NEW WORLD SYMPHONY, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended

June 30, 2018

NEW WORLD SYMPHONY
AMERICA'S ORCHESTRAL ACADEMY

VISION STATEMENT

The New World Symphony envisions a strong and secure future for classical music and will redefine, reaffirm, express and share its traditions with as many people as possible.

MISSION STATEMENT

The mission of the New World Symphony is to prepare highly-gifted graduates of distinguished music programs for leadership roles in orchestras and ensembles around the world.

INDEPENDENT AUDITORS' REPORT

Board of Trustees, Finance Committee and Chief Executive Officer
New World Symphony, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New World Symphony, Inc. and Subsidiaries (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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.

MARCUMGROUP
MEMBER

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New World Symphony, Inc. and Subsidiaries as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the New World Symphony, Inc. and Subsidiaries 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Miami, FL
September 14, 2018

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
With Comparative Totals for June 30, 2017

	JUNE 30, 2018	JUNE 30, 2017
ASSETS		
Cash and Cash Equivalents	$ 13,312	$ 103,889
Endowment Investments (Note D, E)	103,810,293	99,841,154
Contributions Receivable, Net of Allowance (Note I)	4,106,868	6,665,265
Other Accounts Receivable	87,287	106,799
Prepaid Expenses and Other Current Assets	1,104,621	751,852
Deposit on Equipment	-	486,851
Capital Improvements in Process	253,033	-
Property and Equipment,		
Net of Accumulated Depreciation (Note B)	149,600,859	153,763,398
TOTAL ASSETS	$ 258,976,273	$ 261,719,208
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Expenses	$ 1,384,768	$ 956,011
Deferred Revenue (Note A)	731,769	799,175
Credit Facilities (Note C)	21,840,000	22,589,226
Total Liabilities	23,956,537	24,344,412
Net Assets		
Unrestricted	125,862,535	129,831,681
Temporarily Restricted	28,277,056	26,962,507
Permanently Restricted	80,880,145	80,580,608
Total Net Assets (Note A)	235,019,736	237,374,796
TOTAL LIABILITIES AND NET ASSETS	$ 258,976,273	$ 261,719,208

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

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
With Comparative Totals for June 30, 2017

	UNRESTRICTED NET ASSETS	TEMPORARILY RESTRICTED NET ASSETS	PERMANENTLY RESTRICTED NET ASSETS	Total 2018	Total 2017
REVENUE, GAINS AND OTHER SUPPORT					
Foundations	$ 1,481,553	$ 123,359	$ 15,933	$ 1,620,845	$ 6,878,647
Corporations	770,968	7,500	215,500	993,968	967,615
Governments (Note G)	2,094,168	10,191	-	2,104,359	1,743,934
Individuals	1,923,993	319,638	68,104	2,311,735	5,080,027
Contributed Services and Assets	77,475	-	-	77,475	118,851
Program Revenue	1,684,271	25,000	-	1,709,271	1,638,221
Special Events Revenue	2,525,999	102,500	-	2,628,499	1,470,190
Other Revenue (Note K)	1,216,116	-	-	1,216,116	1,570,384
Income on Long-Term Investments	-	1,840,738	-	1,840,738	1,592,379
Net Unrealized and Realized Gains and Losses	-	5,829,824	-	5,829,824	8,900,908
Total Revenue, Gain and Other Support	11,774,543	8,258,750	299,537	20,332,830	29,961,156
Net Assets Released from Restrictions	6,944,201	(6,944,201)	-	-	-
Total Revenue, Gains and Other Support	18,718,744	1,314,549	299,537	20,332,830	29,961,156
EXPENSES					
Program Services	17,368,707	-	-	17,368,707	17,295,774
Supporting Activities					
Marketing and Fundraising	2,994,025	-	-	2,994,025	2,869,959
General and Administrative	2,325,158	-	-	2,325,158	1,983,421
Total Expenses	22,687,890	-	-	22,687,890	22,149,154
CHANGE IN NET ASSETS	(3,969,146)	1,314,549	299,537	(2,355,060)	7,812,002
NET ASSETS, BEGINNING	129,831,681	26,962,507	80,580,608	237,374,796	229,562,794
NET ASSETS, ENDING	$ 125,862,535	$ 28,277,056	$ 80,880,145	$ 235,019,736	$ 237,374,796

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

NEW WORLD SYMPHONY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (2,355,060)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	5,191,500
Impairment Expense	125,443
Provision for Uncollectible Promises to Give	118,400
Net Unrealized and Realized Gains and Losses on Investments	(5,829,824)
Contributions Restricted for Long Term Investment	(299,537)
Amortization of Discount on Unconditional Promises to Give Restricted for Long Term Purposes	(126,898)
Change in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Contributions Receivable	2,478,932
Other Receivables	19,512
Prepaid Expenses and Other Current Assets	(352,769)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	135,882
Deferred Revenue	(67,406)
NET CASH USED IN OPERATING ACTIVITIES	(961,825)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(557,978)
Capital Improvements in Process	(69,733)
Purchase of Investments	(5,134,695)
Proceeds from Sale of Investments	6,995,380
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,232,974
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Operating Line of Credit	14,819,000
Payments on Operating Line of Credit	(14,507,000)
Payments on Long Term Debt	(1,125,000)
Proceeds on Capital Line of Credit	63,774
Proceeds from Contributions Restricted for Long-Term Investment	387,500
NET CASH USED IN FINANCING ACTIVITIES	(361,726)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(90,577)
CASH AND CASH EQUIVALENTS, BEGINNING	103,889
CASH AND CASH EQUIVALENTS, ENDING	$ 13,312
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Interest paid in cash	$ 516,816
NON-CASH TRANSACTIONS	
Transfer of Deposit on Equipment to Property and Equipment	$ 486,851
Accrual on Fixed Asset	$ 292,875

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The New World Symphony, America's Orchestral Academy (NWS), is dedicated to the artistic, professional and personal development of outstanding young musicians. Its fellowship program provides top graduates of music programs in the United States the opportunity to enhance their music education with the finest professional training. After an intensive three-year program of performance and training, NWS Fellows emerge from the experience prepared for professional positions in orchestras and ensembles around the world. Since its founding in 1987, more than 1,100 alumni have gone on to make a difference in the music profession worldwide. In the hopes of joining this program, over 1,150 musicians compete for about 35 available fellowships each year. NWS is an accredited institutional member of the National Association of Schools of Music and a member of the League of American Orchestras.

The NWS campus is located in Miami Beach, Florida. The facility, which opened in January 2011, functions as an educational and cultural facility to expand the limits of the educational and performance elements of classical music. The New World Center was designed by Frank O. Gehry and Gehry Partners, LLP and comprises approximately 106,000 gross square feet of space. It includes an acoustically superior and isolated rehearsal/broadcast/performance space with a variable seating capacity of up to 757 seats. Other elements include multiple acoustically-isolated rehearsal and ensemble practice rooms of various sizes, sophisticated Internet and Internet2 audio-visual systems and control rooms, reception and related support spaces, administrative office space, and various public amenities including lobbies, restrooms, and a roof-top garden.

Alton Pointe, a cohesive community of nine small apartment buildings, completes the campus environment. Located a half mile from New World Center, Alton Pointe is the principal residential housing facility for NWS fellows, faculty and artists.

Alton Pointe LLC

Alton Pointe LLC was organized on March 1, 2012 to purchase and operate an existing apartment and condominium complex that was converted to residential housing for NWS fellows, faculty and artists (see Note B).

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Principles of Consolidation

NWS follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958-210 which requires the presentation of a statement of financial position, a statement of activities, and a statement of cash flows, and requires that amounts be classified based on the presence or absence of donor-imposed restrictions (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets). Assets are presented according to their nearness of conversion to cash. Liabilities are presented according to the nearness of their maturity and resulting use of cash.

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States. These statements include the accounts of New World Symphony, Inc. and its wholly owned subsidiary Alton Pointe, LLC, referred to collectively going forward as NWS. All significant inter-company accounts and transactions have been eliminated in consolidation.

Classes of Net Assets

The balances and activities of NWS have been segregated into the following classes according to the nature of the activity and related restrictions imposed by funding sources and the Board of Trustees:

Unrestricted Net Assets which includes resources and activities related to NWS' general operations and facilities, including facilities' operations. These net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Trustees.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Net realized and change in unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classes of Net Assets (Continued)

Temporarily Restricted Net Assets, which includes resources and activities for which donor restrictions have not yet been met, including the discounted value of future promises. When a donor restriction expires, that is, when a stipulated time restriction ends or the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Restrictions on contributions of property and equipment (or contributions restricted to the purchase of property and equipment) expire when the asset is placed into service unless the donor has restricted the use for a specified term. Temporarily restricted net assets at June 30, 2018 primarily represent endowment fund assets from investment earnings as well as contributions for future operations, maintained to be appropriated for expenditure by NWS in a manner consistent with the Organization’s policies and donors’ restrictions on use.

Permanently Restricted Net Assets, which includes endowment resources that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity, and only the income be made available for NWS’ general operations or other use as specified by the donor.

Cash and Cash Equivalents
NWS considers all unrestricted highly liquid investments with original maturities of three months or less and all interest-bearing cash accounts to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

Investments
Investments are reported at fair value. 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. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. See Note E for a discussion of fair value measurements.

Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term could materially affect the amounts reported in the accompanying financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk
Financial instruments that potentially subject NWS to concentrations of credit risk consist principally of cash and cash equivalents, investments and contributions receivable.

Cash and Cash Equivalents
NWS maintains its cash balances in multiple accounts at one financial institution. From time to time, balances may exceed the federally insured limits, which are $250,000 for interest bearing deposits per entity. Cash is maintained at a high quality financial institution, which NWS believes limits its credit risk.

Investments
NWS maintains certain investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation ("SIPC"). Management believes that the risk of loss with respect to the financial institutions has been limited by choosing strong institutions with which to do business.

Contributions Receivable
Concentrations of credit risk with respect to contributions receivable are limited due to the large number of contributors comprising NWS' contributor base and their dispersion across different industries and geographical locations.

Fair Value of Financial Instruments
The carrying value of cash and cash equivalents, accounts payable, accrued expenses and the lines of credit approximated their fair value since they are short-term in nature. The carrying value of long term contributions receivable and long term debt approximate fair value as the terms approximate current market terms for similar instruments of comparable risk and maturities. The fair value measurement for investments is detailed in Note E.

Property and Equipment
Property and equipment with a value in excess of $5,000 and with a useful life greater than one year is capitalized. Property and equipment is recorded at cost if purchased or at fair value at the date of the gift if donated. Repairs and maintenance are expensed as incurred; major renewals and improvements are capitalized. Property and equipment, except for rare artwork which is not depreciated, is depreciated or amortized on a straight-line method over the estimated useful lives of the assets as follows:

Buildings and Building Improvements	40.0 Years
Furniture and Equipment	5.0 Years
Musical Instruments and Equipment	5.0 Years
Vehicles	3.0 Years

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions
NWS accounts for contributions in accordance with the provisions of FASB ASC Topic 958-605, *Revenue Recognition for Not-for-Profit Entities* and FASB ASC Topic 720-25, *Contributions Made*. In accordance with Topic 958-605, contributions received, including unconditional promises to give, are recognized at their estimated fair value at the date of receipt.

Unconditional promises to give are recognized when the promise is made by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are transferred to unrestricted net assets.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Gifts of noncash assets are recorded at their fair value at the date of contribution.

Government
Grant funds are reported as unrestricted support when the criteria stated in the grant agreement are met.

Program Revenue
Program revenue is recognized when earned, the period in which the concerts take place. Payments received for concerts occurring after June 30, 2018 are recorded as deferred revenue.

Special Event Revenue
The Organization generates Special Event Revenue during its annual Gala and other fundraising events. This revenue is recorded as unrestricted revenue when the events take place.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

Unconditional promises expected to be collected in future years are recorded at estimated fair value, using the present value of expected future cash flows. The cash flows are discounted at a discount rate commensurate with the risks involved at the date the promise was made. When considered necessary, an allowance is recorded based on management's estimate of collectability including such factors as prior collection history, type of contribution, and the nature of the fund-raising activity.

Contributed Services and Assets

Contributed services are recognized as contributions if the services require specialized skills, the services are provided by individuals who possess those skills, and the services would typically need to be purchased. Contributed assets are recognized at their estimated fair value as revenue when received and expensed as used.

Income Taxes

New World Symphony is a non-profit corporation as defined by Section 501(c)(3) of the U.S. Internal Revenue Code and as such is subject to state and federal income taxes only on unrelated business taxable income. There were no income taxes resulting from unrelated business income during the year ended June 30, 2018. Alton Pointe is a single member limited liability company and accordingly is disregarded for tax purposes.

Accounting principles generally accepted in the United States require management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest would be reported as interest expense and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Organization is no longer subject to income tax examinations for years prior to 2015.

The Tax Cuts and Jobs Act (the Tax Act) was signed into law on December 22, 2017. The Tax Act includes several changes relevant to tax-exempt organizations, primarily related to unrelated business income, net operating losses, certain new excise taxes, and changes affecting the deductibility of certain expenses. Management has determined that the new law will not have a significant impact on the Organization's financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period including, but not limited to, the determination of the net realizable value of receivables and the useful lives of donated and acquired assets. Accordingly, actual results could differ from those estimates.

Comparative Data

The consolidated financial statements and related notes include certain prior year summarized comparative information where applicable in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Recent Accounting Pronouncements

Issued Not Yet Adopted

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities", representing the completion of the first phase of a two-phase project to amend not-for-profit financial reporting requirements as set out in FASB ASC 958, Not-for-Profit Entities. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of not-for-profit financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes: net assets with donor restrictions and net assets without donor restrictions. Further, the ASU requires enhanced disclosures and also allows not-for-profits to present operating cash flows on the statement of cash flows using either the direct method or the indirect method. The ASU will be effective for the Organization for fiscal years starting after December 15, 2017, and the interim periods within. Reporting entities should apply the ASU retrospectively to all periods presented. Earlier application is permitted, however, the Organization did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its consolidated financial statements upon adoption.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

Issued Not Yet Adopted (Continued)
On June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU applies to all entities, including business entities that receive or make contributions of cash and other assets (except for transfers of assets from government entities to business entities). This ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. Making this determination is important because distinguishing between contributions and exchange transactions determines which guidance is applied. For contributions, an entity should follow the guidance in FASB ASC 958-605, Not-for-Profit Entities – Revenue Recognition, whereas, for exchange transactions, an entity should follow other guidance. The ASU will be effective for the Organization for fiscal years starting after December 15, 2018, and the interim periods within. Earlier application is permitted, however, the Organization did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its financial statements upon adoption.

Adopted
In May 2015, FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendment applies to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient. The amendment removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This ASU is effective for the Organization for their fiscal year beginning after December 15, 2016 and requires retrospective treatment to all periods presented. The Organization has fully adopted the provisions of ASU 2015-07 as of June 30, 2018 and has presented the financial statements in accordance with this new pronouncement. As a result of the adoption of ASU 2015-07, the Organization removed approximately $24,048,000 of investments from Level 3 in the fair value hierarchy as of June 30, 2017, see note E.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events to determine if events or transactions occurring through September 14, 2018, the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements.

No subsequent events other than those detailed in Note C – Credit Facilities.

NOTE B – PROPERTY AND EQUIPMENT

As of June 30, 2018, property and equipment consisted of the following:

Land	$ 11,165,000
Buildings and Building Improvements	165,358,919
Artwork	400,000
Furniture and Equipment	14,085,122
Music, Musical Instruments and Other Assets	1,675,484
Total	192,684,525
Less Accumulated Depreciation	(43,083,666)
Net Property and Equipment	$149,600,859

Depreciation expense for the fiscal year ended June 30, 2018 was approximately $5,192,000.

Purchase of Alton Pointe

In April 2012, Alton Pointe purchased an apartment complex and condominium units within close proximity to NWS to provide housing for NWS fellows. NWS fellows moved into the new facility in November 2012 and acquisition debt was retired in June 2013. The property consists of 128 units of which 102 units are used for program purposes. The remaining units are rented to the general public on a long-term basis to provide supplemental income to the Organization. During the year ended June 30, 2018, NWS recognized approximately $408,000 in gross rental income from this facility, which is included in Other Revenue in the accompanying consolidated statement of activities.

NOTE C – CREDIT FACILITIES

$4,500,000 Operating Line of Credit

NWS has a $4,500,000 revolving line of credit agreement with a financial institution to provide working capital for operating purposes. This note currently carries interest at one-month LIBOR plus 84 basis points (2.82% at June 30, 2018). Interest only payments are due monthly with the principal due at maturity on August 24, 2019. Collateral for this agreement is an investment account maintained by the Organization which had a balance of approximately $8,900,000 at June 30, 2018. As of June 30, 2018, this line of credit had a balance of $2,915,000. During the year ended June 30, 2018, NWS incurred interest of approximately $56,000 in relation to this obligation.

$18,400,000 Promissory Note

On October 18, 2011, NWS converted a $75,000,000 revolving line of credit related to the construction of New World Center into an $18,400,000 promissory note. No future advances will be made against this note. This note carries interest at one-month LIBOR plus 84 basis points (2.82% at June 30, 2018). Interest only payments are due monthly with the principal due at maturity on August 27, 2018. The note requires mandatory principal payments to be made from time to time as required by the bank. A benefactor of NWS has provided a guarantee of this note in addition to collateral which includes an investment account maintained by the benefactor. During the year ended June 30, 2018, NWS incurred interest of approximately $333,000 in relation to this obligation and made principal payments of $1,125,000. The principal balance outstanding on this note was $13,425,000 at June 30, 2018.

On August 24, 2018, subsequent to year end, NWS converted this promissory note into a term loan. This note carries a fixed 3.70% interest rate. Interest only payments are due monthly. Mandatory principal payments are due annually as required by the terms of the agreement. The note will mature on April 1, 2024, at which time the obligation is expected to be paid in full. The third-party guarantee and collateral remain the same as on the original note.

$4,000,000 Alton Pointe Completion Loan

On July 24, 2012, NWS entered into a revolving line of credit with a financial institution to provide for borrowings up to $4,000,000. This note was obtained to finance renovation costs to the residential property and the purchase of ten condominium units that were not part of the original acquisition. This note carries interest at one-month LIBOR plus 84 basis points (2.82% at June 30, 2018). Interest only payments are due monthly with the principal due at maturity on August 26, 2018. Collateral for this agreement is an investment account maintained by the Organization which had a balance of approximately $8,900,000 at June 30, 2018. As of June 30, 2018, this line of credit had a balance of $4,000,000. During the year ended June 30, 2018, NWS incurred interest of approximately $95,000 in relation to this obligation.

NOTE C – CREDIT FACILITIES (Continued)

$1,500,000 Capital Project Line of Credit

On June 28, 2016, NWS entered into a revolving line of credit with a financial institution to provide for borrowings up to $1,500,000. This note was obtained to finance certain capital improvements. This note carries interest at one-month LIBOR plus 84 basis points (2.82% at June 30, 2018). Interest only payments are due monthly with the principal due at maturity on August 26, 2018. Collateral for this agreement is an investment account maintained by the Organization which had a balance of approximately $2,115,000 at June 30, 2018. As of June 30, 2018, this line of credit had a balance of $1,500,000. During the year ended June 30, 2018, NWS incurred interest of approximately $32,000 in relation to this obligation.

On August 24, 2018, subsequent to year end, NWS consolidated the $4,000,000 Alton Pointe completion loan and the $1,500,000 capital project line of credit into a $5,500,000 term loan. This note carries a fixed 3.70% interest rate. Interest only payments are due monthly with the principal due at maturity on August 24, 2023. The collateral remains the same as on the original notes.

The principal payment schedule for credit facilities, inclusive of subsequent events, are as follows:

Fiscal Year	Payment Due
2019	$ 1,303,000
2020	4,667,000
2021	2,166,000
2022	2,496,000
2023	2,989,000
2024	8,219,000
Total	$ 21,840,000

NOTE D – ENDOWMENTS

In 1991, NWS established the New World Symphony Endowment Fund. The purpose of the Endowment Fund is to create a continuous development program that will enable individuals, corporations, and foundations to make gifts to NWS, to provide for the permanent financing of the programs of NWS, and to ensure the permanent existence of NWS.

NOTE D – ENDOWMENTS (Continued)

NWS utilizes the services of an investment advisor to assist the NWS Investment Committee in determining investment objectives and policies, asset allocation strategies, and identification of appropriate investment managers. The total time weighted return on the Endowment Fund after investment fees was 7.91% for the year ended June 30, 2018, compared to a weighted average composite benchmark return of 7.87%. Over the last ten years, NWS' portfolio has achieved an annual compound total rate of return of 5.00%. compared to a weighted average composite benchmark return of 5.52%.

Interpretation of Relevant Law

NWS interprets the Florida 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, NWS 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 instruments at the time the accumulation was 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 and maintained as such for appropriation for expenditure by NWS in a manner consistent with the standards of prudence prescribed by UPMIFA and donors' restrictions on use.

NWS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of NWS and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

NOTE D – ENDOWMENTS (Continued)

Interpretation of Relevant Law (Continued)
For the year ended June 30, 2018 NWS had the following endowment activity in net assets:

	Temporarily Restricted	Permanently Restricted	Total
Beginning net assets	$21,675,589	$ 80,580,608	$102,256,197
Contributions	-	299,537	299,537
Income on long-term assets	1,840,738	-	1,840,738
Realized and unrealized gains (los	5,829,824	-	5,829,824
Transfers	(4,208,565)	-	(4,208,565)
Ending net assets	$25,137,586	$ 80,880,145	$106,017,731

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 intended. As of June 30, 2018, there were no endowment funds with deficiencies.

Return Objectives and Risk Parameters
NWS has adopted investment policies and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of endowment assets.

Endowment assets include those assets of donor-restricted funds that NWS must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, endowment assets are invested in a manner that is intended to produce a relatively stable stream of spendable revenue that increases over time at a rate not less than the general rate of inflation as measured by the Consumer Price Index while assuming a moderate level of investment risk. NWS recognizes that to achieve this objective over extended periods, investment returns must exceed the objective during some periods in order to compensate for shortfalls that might occur during other periods. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, NWS 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). NWS 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.

NOTE D – ENDOWMENTS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

NWS has a policy of appropriating for distribution each year 5% of the endowment's average fair value over a smoothing period that is calculated through the fiscal year end immediately preceding the fiscal year in which the distribution is planned. For the year ended June 30, 2018, the smoothing period was increased from 12 quarters to 16 quarters. The smoothing period will be increased each year by an additional four quarters until the annual effective spend rate is reduced to a more sustainable level over the long-term. The distributed amount may be increased by the affirmative vote of a majority of the members of each of the Finance, Investment and Executive Committees.

In establishing this policy, NWS considered the long-term expected return on its endowment which is measured against one or more benchmarks approved by the Investment Committee. Accordingly, over the long term, NWS expects the current spending policy to allow its endowment to grow at an amount greater than a composite, weighted benchmark, similarly approved. This is consistent with NWS' objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE E – FAIR VALUE MEASUREMENTS

NWS follows FASB ASC Topic 820-10 *Fair Value Measurement and Disclosure* for measuring fair value. This guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

This standard also establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from market participants external to the company while unobservable inputs are generally developed internally, utilizing management's estimates, assumptions and specific knowledge of the assets/liabilities and related markets. The three levels are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that NWS has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

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

1. Quoted prices for similar assets and liabilities in active markets.
2. Quoted prices for identical or similar assets and liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
3. Inputs other than quoted prices that are observable for the asset and liability.
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Adjustments to Level 2 inputs will vary depending on factors specific to the asset or liability. Those factors include the condition and/or location of the asset or liability, the extent to which the inputs relate to items that are comparable to the asset or liability, and the volume and level of activity in the markets within which the inputs are observed. An adjustment that is significant to the fair value measurement in its entirety might render the measurement a Level 3 measurement, depending on the level in the fair value hierarchy within which the inputs used to determine the adjustment fall.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity.

An asset'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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

Level 1 investments are comprised of money market funds, fixed income bond funds, domestic equities, and global equities that are traded on the open market and valued using quoted prices.

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The Organization has investments in alternative asset classes including real estate funds, hedge funds and private equity funds which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value based on their proportionate share of the value of the investment as determined by the fund managers.

Assets measured at fair value on a recurring basis as of June 30, 2018 and 2017 are summarized as follows, investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy:

Fair Value Measurement at June 30, 2018

	Level 1	Level 2	Level 3	Total
Investments				
Money Market	$ 7,342			$ 7,342
Domestic Equity	$39,150,895			39,150,895
International Equity	22,375,297			22,375,297
Bond Mutual Funds	17,560,278			17,560,278
Total assets in the fair value hierarchy	79,093,812	-	-	79,093,812
Investments measured at net asset value (a)				24,716,481
Total investments at fair value	$79,093,812	-	-	$103,810,293

Fair Value Measurement at June 30, 2017

	Level 1	Level 2	Level 3	Total
Investments				
Money Market	$ 830,448			$ 830,448
Domestic Equity	$36,395,296			36,395,296
International Equity	20,833,287			20,833,287
Bond Mutual Funds	17,734,246			17,734,246
Total assets in the fair value hierarchy	75,793,277	-	-	75,793,277
Investments measured at net asset value (a)				24,047,877
Total investments at fair value	$75,793,277	-	-	$99,841,154

(a) Certain investments that are measured at Net Asset Value per share practical expedient or its equivalent have not been classified in the fair value hierarchy. The fair value amounts presented in this table are reported for the purpose of reconciling the fair value hierarchy to the investments as shown on the Statement of Financial Position.

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The following tables disclose all investments whose value is calculated using NAV, using the practical expedient.

	June 30, 2018			
Account	NAV at June 30, 2018	Unfunded Commitments	Exit Frequency	Days Notice
Hedge Fund (a)	$ 2,759,179	$ -	Semi-annual on investor anniversary	95 days
Private Equity (b)	5,377,765	2,528,350	Redemption at end of partnership	N/A
Equity Long/Short (c)	146,272	-	JUN & DEC 5% penalty in JUN	75 days
Managed Futures Fund (d)	4,543,898	-	Daily	1 day
Private Credit (e)	695,967	1,829,702	Redemption at end of partnership	N/A
Private Real Estate (f)	7,221,636	-	Quarterly	45 days
Liquid Alternatives (g)	3,971,764		N/A	N/A
	$ 24,716,481	$ 4,358,052		

	June 30, 2017			
Account	NAV at June 30, 2017	Unfunded Commitments	Exit Frequency	Days Notice
Hedge Fund (a)	$ 2,562,948	$ -	Semi-annual on investor anniversary	95 days
Private Equity (b)	3,504,984	4,790,586	Redemption at end of partnership	N/A
Equity Long/Short (c)	219,203	-	JUN & DEC 5% penalty in JUN	75 days
Managed Futures Fund (d)	4,321,205	-	Daily	1 day
Private Credit (e)	284,323	2,215,677	Redemption at end of partnership	N/A
Private Real Estate (f)	4,640,187	2,385,000	Quarterly	45 days
Liquid Alternatives (g)	8,515,027		N/A	N/A
	$ 24,047,877	$ 9,391,263		

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

(a) Hedge Fund – The fund believes that a portfolio of market neutral and market uncorrelated investment strategies offers great potential for long-term investment success. It invests in a variety of strategies that are hedged and uncorrelated to the broader markets, including event-driven investing, credit opportunities, distressed securities, equity market neutral, and relative value multi-strategy.

(b) Private Equity – Four limited partnerships comprise the private equity category. The first seeks long-term capital appreciation and risk-adjusted net returns through equity investments. Strategic investment focus areas include: venture capital (IT, early stage); private equity (growth equity & middle market); and international private equity (European).

The second seeks to achieve superior risk-adjusted returns, including substantial annual cash distributions, primarily by building a diversified portfolio of minority equity stakes in institutionalized hedge fund firms across multiple strategies, geographies and asset classes.

The third fund invests in a broad range of investments, including, but not limited to, global distressed corporate securities, activist equities, value equities, reorganization equities, municipal bonds, high yield bonds, leveraged loans, unsecured debt, collateralized debt obligations, mortgage backed securities, direct lending, sovereign debt, real estate, venture capital and private equity-type structures. Managers are not restricted in the investment strategies that they may employ across different asset classes and regions.

The fourth limited partnership invests substantially all of its investable assets through a master/feeder fund structure. The fund is a multi-strategy fund formed to provide investors with exposure to a well-diversified private equity portfolio across strategy, investment type and vintage year.

(c) Equity Long/Short – The fund allocates its assets among a diverse group of money managers who direct investments in securities and other financial instruments utilizing a variety of investment styles. The fund invests in offshore funds whose money managers employ a long/short strategy.

(d) Managed Futures Fund – This multi-manager fund is focused on managed futures and foreign exchange. The fund allocates to managed accounts which are traded across different styles of managed futures trading. Target exposure to Long-term Trend Following is between 50%-60% with 40%-50% exposure to Global Macro, Short-term, Counter-Trend, and Value trading styles.

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

(e) Private Credit – The fund invests in directly originated second lien, mezzanine, other private high yield debt securities, and equity co-investments of high quality upper middle market companies, generally as lead investor. The Fund generally targets companies in North America with EBITDA greater than $75 million.

(f) Private Real Estate – The fund is a diversified open-end core real estate fund whose primary objective is to exceed the NCREIF Fund Index - Open-End Diversified Core Equity ("NFI-ODCE") on a net-of-fee basis. The Fund seeks to provide for the preservation of capital, stable income and modest appreciation over the mid to long-term. The Fund invests only in the United States in four main property types: office, multifamily, industrial, and retail.

(g) Liquid Alternatives – Two funds comprise the liquid alternatives category. The first fund combines directional allocations to investment grade and high yield bonds and bank loans with tactical long/short strategies. The Fund also makes smaller allocations to sovereign bonds, asset-backed securities and common equities.

The second fund is a multi-strategy, multi-manager vehicle that seeks to provide a lower risk profile than that of traditional stock and bond markets by investing in hedge fund strategies that primarily include Equity Hedged, Event Driven, Relative Value, Managed Futures and Global Macro.

NOTE F – RELATED PARTY TRANSACTIONS

Contributions received from members of the Board of Trustees and their affiliates during the year ended June 30, 2018 totaled approximately $ 4,827,000; these contributions represent 33% of total revenue, excluding net unrealized and realized gains and losses and assets released from restrictions. As of June 30, 2018, amounts due for these contributions from members of the Board of Trustees and their affiliates totaled $2,385,000 which is included in contributions receivable on the accompanying consolidated statement of financial position.

NOTE G – GOVERNMENT SUPPORT

During the year ended June 30, 2018, NWS was the recipient of the following support from governmental agencies:

National Endowment for the Arts	
• Art Works: Music	$ 60,000
Florida Department of State, Division of Cultural Affairs	
• General Program Support Grant – 2017-2018 season	50,802
• General Program Support Grant – 2018-2019 season	10,191
City of Miami Beach	
• Cultural Affairs Program and Cultural Arts Council	28,506
Miami-Dade County Department of Cultural Affairs	
• Youth Arts Enrichment Program	24,826
• Major Cultural Institutions Grants Program	421,284
• Tourist Development Council	8,750
• Cultural Facilities Grant Program	1,500,000
Total	$ 2,104,359

All grant funds were expended, obligated, or invested according to the specific terms of agreement with each governmental agency and were capitalized or recorded as program services under those agreements as unrestricted net assets, temporarily restricted net assets, or permanently restricted net assets.

NWS was awarded a grant from Miami-Dade County for the development, construction and design of New World Center to be funded in annual increments from legally available convention development tax funds through the year ending 2030. Based on current information available, NWS estimates it will receive up to $55,000,000 over that timeframe. The annual allocations are subject to approval and adjustment by the Board of County Commissioners as well as the availability of sufficient applicable tax revenues. NWS has recognized and collected a total of $13,600,000 in relation to this grant through June 30, 2018 of which $1,500,000 was recognized during the fiscal year ended June 30, 2018.

NOTE G – GOVERNMENT SUPPORT (Continued)

As of June 30, 2018, $40,491 in grant funds had been expended and not yet reimbursed; this amount is recorded in accounts receivable in the accompanying consolidated statement of financial position. Grants received by the Organization are subject to financial and compliance audits by the grantors or their representatives. The possible disallowance of any item charged to the program or the request for return of any unexpended funds cannot be determined at this time; therefore, no provision for any liability that may result has been made in the consolidated financial statements as the amount is not expected to be material.

NOTE H – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs services and supporting activities benefited.

NOTE I – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give to be received in future periods and are discounted to their present value based on anticipated payment streams. Uncollectible promises are expected to be insignificant. Contributions receivable at June 30, 2018 are as follows:

Due in less than one year	$ 1,028,391
Due in one to five years	3,150,191
Due in more than five years	85,000
Total contributions receivable	4,263,582
Less allowance for uncollectible amounts	(29,816)
Less discount to net present value	(126,898)
Total contributions receivable, net	$ 4,106,868

NOTE J – CONTINGENCIES

NWS is involved in lawsuits from time to time that arise in the ordinary course of business. In the opinion of management, any liabilities resulting from such litigation would not be material in relation to the Organization’s consolidated financial position. As of June 30, 2018 there were no active lawsuits.

NOTE K – OTHER REVENUE

Unrestricted other revenue primarily consists of revenues related to the rental of New World Center by outside parties and rental income earned at Alton Pointe. See Note B.

NOTE L – RETIREMENT SAVINGS PLAN

NWS has a 401k retirement savings plan available to all qualifying employees. NWS contributes a safe harbor matching contribution to each participant equal to 100% of the employee's contribution up to but not exceeding 4% of the employee's annual compensation. Total 401k expense for the years ended June 30, 2018 and 2017, was $195,379 and $173,548, respectively.