

Music Teachers National Association, Inc.

Consolidated Financial Statements

And

Supplemental Financial Information

June 30, 2015 and 2014

With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Music Teachers National Association, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Music Teachers National Association, Inc. (a not-for-profit association) which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

one east fourth street, ste. 1200
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Music Teachers National Association, Inc. 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 12-15 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
September 9, 2015

Music Teachers National Association, Inc.
Consolidated Statements of Financial Position
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and cash equivalents	\$ 1,635,917	1,459,916
Investments at fair value	2,600,481	2,566,396
Accounts receivable	8,404	6,348
Prepaid expenses	34,819	67,060
Property and equipment, net	72,099	38,658
Deposits	<u>8,358</u>	<u>8,358</u>
Total assets	\$ <u>4,360,078</u>	<u>4,146,736</u>
Liabilities and net assets:		
Liabilities:		
Accounts payable	\$ 16,876	35,804
Due to state and local affiliates	194,201	-
Accrued expenses	111,055	48,572
Deferred revenue	<u>873,074</u>	<u>886,113</u>
Total liabilities	<u>1,195,206</u>	<u>970,489</u>
Net assets:		
Unrestricted	1,488,570	1,521,165
Unrestricted - Board designated	1,106,126	1,120,618
Temporarily restricted	<u>570,176</u>	<u>534,464</u>
Total net assets	<u>3,164,872</u>	<u>3,176,247</u>
Total liabilities and net assets	\$ <u>4,360,078</u>	<u>4,146,736</u>

See accompanying notes to the consolidated financial statements

Music Teachers National Association, Inc.
Consolidated Statements of Activities
Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Membership dues	\$ 1,310,814	-	1,310,814	1,287,925	-	1,287,925
Subscription and advertising	170,246	-	170,246	184,384	-	184,384
Less direct costs	(119,928)	-	(119,928)	(126,722)	-	(126,722)
Conferences	502,333	-	502,333	481,138	-	481,138
Less direct costs	(330,573)	-	(330,573)	(292,052)	-	(292,052)
Competitions	118,765	-	118,765	120,665	-	120,665
Less direct costs	(165,507)	-	(165,507)	(165,401)	-	(165,401)
Contributions	139,079	48,283	187,362	157,391	26,100	183,491
Other	125,941	-	125,941	95,151	-	95,151
Interest and dividends	56,684	16,091	72,775	45,363	14,999	60,362
Loss on disposal of property and equipment	(4,664)	-	(4,664)	-	-	-
Unrealized gain (loss) on investments	(17,219)	(8,193)	(25,412)	82,065	23,947	106,012
Realized gain on investments	3,405	4,289	7,694	74,764	18,400	93,164
Net assets released from restrictions	24,758	(24,758)	-	29,675	(29,675)	-
	<u>1,814,134</u>	<u>35,712</u>	<u>1,849,846</u>	<u>1,974,346</u>	<u>53,771</u>	<u>2,028,117</u>
Expenses:						
Salaries and wages	768,653	-	768,653	685,551	-	685,551
Payroll taxes	52,221	-	52,221	45,754	-	45,754
Employee benefits	95,455	-	95,455	81,418	-	81,418
Rent and utilities	130,775	-	130,775	139,849	-	139,849
Travel and entertainment	82,724	-	82,724	109,069	-	109,069
Newsletters and mailings	49,840	-	49,840	46,482	-	46,482
Membership retention	18,044	-	18,044	21,993	-	21,993
Insurance	26,044	-	26,044	25,631	-	25,631
Office supplies and postage	17,190	-	17,190	8,753	-	8,753
Information services	76,319	-	76,319	66,979	-	66,979
Telephone	2,197	-	2,197	3,604	-	3,604
Professional fees	31,856	-	31,856	79,249	-	79,249
Bank charges	80,560	-	80,560	68,661	-	68,661
Depreciation	28,872	-	28,872	14,791	-	14,791
Grants and awards	171,844	-	171,844	148,427	-	148,427
Other	228,627	-	228,627	215,309	-	215,309
	<u>1,861,221</u>	<u>-</u>	<u>1,861,221</u>	<u>1,761,520</u>	<u>-</u>	<u>1,761,520</u>
Change in net assets	(47,087)	35,712	(11,375)	212,826	53,771	266,597
Net assets:						
Beginning of year	<u>2,641,783</u>	<u>534,464</u>	<u>3,176,247</u>	<u>2,428,957</u>	<u>480,693</u>	<u>2,909,650</u>
End of year	<u>\$ 2,594,696</u>	<u>570,176</u>	<u>3,164,872</u>	<u>2,641,783</u>	<u>534,464</u>	<u>3,176,247</u>

See accompanying notes to the consolidated financial statements

Music Teachers National Association, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (11,375)	266,597
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	28,872	14,791
Unrealized (gain) loss on investments	25,412	(106,012)
Realized gain on sale of investments	(7,694)	(93,164)
Loss on disposal of property and equipment	4,664	-
Effect of change in operating assets and liabilities:		
Accounts receivable	(2,056)	10,779
Inventory	-	2,404
Prepaid expenses and deposits	32,241	(16,227)
Accounts payable	(18,928)	14,279
Due to state and local affiliates	194,201	(157,519)
Accrued expenses	62,483	2,787
Deferred revenue	(13,039)	10,964
Net cash provided (used) by operating activities	294,781	(50,321)
Cash flows from investing activities:		
Purchases of property and equipment	(66,977)	(16,514)
Proceeds received from sale of investments	960,674	2,252,823
Purchases of investments	(1,012,477)	(2,295,771)
Net cash used in investing activities	(118,780)	(59,462)
Change in cash and cash equivalents	176,001	(109,783)
Cash and cash equivalents - beginning of year	1,459,916	1,569,699
Cash and cash equivalents - end of year	\$ 1,635,917	1,459,916

See accompanying notes to the consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Music Teachers National Association, Inc. (the "Association"), are set forth to facilitate the understanding of data presented in the consolidated financial statements.

Nature of operations

The Association advances the value of music study and music making to society and supports the professionalism of music teachers.

Principles of consolidation

The accompanying consolidated financial statements present the consolidated financial position and changes in net assets of the Association and its former corporate entity, which has been renamed, MTNA Certification Program. All inter-organizational accounts and transactions have been eliminated.

Use of estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Financial statement presentation

The Association is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets which have no donor-imposed restrictions, temporarily restricted net assets which have donor-imposed restrictions that will likely expire in the future, and permanently restricted net assets which have donor-imposed restrictions which do not expire. The Association had no permanently restricted net assets at June 30, 2015 and 2014. Temporarily restricted contributions and investment income are reported as unrestricted if the restriction is met during the same period.

Income taxes

For Federal tax purposes, the Association is an exempt organization under Section 501(c)(3) of the Internal Revenue Code but is subject to tax on its unrelated business income.

In addition, the Association was formerly organized under Section 501(c)(6) of the Internal Revenue Code. All of the assets except \$50,000 were transferred from the 501(c)(6) organization, now named MTNA Certification Program, into the 501(c)(3) organization. MTNA Certification Program is used strictly for certification and its financial position and results of operations have been consolidated with the Association in these financial statements.

Accounting for uncertainty in income taxes

The Financial Accounting Standards Board ("FASB") has issued guidance which clarifies generally accepted accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. This guidance clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Association's income tax returns. The Association's income tax filings are subject to audit by various taxing authorities. The fiscal years of filings open to these authorities and available for audit are 2012, 2013 and 2014. The Association's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Association's tax provision and tax exempt status, interpretations and tax planning strategies were considered. The Association believes their estimates are appropriate based on the current facts and circumstances.

Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for money markets held within its investment accounts.

Concentration of credit risk

The Association maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Allowance for doubtful accounts

The Association extends credit to various customers for use of mailing lists and advertising. On a periodic basis, the Association evaluates its accounts receivable and establishes an allowance, based on a history of past write-offs and collections and current credit conditions. All accounts receivable are deemed fully collectible by management. Therefore, no allowance for doubtful accounts is necessary.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Property and equipment and depreciation

The Association capitalizes all property and equipment in excess of \$1,000. Property and equipment is recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets which range from 3-7 years.

Deferred revenue

Membership dues that have been collected for future periods have been recorded as deferred revenue.

Due to affiliates

Amounts due to affiliates represent membership dues collected by the Association on behalf of its 50 state and over 500 local affiliates.

Subsequent events

The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through September 9, 2015, the date on which the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT:

Property and equipment at June 30 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 295,251	233,874
Less accumulated depreciation	<u>(223,152)</u>	<u>(195,216)</u>
	\$ <u>72,099</u>	<u>38,658</u>

3. RETIREMENT PLAN:

The Association offers a voluntary participation 401(k) retirement plan to its employees. All employees of the Association are eligible to participate in the plan upon meeting certain eligibility requirements. The Association matches a certain percentage of the employee contributions. Total matching retirement contributions were \$15,614 and \$10,466 for the years ended June 30, 2015 and 2014, respectively.

4. LEASES:

In May 2014, the Association entered into an escalating lease agreement for certain office space through August 2025. The lease included nine months at the beginning for which no payments were due. Thus, a liability has been recorded to recognize lease expense on a straight line amortization over the life of the lease. The liability associated with this lease at June 30, 2015 was \$58,103. Total rent expense including common area maintenance and utilities charges for the years ended June 30, 2015 and 2014 was \$130,775 and \$139,849, respectively. The Association is leasing certain office equipment under operating leases that expire through July 2018. Total lease expense included in operations for the years ended June 30, 2015 and 2014 was approximately \$7,500.

The future minimum lease payments for the office lease and office equipment at June 30 are as follows:

2016	\$ 86,876
2017	103,740
2018	105,168
2019	102,695
2020	105,323
Thereafter	<u>585,846</u>
	<u>\$ 1,089,648</u>

5. UNRESTRICTED – BOARD DESIGNATED NET ASSETS:

As of June 30, 2015 and 2014, the Board has designated \$1,106,126 and \$1,120,618 of net assets to be used for competition awards for students and other purposes.

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2015</u>	<u>2014</u>
Teacher enrichment grants	\$ 364,209	360,699
Local association grants	16,427	17,074
Other	<u>189,540</u>	<u>156,691</u>
	<u>\$ 570,176</u>	<u>534,464</u>

7. ENDOWMENT FUNDS:

Generally accepted accounting principles require that 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 Association's endowment consists of several funds established to provide student awards, association grants, and teacher enrichment grants. Its endowment consists of board-designated funds. The board designated endowment had a balance of \$1,106,126 and \$1,120,618 at June 30, 2015 and 2014, respectively.

Changes in endowment net assets are as follows for the years ended June 30:

	2015	2014
	<u>Unrestricted</u>	<u>Unrestricted</u>
Endowment net assets at beginning of year	\$ 1,120,618	1,018,531
Interest and dividend income	30,906	28,566
Realized and unrealized gain (loss) on investments	(8,551)	89,305
Contributions	14,376	23,552
Appropriation of endowment assets for expenditure	(44,562)	(29,579)
Investment fees	<u>(6,661)</u>	<u>(9,757)</u>
Endowment net assets at end of year	\$ <u>1,106,126</u>	<u>1,120,618</u>

Return objectives and risk parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide for long-term growth of income and principal without undue exposure to risk. The return objective shall be accomplished using a balanced strategy of fixed income, equities, mutual funds and cash equivalents in a mix that is conducive to participation in rising markets while allowing for adequate protection in falling markets. The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500 Index, Russell Mid Cap Index, Russell 2000 Index, and Morgan Stanley EAFE Index.

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). 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.

Spending policy and how the investment objectives relate to spending policy

The Association has a policy of appropriating for distribution each year five percent of the endowment fund's average fair value over 12 quarters. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Association elected to appropriate \$44,562 and \$29,579 during the years ended June 30, 2015 and 2014, respectively.

8. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Association has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Fair value methods and assumptions on investments consisting of money market funds, mutual funds and equities are based on the Level 1 market approach. Investments in fixed income instruments that are not quoted on an exchange, but are traded in active markets, are valued on Level 2 inputs using pricing obtained from our custodians, which use third-party data source providers. The following tables present the Association's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2015 and 2014.

Fair Value Measurements at reporting date using

<u>June 30, 2015</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 59,632	59,632	-	-
Corporate/government bonds	461,394	-	461,394	-
Equity funds:				
Large Blend	465,221	465,221	-	-
Mid-Cap Blend	105,286	105,286	-	-
Mutual funds:				
Diversified emerging	152,585	152,585	-	-
Europe stock	160,782	160,782	-	-
Large blend	312,412	312,412	-	-
Moderate allocation	102,354	102,354	-	-
Short government	209,252	209,252	-	-
Short term bond	207,119	207,119	-	-
Small value	106,416	106,416	-	-
World allocation	157,339	157,339	-	-
World bond	<u>100,690</u>	<u>100,690</u>	-	-
	<u>\$ 2,600,481</u>	<u>2,139,087</u>	<u>461,394</u>	<u>-</u>

Fair Value Measurements at reporting date using

<u>June 30, 2014</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 50,942	50,942	-	-
Corporate/government bonds	202,755	-	202,755	-
Equity funds:				
Large Blend	232,900	232,900	-	-
Mid-Cap Blend	104,591	104,591	-	-
Mutual funds:				
Short government	203,163	203,163	-	-
Short term bond	459,849	459,849	-	-
Intermediate term bond	102,448	102,448	-	-
World allocation	157,382	157,382	-	-
Large blend	256,312	256,312	-	-
Small value	103,857	103,857	-	-
Diversified emerging markets	155,943	155,943	-	-
Conservative allocation	123,972	123,972	-	-
Europe stock	152,819	152,819	-	-
Moderate allocation	130,187	130,187	-	-
Nontraditional bond	<u>129,276</u>	<u>129,276</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,566,396</u>	<u>2,363,641</u>	<u>202,755</u>	<u>-</u>

Music Teachers National Association, Inc.
Consolidating Schedule of Financial Position
June 30, 2015

	<u>Association</u>	<u>Certification</u>	<u>Elimination</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,543,317	92,600	-	1,635,917
Investments at fair value	2,561,779	38,702	-	2,600,481
Accounts receivable	8,404	7,007	(7,007)	8,404
Prepaid expenses	34,819	-	-	34,819
Property and equipment, net	72,099	-	-	72,099
Deposits	<u>8,358</u>	<u>-</u>	<u>-</u>	<u>8,358</u>
 Total assets	 \$ <u>4,228,776</u>	 <u>138,309</u>	 <u>(7,007)</u>	 <u>4,360,078</u>
 Liabilities and net assets:				
Liabilities:				
Accounts payable	\$ 23,883	-	(7,007)	16,876
Due to state and local affiliates	194,201	-	-	194,201
Accrued expenses	111,055	-	-	111,055
Deferred revenue	<u>873,074</u>	<u>-</u>	<u>-</u>	<u>873,074</u>
 Total liabilities	 <u>1,202,213</u>	 <u>-</u>	 <u>(7,007)</u>	 <u>1,195,206</u>
 Net assets:				
Unrestricted	1,350,261	138,309	-	1,488,570
Unrestricted - Board designated	1,106,126	-	-	1,106,126
Temporarily restricted	<u>570,176</u>	<u>-</u>	<u>-</u>	<u>570,176</u>
 Total net assets	 <u>3,026,563</u>	 <u>138,309</u>	 <u>-</u>	 <u>3,164,872</u>
 Total liabilities and net assets	 \$ <u>4,228,776</u>	 <u>138,309</u>	 <u>(7,007)</u>	 <u>4,360,078</u>

Music Teachers National Association, Inc.
Consolidating Schedule of Financial Position
June 30, 2014

	<u>Association</u>	<u>Certification</u>	<u>Elimination</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,355,957	103,959	-	1,459,916
Investments at fair value	2,528,232	38,164	-	2,566,396
Accounts receivable	6,348	4,609	(4,609)	6,348
Prepaid expenses	67,060	-	-	67,060
Property and equipment, net	38,658	-	-	38,658
Deposits	<u>8,358</u>	<u>-</u>	<u>-</u>	<u>8,358</u>
 Total assets	 \$ <u>4,004,613</u>	 <u>146,732</u>	 <u>(4,609)</u>	 <u>4,146,736</u>
 Liabilities and net assets:				
Liabilities:				
Accounts payable	\$ 39,660	753	(4,609)	35,804
Accrued expenses	48,572	-	-	48,572
Deferred revenue	<u>886,113</u>	<u>-</u>	<u>-</u>	<u>886,113</u>
 Total liabilities	 <u>974,345</u>	 <u>753</u>	 <u>(4,609)</u>	 <u>970,489</u>
 Net assets:				
Unrestricted	1,375,186	145,979	-	1,521,165
Unrestricted - Board designated	1,120,618	-	-	1,120,618
Temporarily restricted	<u>534,464</u>	<u>-</u>	<u>-</u>	<u>534,464</u>
 Total net assets	 <u>3,030,268</u>	 <u>145,979</u>	 <u>-</u>	 <u>3,176,247</u>
 Total liabilities and net assets	 \$ <u><u>4,004,613</u></u>	 <u><u>146,732</u></u>	 <u><u>(4,609)</u></u>	 <u><u>4,146,736</u></u>

Music Teachers National Association, Inc.
Consolidating Schedule of Activities
Year Ended June 30, 2015

	Association				
	Unrestricted	Temporarily Restricted	Total	Certification	Total
Revenues:					
Membership dues	\$ 1,310,814	-	1,310,814	-	1,310,814
Subscription and advertising	170,246	-	170,246	-	170,246
Less direct costs	(119,928)	-	(119,928)	-	(119,928)
Conferences	502,333	-	502,333	-	502,333
Less direct costs	(330,573)	-	(330,573)	-	(330,573)
Competitions	118,765	-	118,765	-	118,765
Less direct costs	(165,507)	-	(165,507)	-	(165,507)
Contributions	139,079	48,283	187,362	-	187,362
Other	66,563	-	66,563	59,378	125,941
Management fee	10,000	-	10,000	(10,000)	-
Interest and dividends	55,656	16,091	71,747	1,028	72,775
Loss on disposal of property and equipment	(4,664)	-	(4,664)	-	(4,664)
Unrealized gain (loss) on investments	(16,806)	(8,193)	(24,999)	(413)	(25,412)
Realized gain on investments	3,255	4,289	7,544	150	7,694
Net assets released from restrictions	24,758	(24,758)	-	-	-
	<u>1,763,991</u>	<u>35,712</u>	<u>1,799,703</u>	<u>50,143</u>	<u>1,849,846</u>
Expenses:					
Salaries and wages	738,653	-	738,653	30,000	768,653
Payroll taxes	52,221	-	52,221	-	52,221
Employee benefits	95,455	-	95,455	-	95,455
Rent and utilities	130,775	-	130,775	-	130,775
Travel and entertainment	82,724	-	82,724	-	82,724
Newsletters and mailings	49,840	-	49,840	-	49,840
Membership retention	18,044	-	18,044	-	18,044
Insurance	26,044	-	26,044	-	26,044
Office supplies and postage	17,190	-	17,190	-	17,190
Information services	76,319	-	76,319	-	76,319
Telephone	2,197	-	2,197	-	2,197
Professional fees	31,856	-	31,856	-	31,856
Bank charges	80,560	-	80,560	-	80,560
Depreciation	28,872	-	28,872	-	28,872
Grants and awards	171,844	-	171,844	-	171,844
Other	200,814	-	200,814	27,813	228,627
	<u>1,803,408</u>	<u>-</u>	<u>1,803,408</u>	<u>57,813</u>	<u>1,861,221</u>
Change in net assets	(39,417)	35,712	(3,705)	(7,670)	(11,375)
Net assets:					
Beginning of year	<u>2,495,804</u>	<u>534,464</u>	<u>3,030,268</u>	<u>145,979</u>	<u>3,176,247</u>
End of year	<u>\$ 2,456,387</u>	<u>570,176</u>	<u>3,026,563</u>	<u>138,309</u>	<u>3,164,872</u>

Music Teachers National Association, Inc.
Consolidating Schedule of Activities
Year Ended June 30, 2014

	Association				
	Unrestricted	Temporarily Restricted	Total	Certification	Total
Revenues:					
Membership dues	\$ 1,287,925	-	1,287,925	-	1,287,925
Subscription and advertising	184,384	-	184,384	-	184,384
Less direct costs	(126,722)	-	(126,722)	-	(126,722)
Conferences	481,138	-	481,138	-	481,138
Less direct costs	(292,052)	-	(292,052)	-	(292,052)
Competitions	120,665	-	120,665	-	120,665
Less direct costs	(165,401)	-	(165,401)	-	(165,401)
Contributions	157,391	26,100	183,491	-	183,491
Other	34,512	-	34,512	60,639	95,151
Management fee	10,000	-	10,000	(10,000)	-
Interest and dividends	44,482	14,999	59,481	881	60,362
Unrealized gain on investments	79,366	23,947	103,313	2,699	106,012
Realized gain on investments	74,509	18,400	92,909	255	93,164
Net assets released from restrictions	29,675	(29,675)	-	-	-
	<u>1,919,872</u>	<u>53,771</u>	<u>1,973,643</u>	<u>54,474</u>	<u>2,028,117</u>
Expenses:					
Salaries and wages	660,551	-	660,551	25,000	685,551
Payroll taxes	45,754	-	45,754	-	45,754
Employee benefits	81,418	-	81,418	-	81,418
Rent and utilities	139,849	-	139,849	-	139,849
Travel and entertainment	109,069	-	109,069	-	109,069
Newsletters and mailings	46,482	-	46,482	-	46,482
Membership retention	21,993	-	21,993	-	21,993
Insurance	25,631	-	25,631	-	25,631
Office supplies and postage	8,753	-	8,753	-	8,753
Information services	66,979	-	66,979	-	66,979
Telephone	3,604	-	3,604	-	3,604
Professional fees	79,249	-	79,249	-	79,249
Bank charges	68,661	-	68,661	-	68,661
Depreciation	14,791	-	14,791	-	14,791
Grants and awards	148,427	-	148,427	-	148,427
Other	192,091	-	192,091	23,218	215,309
	<u>1,713,302</u>	<u>-</u>	<u>1,713,302</u>	<u>48,218</u>	<u>1,761,520</u>
Change in net assets	206,570	53,771	260,341	6,256	266,597
Net assets:					
Beginning of year	<u>2,289,234</u>	<u>480,693</u>	<u>2,769,927</u>	<u>139,723</u>	<u>2,909,650</u>
End of year	<u>\$ 2,495,804</u>	<u>534,464</u>	<u>3,030,268</u>	<u>145,979</u>	<u>3,176,247</u>



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training and experience are well-suited for each client's purpose and goals. We are committed to providing insightful and customized service — from efficient compliance to sophisticated consulting — to help each client prosper today and plan for future success.

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