JUNE 30, 2015 AND 2014

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 1

FINANCIAL STATEMENTS

Statements of Financial Position 3
Statements of Activities and Changes in Net Assets 4
Statements of Cash Flows 5
Notes to the Financial Statements 6
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of the
Association of Performing Arts Presenters, Inc.

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Association of Performing Arts Presenters, Inc. (the Association), as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Washington, DC
November 4, 2015
ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Statements of Financial Position
As of June 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$127,931</td>
<td>$139,884</td>
</tr>
<tr>
<td>Investments</td>
<td>3,255,642</td>
<td>3,324,041</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>60,029</td>
<td>21,067</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>122,746</td>
<td>652,654</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>463,483</td>
<td>533,238</td>
</tr>
<tr>
<td>Other assets</td>
<td>100,873</td>
<td>88,652</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$4,130,704</strong></td>
<td><strong>$4,759,536</strong></td>
</tr>
</tbody>
</table>

|                |         |         |
| **LIABILITIES AND NET ASSETS** |         |         |
| Accounts payable and accrued expenses | $32,715 | $37,946 |
| Accrued benefits | 33,217 | 40,755 |
| Deferred revenue | 579,124 | 558,859 |
| Grants payable | 351,685 | 793,228 |
| Deferred rent and lease incentive | 99,022 | 129,547 |
| **Total Liabilities** | **1,095,763** | **1,560,335** |

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,037,419</td>
<td>1,030,796</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>1,191,353</td>
<td>1,365,236</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>806,169</td>
<td>803,169</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>3,034,941</strong></td>
<td><strong>3,199,201</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$4,130,704</strong></td>
<td><strong>$4,759,536</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

**Statements of Activities and Changes in Net Assets**  
For the Years Ended June 30, 2015 and 2014

#### UNRESTRICTED NET ASSETS

**Revenue and Support**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual conference</td>
<td>$1,990,038</td>
<td>$1,986,364</td>
</tr>
<tr>
<td>Membership dues</td>
<td>914,235</td>
<td>901,579</td>
</tr>
<tr>
<td>Publications</td>
<td>107,095</td>
<td>100,493</td>
</tr>
<tr>
<td>Contributions</td>
<td>219,338</td>
<td>194,897</td>
</tr>
<tr>
<td>Investment income</td>
<td>6,058</td>
<td>31,498</td>
</tr>
<tr>
<td>Continuing education</td>
<td>23,525</td>
<td>7,500</td>
</tr>
<tr>
<td>Other income</td>
<td>182,145</td>
<td>129,800</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>3,442,434</strong></td>
<td><strong>3,352,131</strong></td>
</tr>
</tbody>
</table>

**Support**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets released from restrictions</td>
<td>879,449</td>
<td>2,181,053</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td><strong>4,321,883</strong></td>
<td><strong>5,533,184</strong></td>
</tr>
</tbody>
</table>

**Expenses**

**Program services:**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members conference</td>
<td>1,833,641</td>
<td>1,659,510</td>
</tr>
<tr>
<td>Members professional development</td>
<td>952,220</td>
<td>2,228,946</td>
</tr>
<tr>
<td>Public affairs and communications</td>
<td>530,679</td>
<td>527,914</td>
</tr>
<tr>
<td>Other membership services</td>
<td>465,161</td>
<td>441,865</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td><strong>3,781,701</strong></td>
<td><strong>4,858,235</strong></td>
</tr>
</tbody>
</table>

**Supporting services:**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and administrative</td>
<td>503,672</td>
<td>632,941</td>
</tr>
<tr>
<td>Fundraising</td>
<td>29,887</td>
<td>35,996</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td><strong>533,559</strong></td>
<td><strong>668,937</strong></td>
</tr>
</tbody>
</table>

**Total Expenses**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>4,315,260</strong></td>
<td><strong>5,527,172</strong></td>
</tr>
</tbody>
</table>

**Change in Unrestricted Net Assets**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>6,623</strong></td>
<td><strong>6,012</strong></td>
</tr>
</tbody>
</table>

#### TEMPORARILY RESTRICTED NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>712,121</td>
<td>669,763</td>
</tr>
<tr>
<td>Investment (loss) gain</td>
<td>(6,555)</td>
<td>120,251</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(879,449)</td>
<td>(2,181,053)</td>
</tr>
<tr>
<td><strong>Change in Temporarily Restricted Net Assets</strong></td>
<td><strong>(173,883)</strong></td>
<td><strong>(1,391,039)</strong></td>
</tr>
</tbody>
</table>

#### PERMANENTLY RESTRICTED NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>3,000</td>
<td>2,010</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>(164,260)</td>
<td>(1,383,017)</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td><strong>3,199,201</strong></td>
<td><strong>4,582,218</strong></td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td><strong>$3,034,941</strong></td>
<td><strong>$3,199,201</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>$(164,260)</td>
<td>$(1,383,017)</td>
</tr>
<tr>
<td>Adjustments to reconcile changes in net assets to net cash from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>199,791</td>
<td>152,532</td>
</tr>
<tr>
<td>Loss on disposals</td>
<td>-</td>
<td>77,768</td>
</tr>
<tr>
<td>Net realized and unrealized loss (gain) on investments</td>
<td>37,751</td>
<td>(123,732)</td>
</tr>
<tr>
<td>Effects from changes in non-cash operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>(38,962)</td>
<td>(1,647)</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>529,908</td>
<td>1,225,339</td>
</tr>
<tr>
<td>Other assets</td>
<td>(12,221)</td>
<td>(31,796)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(5,231)</td>
<td>(24,282)</td>
</tr>
<tr>
<td>Accrued benefits</td>
<td>(7,538)</td>
<td>9,707</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>20,265</td>
<td>12,344</td>
</tr>
<tr>
<td>Grants payable</td>
<td>(441,543)</td>
<td>721,772</td>
</tr>
<tr>
<td>Deferred rent and lease incentive</td>
<td>(30,525)</td>
<td>(22,292)</td>
</tr>
<tr>
<td><strong>Net Cash from Operating Activities</strong></td>
<td>87,435</td>
<td>612,696</td>
</tr>
</tbody>
</table>

| **Cash Flows from Investing Activities** |          |          |
| Purchases of investments          | (747,000) | (1,008,790) |
| Proceeds from sale of investments | 777,648   | 747,000   |
| Purchase of property and equipment | (130,036) | (297,282) |
| **Net Cash from Investing Activities** | (99,388) | (559,072) |

Net change in cash                  | (11,953) | 53,624   |
Cash, beginning of year             | 139,884  | 86,260   |
Cash, End of year                   | $127,931 | $139,884 |

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

In 1957, 35 campus presenting professionals founded the organization. It expanded to include all presenting professionals, touring artists and their collaborators in the early 1980's, and the organization was renamed The Association of Performing Arts Presenters (the Association) in 1988. The Association’s mission is to develop and support all aspects of the presenting field and the professionals who work within it. This is accomplished through the annual APAP|NYC annual conference each January in New York City, year-round workshops, webinars, forums, resources, publications, in-depth leadership training, travel-based opportunities, innovative practice grants, and online opportunities for professionals to gain knowledge and guidance to improve their work and advance the presenting industry. The membership includes presenters, touring artists, producers, educators, artist managers, agents and presenting support organizations. As of June 30, 2015, the Association had 1,580 members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Association are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurement

Accounting principles generally accepted in the United States of America provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts Receivable

Accounts receivable are primarily from advertising fees and are recorded at their estimated net realizable value. The Association records an allowance for doubtful accounts equal to estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience and the review of the current status of existing receivables. Management has recorded an allowance of $1,000 as of June 30, 2015 and 2014.

Pledges Receivable

Pledges receivable represent grants, individual contributions, foundations and the Federal government. No allowance was recorded as of June 30, 2015 and 2014, as all pledges receivable were deemed to be fully collectible. A discount for present value of $8,471 was recorded for amounts not due within one year as of June 30, 2014. There was no discount recorded as of June 30, 2015.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

    Property and Equipment

    Property and equipment over $1,500 and an estimated useful life of more than one year are capitalized at cost and depreciated using the straight-line method over estimated useful lives. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance are expensed as incurred.

    Net Assets

    Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired.

    Temporarily restricted net assets are those whose use by the Association has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

    Permanently restricted net assets are those that are restricted by donors to be maintained by the Association in perpetuity.

    Restricted and Unrestricted Revenue and Support

    Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

    Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

    Revenue Recognition

    Membership dues are recognized as revenue in the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred revenue in the accompanying statements of financial position.

    Revenue and the related costs of the conference and continuing education are recognized in the year in which the conference or seminars are held. Accordingly, sponsorships paid by sponsors in advance of the conference year are reported within deferred revenue in the accompanying statements of financial position.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Unrestricted contributions and grants are reported as revenue in the year in which the payments are received and/or unconditional promises are made.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services that benefit from those costs. General and administrative expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of the Association.

Income Taxes

The Association is exempt from the payment of income taxes other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Association receives unrelated business income from advertising that is subject to the unrelated business income tax.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity’s financial statements and prescribe a threshold of “more likely than not” for recognition of tax positions taken or expected to be taken in a tax return. The Association performed an evaluation of uncertain tax positions as of June 30, 2015, and determined that there were no matters that would require recognition in the financial statements or, which may have any effect on its tax-exempt status. As of June 30, 2015, the statute of limitations for fiscal years 2012 through 2015 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the Association files tax returns. It is the Association’s policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Subsequent Events

The Association evaluated the accompanying financial statements for subsequent events and transactions as of November 4, 2015, the date these financial statements were available for issue and has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.
ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements
June 30, 2015 and 2014

3. INVESTMENTS

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2015 and 2014.

Money market funds: Valued at the closing price of the underlying market value of investments.

Equity and fixed income mutual funds: Valued at the fair value of the investments based on the price per the active market on which the securities are traded.

Certificates of deposit: Valued at the cost of the certificate of deposit plus accrued interest.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, the fair value hierarchy of the Association’s investments at fair value as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$1,353,122</td>
<td>$</td>
<td>$</td>
<td>$1,353,122</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>747,191</td>
<td>$</td>
<td>$</td>
<td>747,191</td>
</tr>
<tr>
<td>Fixed income mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term</td>
<td>233,040</td>
<td>$</td>
<td>$</td>
<td>233,040</td>
</tr>
<tr>
<td>High yield</td>
<td>91,833</td>
<td>$</td>
<td>$</td>
<td>91,833</td>
</tr>
<tr>
<td>Government</td>
<td>42,824</td>
<td>$</td>
<td>$</td>
<td>42,824</td>
</tr>
<tr>
<td>International</td>
<td>36,143</td>
<td>$</td>
<td>$</td>
<td>36,143</td>
</tr>
<tr>
<td>Equity mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large value</td>
<td>290,282</td>
<td>$</td>
<td>$</td>
<td>290,282</td>
</tr>
<tr>
<td>Large growth</td>
<td>169,299</td>
<td>$</td>
<td>$</td>
<td>169,299</td>
</tr>
<tr>
<td>Foreign</td>
<td>140,174</td>
<td>$</td>
<td>$</td>
<td>140,174</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>25,025</td>
<td>$</td>
<td>$</td>
<td>25,025</td>
</tr>
<tr>
<td>Mid-cap growth</td>
<td>67,426</td>
<td>$</td>
<td>$</td>
<td>67,426</td>
</tr>
<tr>
<td>Small cap growth</td>
<td>59,283</td>
<td>$</td>
<td>$</td>
<td>59,283</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,255,642</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td><strong>$ 3,255,642</strong></td>
</tr>
</tbody>
</table>
3. INVESTMENTS (continued)

Investments, at fair value, consisted of the following as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>As of June 30, 2014</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td>Money market funds</td>
<td>$1,506,903</td>
<td>$</td>
<td>$</td>
<td>$1,506,903</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>745,402</td>
<td>-</td>
<td>-</td>
<td>745,402</td>
</tr>
<tr>
<td>Fixed income mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term</td>
<td>153,633</td>
<td>-</td>
<td>-</td>
<td>153,633</td>
</tr>
<tr>
<td>High yield</td>
<td>99,658</td>
<td>-</td>
<td>-</td>
<td>99,658</td>
</tr>
<tr>
<td>Government</td>
<td>43,337</td>
<td>-</td>
<td>-</td>
<td>43,337</td>
</tr>
<tr>
<td>International</td>
<td>42,435</td>
<td>-</td>
<td>-</td>
<td>42,435</td>
</tr>
<tr>
<td>Equity mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large value</td>
<td>262,315</td>
<td>-</td>
<td>-</td>
<td>262,315</td>
</tr>
<tr>
<td>Large growth</td>
<td>172,557</td>
<td>-</td>
<td>-</td>
<td>172,557</td>
</tr>
<tr>
<td>Foreign</td>
<td>143,901</td>
<td>-</td>
<td>-</td>
<td>143,901</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>27,716</td>
<td>-</td>
<td>-</td>
<td>27,716</td>
</tr>
<tr>
<td>Mid-cap growth</td>
<td>78,363</td>
<td>-</td>
<td>-</td>
<td>78,363</td>
</tr>
<tr>
<td>Small cap growth</td>
<td>47,821</td>
<td>-</td>
<td>-</td>
<td>47,821</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,324,041</td>
<td>$</td>
<td>$</td>
<td>$3,324,041</td>
</tr>
</tbody>
</table>

Investments, at fair value, consisted of the following as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Fair Value</td>
<td></td>
<td>Cost</td>
</tr>
<tr>
<td>Money market funds</td>
<td>$1,353,122</td>
<td>$1,353,122</td>
<td></td>
<td>$1,506,903</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>747,000</td>
<td>747,191</td>
<td></td>
<td>745,000</td>
</tr>
<tr>
<td>Fixed income mutual funds</td>
<td>421,987</td>
<td>403,841</td>
<td></td>
<td>336,988</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>612,491</td>
<td>751,487</td>
<td></td>
<td>574,357</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,134,600</td>
<td>$3,255,642</td>
<td></td>
<td>$3,165,248</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements
June 30, 2015 and 2014

3. INVESTMENTS (continued)

For the years ended June 30, 2015 and 2014, investment income consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$37,254</td>
<td>$28,017</td>
</tr>
<tr>
<td>Realized and unrealized (loss) gain</td>
<td>(37,751)</td>
<td>123,732</td>
</tr>
<tr>
<td>Investment income</td>
<td>$(497)</td>
<td>$151,749</td>
</tr>
</tbody>
</table>

The Board of Directors has a Target Reserve goal for the Association. That reserve balance is established annually. The Target Reserve goal as of June 30, 2015 and 2014, was $815,578 and $790,567, respectively. The Association’s Target Reserve funds are invested in certificates of deposit and money market funds, which represents $832,350 and $823,901 of the total invested funds as of June 30, 2015 and 2014, respectively.

4. PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2015 and 2014, include the following unconditional promises to give:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts due in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>$122,746</td>
<td>$392,008</td>
</tr>
<tr>
<td>One to five years</td>
<td>$0</td>
<td>$269,117</td>
</tr>
<tr>
<td></td>
<td>$122,746</td>
<td>$661,125</td>
</tr>
<tr>
<td>Less: present value discount</td>
<td>$0</td>
<td>$8,471</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>$122,746</td>
<td>$652,654</td>
</tr>
</tbody>
</table>
5. PROPERTY AND EQUIPMENT

As of June 30, 2015 and 2014, property and equipment consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website platform</td>
<td>$583,086</td>
<td>$459,285</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Office equipment and furniture</td>
<td>$99,404</td>
<td>$99,404</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$67,998</td>
<td>$67,998</td>
<td>Term of lease</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$65,743</td>
<td>$63,933</td>
<td>3 years</td>
</tr>
<tr>
<td>Computer software</td>
<td>$10,018</td>
<td>$10,018</td>
<td>3 years</td>
</tr>
<tr>
<td>AMS database</td>
<td>$374,551</td>
<td>$370,126</td>
<td>5 years</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,200,800</strong></td>
<td><strong>1,070,764</strong></td>
<td></td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>$737,317</td>
<td>$537,526</td>
<td></td>
</tr>
<tr>
<td><strong>Property and Equipment, Net</strong></td>
<td><strong>$463,483</strong></td>
<td><strong>$533,238</strong></td>
<td></td>
</tr>
</tbody>
</table>

Depreciation expense for the years ended June 30, 2015 and 2014, was $199,791 and $152,532, respectively.

6. ENDOWMENT

The Association’s endowment consists of two funds established for its programs. Its endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles in the United States, net assets associated with endowment funds, including funds designated by the Board of Directors, to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.
6. ENDOWMENT (continued)

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund
- the purposes of the Association and the donor-restricted endowment fund
- general economic conditions
- the possible effect of inflation and deflation
- the expected total return from income and the appreciation of investments
- other resources of the Association
- the investment policies of the Association

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the primary objective in the investment management for fund assets is the preservation of purchasing power after spending to achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets. Actual returns in any given year may vary from this amount.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association has a policy of appropriating for the distribution of 5% of its donor-restricted endowment fund’s portfolio value. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association expects the current spending policy to allow its endowment to grow at the rate of inflation annually. This is consistent with the Association’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). For donor-restricted endowments, the Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.
6. ENDOWMENT (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. There were no deficiencies as of June 30, 2015 and 2014.

Composition of the Endowment by Net Assets

As of June 30, 2015 and 2014, the composition of the endowment was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted endowment funds</td>
<td>$231,199</td>
<td>$806,169</td>
<td>$1,037,368</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$269,933</td>
<td>$803,169</td>
<td>$1,073,102</td>
</tr>
<tr>
<td>Donor-restricted endowment funds</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6. ENDOWMENT (continued)

Changes in Endowment Net Assets

For the years ended June 30, 2015 and 2014, the changes in endowment net assets are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment net assets, beginning of the year</strong></td>
<td>$ 269,933</td>
<td>$ 803,169</td>
<td>$ 1,073,102</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Investment return:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>32,986</td>
<td>-</td>
<td>32,986</td>
</tr>
<tr>
<td>Net depreciation (realized and unrealized)</td>
<td>(39,540)</td>
<td>-</td>
<td>(39,540)</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>(32,180)</td>
<td>-</td>
<td>(32,180)</td>
</tr>
<tr>
<td><strong>Endowment Net Assets, End of Year</strong></td>
<td>$ 231,199</td>
<td>$ 806,169</td>
<td>$ 1,037,368</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment net assets, beginning of the year</strong></td>
<td>$ 149,682</td>
<td>$ 801,159</td>
<td>$ 950,841</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>2,010</td>
<td>2,010</td>
</tr>
<tr>
<td>Investment return:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>24,249</td>
<td>-</td>
<td>24,249</td>
</tr>
<tr>
<td>Net depreciation (realized and unrealized)</td>
<td>125,617</td>
<td>-</td>
<td>125,617</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>(29,615)</td>
<td>-</td>
<td>(29,615)</td>
</tr>
<tr>
<td><strong>Endowment Net Assets, End of Year</strong></td>
<td>$ 269,933</td>
<td>$ 803,169</td>
<td>$ 1,073,102</td>
</tr>
</tbody>
</table>
7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Organization Initiative</td>
<td>$12,495</td>
<td>$277,812</td>
</tr>
<tr>
<td>Cultural Exchange</td>
<td>$250,000</td>
<td>101,753</td>
</tr>
<tr>
<td>Endowment Earnings</td>
<td>$231,199</td>
<td>269,933</td>
</tr>
<tr>
<td>Building Bridges</td>
<td>$305,445</td>
<td>490,738</td>
</tr>
<tr>
<td>Leadership Fellows Program</td>
<td>$100,020</td>
<td>150,000</td>
</tr>
<tr>
<td>Communications Partnership</td>
<td>$200,000</td>
<td>-</td>
</tr>
<tr>
<td>Other Programs</td>
<td>$92,194</td>
<td>75,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,191,353</strong></td>
<td><strong>$1,365,236</strong></td>
</tr>
</tbody>
</table>

8. PERMANENTLY RESTRICTED NET ASSETS

As of June 30, 2015 and 2014, the Association held the following permanently restricted net assets:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classical Connections</td>
<td>$643,969</td>
<td>$643,969</td>
</tr>
<tr>
<td>William Dawson Fund</td>
<td>$162,200</td>
<td>159,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$806,169</strong></td>
<td><strong>$803,169</strong></td>
</tr>
</tbody>
</table>

9. COMMITMENTS AND CONTINGENCIES

Operating Lease

During the year ended June 30, 2008, the Association entered into a ten year non-cancelable operating lease for its current office space located in the downtown business district of Washington, DC. The lease commenced on October 1, 2007, and expires September 30, 2017. The lease provides for annual rent increases of 2.5% over the term of the lease.

In accordance with generally accepted accounting principles in the United States, all rental payments, including fixed rent increases, less any rental abatements, are recognized on a straight-line basis over the term of the lease. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense. The difference between the rent expense and the required lease payment is reflected as deferred rent and lease incentive in the accompanying statements of financial position. Rent expense for the years ended June 30, 2015 and 2014, were $331,883 and $311,711, respectively.
9. COMMITMENTS AND CONTINGENCIES (continued)

Operating Lease (continued)

As of June 30, 2015, future minimum lease payments were as follows:

<table>
<thead>
<tr>
<th>Years Ending June 30,</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$345,980</td>
</tr>
<tr>
<td>2017</td>
<td>354,632</td>
</tr>
<tr>
<td>2018</td>
<td>89,202</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$789,814</strong></td>
</tr>
</tbody>
</table>

Contracts

The Association has entered into agreements with hotels to provide conference facilities and room accommodations for its annual conference through 2020. The agreements contain various clauses whereby the Association is liable for liquidated damages in the event of cancellation or lower than anticipated attendance. Management of the Association does not believe that any losses will be incurred under these contracts. As of June 30, 2015, the maximum possible amount of liquidation damages per year is listed below:

<table>
<thead>
<tr>
<th>Years Ending June 30,</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$821,984</td>
</tr>
<tr>
<td>2017</td>
<td>623,460</td>
</tr>
<tr>
<td>2018</td>
<td>524,985</td>
</tr>
<tr>
<td>2019</td>
<td>415,344</td>
</tr>
<tr>
<td>2020</td>
<td>421,344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,807,117</strong></td>
</tr>
</tbody>
</table>
10. RELATED PARTY TRANSACTIONS

The Association entered into an agreement, effective April 19, 2004, with the Performing Arts Alliance, Inc. (PAA), formerly known as American Arts Alliance whereby the Association provides the services as required by the PAA, a nonprofit organization. The executive director of the Association is an active member of the Board of Directors of the PAA. The PAA pays for the actual direct and indirect costs incurred by the Association in performing services for the PAA, which includes salaries, fringe benefits, rent and utilities. Fees earned from the PAA for the years ended June 30, 2015 and 2014, were $95,507 and $87,735, respectively, and are included in other income in the accompanying statements of activities and changes in net assets.

The Association was created to provide information and services to the presenting field. As a service to the field, the Association may periodically undertake the administration of competitive funding programs. This policy covers programs in which applicants compete for funding. No awards were made for the years ended June 30, 2015 and 2014. The Association’s Board adopted a conflict of interest policy to address any perceived conflicts.

11. PENSION PLAN

The Association has a tax deferred annuity plan available to employees who have completed one year of service and are scheduled to work twenty hours or more per week. Under this plan, the Association contributes 5% of the eligible employee’s annual salary to the annuity program. Employees are 100% vested in employer contributions. For the years ended June 30, 2015 and 2014, total pension expense was $56,488 and $49,921, respectively.
Headquarters:
200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030
(P) 410-584-0060 • (F) 410-584-0061

Branch Office:
1299 Pennsylvania Avenue • Suite 1120 • Washington • D.C. 20004
(P) 202-803-2335 • (F) 202-821-1320