)	1,077,836	1,075,532
Norman and Deborah Herbert Endowment Fund (cost of \$23,000 in 2015 and \$18,000 in 2014)	26,790	21,766
Natalie Matovinovic Endowment Fund (cost of \$60,575 in 2015 and \$58,075 in 2014)	75,698	73,022
University Musical Society - Endowment Pool Funds (cost of \$201,273 in 2015 and 2014)	2,097,128	2,092,646
David and Phyllis Herzig Endowment Fund (cost of \$45,000 in 2015 and 2014)	51,399	51,289
Temporarily restricted income on Clifford and Fanni Epstein Permanent Endowment Fund	3,764	11,735
Choral Union Fund (cost of \$200,708 in 2015 and \$182,266 in 2014)	318,123	301,905
*William and Mary Palmer Endowment Fund (cost of \$59,153 in 2015 and 2014)	202,201	201,769
Richard and Lillian Ives Endowment Fund (cost of \$515,359 in 2015 and 2014)	603,265	601,976
Ottmar Eberbach Fund #2 (cost of \$800 in 2015 and 2014)	9,138	9,118
Ottmar Eberbach Fund #3 (cost of \$27,000 in 2015 and 2014)	200,483	200,054
Clifford and Fanni Epstein Endowment Fund (cost of \$15,972 in 2015 and 2014)	62,743	54,629
H. Gardner Ackley Endowment Fund (cost of \$135,275 in 2015 and 2014)	214,300	213,842
Catherine S. Arcure Endowment Fund (cost of \$27,482 in 2015 and 2014)	42,034	41,944
Hal and Ann Davis Endowment Fund (cost of \$48,259 in 2015 and 2014)	79,823	79,652
Mary R. Romig-de Young Endowment Fund (cost of \$846,711 in 2015 and 2014)	1,482,798	1,479,628

\* 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,	
	2015	2014
Doris and Herbert E. Sloan Endowment Fund (cost of \$386,376 in 2015 and 2014)	583,006	581,760
*Herbert S. and Carol L. Amster Endowment Fund (cost of \$110,724 in 2015 and 2014)	209,940	209,492
Dr. James Stanley Endowment Fund (cost of \$101,000 in 2015 and \$91,000 in 2014)	124,841	114,517
*Susan B. Ullrich Endowment Fund (cost of \$59,560 in 2015 and \$58,560 in 2014)	72,429	71,276
*The Wallace Foundation Endowment Fund (cost of \$1,000,000 in 2015 and 2014)	1,472,400	1,469,253
University Musical Society Capital Campaign Endowment Fund (cost of \$1,931,054 in 2015 and \$1,822,655 in 2014)	2,184,539	2,071,433
*Medical Community Endowment Fund (cost of \$119,847 in 2015 and \$116,369 in 2014)	144,025	140,243
*Prudence and Amnon Rosenthal Endowment Fund (cost of \$92,688 in 2015 and 2014)	128,221	127,946
Jazznet Endowment Fund (cost of \$579,832 in 2015 and 2014)	792,348	790,655
Doris Duke Charitable Foundation Endowment Fund (cost of \$652,935 in 2015 and 2014)	750,043	748,440
Ilene H. Forsythe Endowment Fund (Theater) (cost of \$91,096 in 2015 and 2014)	98,328	98,117
Dr. Robert Miller Endowment Fund (cost of \$16,800 in 2015 and 2014)	17,356	17,319
George N. and Katherine Hall Endowment Fund (cost of \$1,000 in 2015 and 2014)	1,160	1,158
Richard and Susan Gutow Endowment Fund (cost of \$133,500 in 2015 and \$128,500 in 2014)	147,188	141,845
Dahlmann Sigma NU Endowment Fund (cost of \$21,000 in 2015 and 2014)	23,563	23,513
Zelenock Family Endowment Fund (cost of \$20,000 in 2015 and \$10,000 in 2014)	20,496	10,395
John R. and Betty Edman Endowment Fund (cost of \$30,500 in 2015 and 2014)	35,396	35,320
Wallace C. Klein Endowment Fund (cost of \$100,000 in 2015 and 2014)	106,042	105,815
Carl and Isabelle Brauer Endowment Fund (cost of \$167,642 in 2015 and 2014)	177,771	177,391
Candis J. and Helmut Stern Endowment Fund (cost of \$513,646 in 2015 and 2014)	576,340	575,108
Ilene H. Forsythe Endowment Fund (Chamber Arts) (cost of \$503,534 in 2015 and 2014)	550,048	548,873

\* 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,	
	2015	2014
Anne and Paul Glendon Endowment Fund (cost of \$25,500 in 2015 and 2014)	28,674	28,613
Dallas and Sharon Dort Endowment Fund (cost of \$100,512 in 2015 and \$80,500 in 2014)	105,376	85,181
Essel and Manakk Bailey Endowment Fund (cost of \$45,516 in 2015 and \$35,516 in 2014)	45,592	35,516
Jerry and Dale Kolins Endowment Fund (cost of \$7,000 in 2015)	7,055	
Barbara Garavaglia Endowment Fund (cost of \$15,000 in 2015)	15,016	
Ilene H. Forsyth Choral Union Endowment Fund (cost of \$1,515,289 in 2015)	1,515,289	
	<hr/>	<hr/>
Investments on deposit with the University	<u>\$ 19,143,716</u>	<u>\$ 17,317,845</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,	
	2015	2014
<b>Unrestricted</b>		
William R. Kinney Endowment Fund	\$ 32,956	\$ 32,630
Charles A. Sink Memorial Fund	12,584	11,980
University Musical Society - Total Return Fund	55,835	53,156
National Endowment for the Arts Matching Fund	41,835	41,421
Norman and Deborah Herbert Endowment Fund	992	838
Natalie Matovinovic Endowment Fund	2,840	2,812
University Musical Society - Endowment Pool Funds	81,398	80,592
David and Phyllis Herzig Endowment Fund	1,995	1,975
William and Mary Palmer Endowment Fund	7,848	7,771
Richard and Lillian Ives Endowment Fund	23,415	23,183
Ottmar Eberbach Endowment Fund #2	355	351
Ottmar Eberbach Endowment Fund #3	7,782	7,704
H. Gardner Ackley Endowment Fund	8,318	8,235
Catherine S. Arcure Endowment Fund	1,632	1,615
Hal and Ann Davis Endowment Fund	3,098	3,067
Mary R. Romig-de Young Endowment Fund	57,553	56,983
Doris and Herbert E. Sloan Endowment Fund	22,629	22,405
Herbert S. and Carol L. Amster Endowment Fund	8,149	8,068
Dr. James Stanley Endowment Fund	4,650	4,410
Susan B. Ullrich Endowment Fund	2,772	2,706
The Wallace Foundation Endowment Fund	57,150	56,584
University Musical Society Capital Campaign Endowment Fund	81,947	76,041
Medical Community Endowment Fund	5,489	5,126
Prudence and Amnon Rosenthal Endowment Fund	4,977	4,927
Jazznet Endowment Fund	30,754	30,450
Doris Duke Charitable Foundation Endowment Fund	29,112	28,824
Ilene H. Forsythe Endowment Fund (Theater)	3,816	3,779
Dr. Robert Miller Endowment Fund	674	667
George N. and Katherine Hall Endowment Fund	45	45
Richard and Susan Gutow Endowment Fund	5,615	4,176
Dahlmann Sigma NU Endowment Fund	915	906
Zelenock Family Endowment Fund	600	101
John R. and Betty Edman Endowment Fund	1,374	1,022
Wallace C. Klein Endowment Fund	4,116	2,045
Carl and Isabelle Brauer Endowment Fund	6,900	3,429
Candis J. and Helmut Stern Endowment Fund	22,370	22,149
Ilene H. Forsythe Endowment Fund (Chamber Arts)	21,350	15,883
Anne and Paul Glendon Endowment Fund	1,113	553
Dallas and Sharon Dort Endowment Fund	3,313	1,646
Essel and Manakk Bailey Endowment Fund	1,381	
Jerry and Dale Kollins Endowment Fund	137	
Barbara Garavaglia Endowment Fund	146	
Life Insurance Adjustment Fund	(3,471)	211
	658,459	630,466

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Net Investment Income by Fund--Continued

	Year Ended June 30,	
	2015	2014
<b>Temporarily Restricted</b>		
Choral Union Fund	11,966	11,266
Clifford and Fanni Epstein Endowment Fund	2,582	2,556
	14,548	13,822
	\$ 673,007	\$ 644,288

THE UNIVERSITY MUSICAL SOCIETY

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

Year Ended June 30, 2015

	Budget (Unaudited)	Actual	Variance- Favorable/(Unfavorable) (Unaudited)
<b>Operating Revenues</b>			
Ticket sales	\$ 2,667,112	\$ 2,553,979	\$ (113,133)
Net investment income	640,000	658,459	18,459
Other operating	437,000	439,766	2,766
Individual giving	1,465,000	1,192,975	(272,025)
Individual giving - pledge released	185,000	380,931	195,931
Corporate giving	508,875	533,426	24,551
Events/advisory	260,000	113,445	(146,555)
UM/UMS partnership	750,000	750,000	-
Grants and foundations	220,300	213,750	(6,550)
Funds released from restrictions	489,000	606,065	117,065
<b>Total Operating Revenues</b>	<b>7,622,287</b>	<b>7,442,796</b>	<b>(179,491)</b>
<b>Concert and Other Program Expenses</b>			
Contracted fees	1,838,475	1,833,065	5,410
Marketing	782,343	758,724	23,619
Concert productions	521,776	478,044	43,732
Programs and printing	93,250	75,208	18,042
Stagehands	350,575	332,818	17,757
Education	143,898	145,640	(1,742)
<b>Total Concert and Other Program Expenses</b>	<b>3,730,317</b>	<b>3,623,499</b>	<b>106,818</b>
<b>Administrative Expenses</b>			
Auditing	18,500	16,500	2,000
Benefits - staff	408,814	408,062	752
Board of directors	2,000	3,814	(1,814)
Credit card expense	79,500	74,571	4,929
Depreciation	47,700	43,830	3,870
University overheads	73,500	70,896	2,604
Office supplies, computer expense and miscellaneous	231,742	236,969	(5,227)
Office rental expense	70,840	71,634	(794)
Postage	15,000	8,349	6,651
Public relations	9,000	8,634	366
Salaries - office	1,791,515	1,740,687	50,828
Staff development	8,000	6,474	1,526
Taxes - payroll	128,179	113,671	14,508
Travel	13,500	14,315	(815)
<b>Total Administrative Expenses</b>	<b>2,897,790</b>	<b>2,818,406</b>	<b>79,384</b>

THE UNIVERSITY MUSICAL SOCIETY

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

	Year Ended June 30, 2015		
	Budget (Unaudited)	Actual	Variance- Favorable/(Unfavorable) (Unaudited)
<b>Strategic Initiatives</b>			
Development Transformative Gifts	20,000	12,526	7,474
Innovative Programming	5,000		5,000
<b>Total Strategic Initiatives Expenses</b>	25,000	12,526	12,474
<b>Development Expenses</b>			
Director and staff	600,539	554,665	45,874
Events	155,000	73,412	81,588
Benefits - staff	190,313	139,935	50,378
Travel, hosting and national council	104,000	110,452	(6,452)
Supplies	9,000	13,449	(4,449)
<b>Total Development Expenses</b>	1,058,852	891,913	166,939
<b>Chorus Expenses</b>			
Conductor and others	62,365	58,493	3,872
Transportation	12,000	4,400	7,600
Staff benefits and taxes	11,712	9,188	2,524
Music, supplies and tuning	4,251	2,357	1,894
<b>Total Chorus Expenses</b>	90,328	74,438	15,890
<b>Total Operating Expenses</b>	7,802,287	7,420,782	381,505
<b>Increase in Net Assets from Operations</b>	(180,000)	22,014	202,014
<b>Net Unrealized Gain on Investments</b>	-	12,701	12,701
<b>Change in Unrestricted Net Assets</b>	\$ (180,000)	\$ 34,715	\$ 214,715

THE UNIVERSITY MUSICAL SOCIETY

Schedule of Ticket Sales and Expenses

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Ticket Sales</b>		
Choral Union Series	\$ 1,014,631	\$ 1,078,255
Choice Series	1,220,363	1,006,983
Chamber Arts Series	183,701	188,423
Messiah Concerts	101,863	104,875
Other Overages	33,421	14,918
<b>Total Ticket Sales</b>	<b>\$ 2,553,979</b>	<b>\$ 2,393,454</b>

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Concert and Other Program Expenses</b>		
Concert artists:		
Choral Union Series	\$ 817,500	\$ 635,990
Choice Series	862,889	742,799
Chamber Arts Series	98,500	116,550
Messiah Concerts	54,176	48,265
	1,833,065	1,543,604
Other concert and other program expenses	1,790,434	1,703,222
<b>Total Concert and Other Program Expenses</b>	<b>\$ 3,623,499</b>	<b>\$ 3,246,826</b>