

FINANCIAL REPORT

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.

June 30, 2015 and 2014

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities.....	3
Statements of functional expenses.....	4
Statements of cash flows	5
Notes to financial statements.....	6-12

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Fischhoff National Chamber Music Association, Inc.
Notre Dame, Indiana

We have audited the accompanying financial statements of The Fischhoff National Chamber Music Association, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 Fischhoff National Chamber Music 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.

Cullar & Associates, P.C.

South Bend, Indiana
November 11, 2015

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Assets:								
Current Assets:								
Cash and cash equivalents	\$ 126,081	\$ -	\$ -	\$ 126,081	\$ 151,323	\$ -	\$ -	\$ 151,323
Contributions and grants receivable	38,955	2,000	-	40,955	-	-	-	-
Other receivables	3,945	-	-	3,945	400	-	-	400
<i>Total current assets</i>	<u>168,981</u>	<u>2,000</u>	<u>-</u>	<u>170,981</u>	<u>151,723</u>	<u>-</u>	<u>-</u>	<u>151,723</u>
Long-Term Assets:								
Contributions and grants receivable	-	4,500	-	4,500	-	-	-	-
Long-term investments	-	-	30,000	30,000	-	-	70,000	70,000
Beneficial interests in assets held by others	408,448	14,397	90,000	512,845	419,008	15,409	50,000	484,417
<i>Total long-term assets</i>	<u>408,448</u>	<u>18,897</u>	<u>120,000</u>	<u>547,345</u>	<u>419,008</u>	<u>15,409</u>	<u>120,000</u>	<u>554,417</u>
<i>Total assets</i>	<u>\$ 577,429</u>	<u>\$ 20,897</u>	<u>\$ 120,000</u>	<u>\$ 718,326</u>	<u>\$ 570,731</u>	<u>\$ 15,409</u>	<u>\$ 120,000</u>	<u>\$ 706,140</u>
Liabilities and Net Assets:								
Current Liabilities:								
Accounts payable and accrued liabilities	\$ 15,399	\$ -	\$ -	\$ 15,399	\$ 15,257	\$ -	\$ -	\$ 15,257
Net Assets:								
Unrestricted	562,030	-	-	562,030	555,474	-	-	555,474
Temporarily restricted	-	20,897	-	20,897	-	15,409	-	15,409
Permanently restricted	-	-	120,000	120,000	-	-	120,000	120,000
<i>Total net assets</i>	<u>562,030</u>	<u>20,897</u>	<u>120,000</u>	<u>702,927</u>	<u>555,474</u>	<u>15,409</u>	<u>120,000</u>	<u>690,883</u>
<i>Total liabilities and net assets</i>	<u>\$ 577,429</u>	<u>\$ 20,897</u>	<u>\$ 120,000</u>	<u>\$ 718,326</u>	<u>\$ 570,731</u>	<u>\$ 15,409</u>	<u>\$ 120,000</u>	<u>\$ 706,140</u>

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

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenues, Gains, and Other Support:								
Contributions:								
Cash and pledges	\$ 151,701	\$ 23,155	\$ -	\$ 174,856	\$ 111,891	\$ 25,059	\$ -	\$ 136,950
Services and facilities	37,622	-	-	37,622	31,435	-	-	31,435
Grants	12,321	89,875	-	102,196	40,750	33,200	-	73,950
Special events:								
Cash contributions	58,354	-	-	58,354	73,920	-	-	73,920
Ticket sales and auction proceeds	14,280	-	-	14,280	8,770	-	-	8,770
Competition fees	21,160	-	-	21,160	20,640	-	-	20,640
Merchandise sales, net	(131)	-	-	(131)	590	-	-	590
Change in value of beneficial interests								
in assets held by others	(10,561)	(1,011)	-	(11,572)	33,698	5,432	-	39,130
Investment income	18,392	2,734	-	21,126	18,955	3,111	-	22,066
Other income	1,121	-	-	1,121	229	-	-	229
Net assets released from restrictions	109,265	(109,265)	-	-	61,370	(61,370)	-	-
<i>Total revenues, gains, and other support</i>	<u>413,524</u>	<u>5,488</u>	<u>-</u>	<u>419,012</u>	<u>402,248</u>	<u>5,432</u>	<u>-</u>	<u>407,680</u>
Expenses:								
Education and competition	305,315	-	-	305,315	284,719	-	-	284,719
Management and general	37,871	-	-	37,871	33,652	-	-	33,652
Fund raising	63,782	-	-	63,782	62,419	-	-	62,419
<i>Total expenses</i>	<u>406,968</u>	<u>-</u>	<u>-</u>	<u>406,968</u>	<u>380,790</u>	<u>-</u>	<u>-</u>	<u>380,790</u>
Change in net assets	6,556	5,488	-	12,044	21,458	5,432	-	26,890
Net assets, beginning of year	555,474	15,409	120,000	690,883	534,016	9,977	120,000	663,993
<i>Net assets, end of year</i>	<u>\$ 562,030</u>	<u>\$ 20,897</u>	<u>\$ 120,000</u>	<u>\$ 702,927</u>	<u>\$ 555,474</u>	<u>\$ 15,409</u>	<u>\$ 120,000</u>	<u>\$ 690,883</u>

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

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2015 and 2014

	2015				2014			
	Education and <u>Competition</u>	Management <u>and General</u>	Fund <u>Raising</u>	<u>Totals</u>	Education and <u>Competition</u>	Management <u>and General</u>	Fund <u>Raising</u>	<u>Totals</u>
Personnel	\$ 92,927	\$ 22,045	\$ 37,954	\$ 152,926	\$ 94,689	\$ 19,142	\$ 35,868	\$ 149,699
Professional services	70,980	6,510	800	78,290	58,149	6,510	1,150	65,809
Occupancy:								
Donated	12,171	695	1,185	14,051	12,296	614	1,141	14,051
Purchased	1,759	157	268	2,184	5,440	143	266	5,849
Insurance	-	2,882	-	2,882	-	2,650	-	2,650
Supplies	6,048	1,435	2,585	10,068	8,368	1,692	3,491	13,551
Food and catering	9,964	-	12,875	22,839	6,362	-	12,226	18,588
Postage and mailing	5,501	1,305	2,247	9,053	5,359	1,083	2,555	8,997
Printing and publications	10,380	-	1,078	11,458	9,187	-	982	10,169
Advertising and promotion:								
Donated	20,366	-	2,360	22,726	14,104	-	2,360	16,464
Purchased	9,095	-	-	9,095	10,948	-	-	10,948
Travel and lodging	12,511	1,989	-	14,500	11,355	352	-	11,707
Prizes and scholarships	51,183	-	-	51,183	46,081	-	-	46,081
Other	2,430	853	2,430	5,713	2,381	1,466	2,380	6,227
<i>Totals</i>	<u>\$ 305,315</u>	<u>\$ 37,871</u>	<u>\$ 63,782</u>	<u>\$ 406,968</u>	<u>\$ 284,719</u>	<u>\$ 33,652</u>	<u>\$ 62,419</u>	<u>\$ 380,790</u>

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

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2015 and 2014

Change in Cash and Cash Equivalents:	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash received from contributors and others	\$ 326,381	\$ 337,185
Distributions received from beneficial interests in assets held by others	16,916	21,927
Interest income received	665	139
Cash paid to employees, suppliers, and others	<u>(369,204)</u>	<u>(341,656)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(25,242)</u>	<u>17,595</u>
Cash Flows from Investing Activities:		
Proceeds from sale of long-term investments	40,000	-
Transfers to Community Foundation endowment	<u>(40,000)</u>	<u>(10,000)</u>
<i>Net cash (used in) investing activities</i>	<u>-</u>	<u>(10,000)</u>
Net change in cash and cash equivalents	(25,242)	7,595
Cash and cash equivalents, beginning of year	<u>151,323</u>	<u>143,728</u>
<i>Cash and cash equivalents, end of year</i>	<u><u>\$ 126,081</u></u>	<u><u>\$ 151,323</u></u>

Reconciliation of Change in Net Assets to Net Cash

Provided By (Used in) Operating Activities:

Change in net assets	\$ 12,044	\$ 26,890
Add (deduct) items not requiring (providing) cash:		
(Increase) decrease in contributions and grants receivable	(45,455)	18,185
(Increase) decrease in other receivables	(3,545)	3,951
(Increase) decrease in beneficial interests in assets held by others	11,572	(39,130)
Increase in accounts payable and accrued liabilities	<u>142</u>	<u>7,699</u>
<i>Net cash provided by (used in) operating activities</i>	<u><u>\$ (25,242)</u></u>	<u><u>\$ 17,595</u></u>

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

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Fischoff National Chamber Music Association, Inc. (the "Organization") is an Indiana nonprofit corporation organized to promote and encourage development, awareness, and appreciation of the art of chamber music and its role in our culture through educational programs, chamber music performances, and sponsorship of *The Fischoff National Chamber Music Competition*. The Organization's operations are supported primarily by contributions and grants from individuals and nonprofit organizations and by business underwriting of its annual competition.

Significant Accounting Policies:

Use of estimates:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Significant estimates used in the accompanying financial statements include:

- The valuations of the beneficial interests in assets held by others, which are based on the value of the underlying assets, as provided by the Community Foundation that holds the assets, and which approximate the present value of expected future distributions
- The valuations of contributed services and facilities, which are based on the costs of comparable services and facilities.
- The allocations of costs among program and supporting services, which are based on time studies and other cost allocation methods.

Net asset classes:

The Organization reports its activities and financial position by the following classes of net assets:

- *Unrestricted net assets* are those currently available for use by the Organization.
- *Temporarily restricted net assets* are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
- *Permanently restricted net assets* are those received with permanent donor stipulations. Investment income from permanently restricted net assets that is available for distribution is recorded as an increase in temporarily restricted net assets.

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

Cash and cash equivalents:

The Organization considers all time and certificates of deposit and all other highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. However, permanently restricted cash and cash equivalents are reported as long-term investments.

Property and equipment:

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt if donated, less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which is generally from three to five years.

All the Organization's property and equipment, with a cost of \$2,698, was fully depreciated at both June 30, 2015 and 2014.

Beneficial interests in assets held by others:

The Organization recognizes its beneficial rights in assets held by others unless the donor has granted the recipient organization variance power. However, if the Organization is both the donor and the beneficiary of the assets, those rights are recognized even if the recipient organization has been granted variance power.

Beneficial interests in assets held by others are stated at fair value, based on the value of the underlying assets, as provided by the Community Foundation that holds the assets, which approximate the present value of expected future distributions. Changes in the value of beneficial interests are included in revenues in the statements of activity.

Gifts and grants:

The Organization reports gifts and grants of cash and other assets as revenue when unconditionally promised, and considers such gifts to be available for unrestricted use unless specifically restricted by donor. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Contributed services are recognized if the services create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services are recorded at their estimated fair value. For the years ended June 30, 2015 and 2014, the Organization recognized \$23,571 and \$17,384, respectively, of contributed services.

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Under an agreement with the University of Notre Dame, the Organization receives office space and performance facilities free of charge. The value of such contributed facilities is recorded at its estimated fair value, which was \$14,051 for both years ended June 30, 2015 and 2014, respectively.

Advertising costs:

Advertising costs are expensed when incurred. Total advertising expense was \$31,821 and \$27,412 for the years ended June 30, 2015, and 2014, respectively, including \$22,726 and \$16,464, respectively, that was donated.

Income taxes:

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for taxes on unrelated business income. Consequently, the accompanying financial statements generally contain no provision for income taxes. The Organization is classified by the Internal Revenue Service as other than a private foundation under Internal Revenue Code Section 509(a)(1).

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. The Organization classifies interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There was no accrued interest or any penalties related to unrecognized tax benefits at either June 30, 2015 or 2014, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. The Organization is no longer subject to examination by the Internal Revenue Service or the State of Indiana for years ended prior to June 30, 2012.

NOTE 2. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at June 30, 2015 consists of unconditional promises to give, of which \$2,000 is due in 2016 and \$4,500 is due in 2017. No allowance for uncollectibles was considered necessary, and no discount was recorded on the portion due after one year because it was not material.

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 3. LONG-TERM INVESTMENTS

Long-term investments at both June 30, 2015 and 2014 consist of cash and cash equivalents, which are permanently restricted.

NOTE 4. BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

The Organization is the beneficiary of three endowment funds held by Community Foundation of St. Joseph County, Inc. (the "Foundation"), to which both the Organization and others have donated. The Organization and the other donors have granted the Foundation variance power in the determination of annual distributions and transfer of the accounts to other community organizations in the event of certain circumstances. Distributions to the Organization are under the control of the Foundation's Board of Directors. The Organization has made total contributions to the funds through June 30, 2015 of \$401,216, of which \$40,000 was made in 2015, \$10,000 was made in 2014, and \$351,216 was made prior to 2014. Of these contributions, \$50,000 was donor-restricted for endowment purposes and \$40,000 was restricted for competition prizes. The value of the portion of the funds attributable to contributions by the Organization at June 30, 2015 and 2014 was \$512,845 and \$484,417, respectively. The change in the value of this portion of the funds, net of distributions, for the years ended June 30, 2015 and 2014 was \$(11,572) and \$39,130, respectively, which is included in revenues in the accompanying statements of activities. The Organization received distributions from this portion of the funds for the years ended June 30, 2015 and 2014 of \$20,460 and \$21,927, respectively. The 2015 distributions include \$3,945 that was in transit at June 30, 2015 and is included in other receivables in the accompanying 2015 statement of financial position.

The Organization is also the beneficiary of four other endowment funds held by Community Foundation of St. Joseph County, Inc. and by Elkhart Community Foundation, all of which were created by other donors. The Organization does not recognize as assets either these funds or the portions of the funds held by Community Foundation of St. Joseph County, Inc. discussed in the preceding paragraph that are attributable to contributions by other donors, because other donors established the funds and granted variance power to the Foundations. The Organization periodically receives distributions in the form of grants from these funds. The total value of these funds at June 30, 2015 and 2014 was \$430,815 and \$397,519, respectively. The Organization received distributions from these funds for the years ended June 30, 2015 and 2014 of \$18,270 and \$12,389, respectively, which are included in contributions revenue in the accompanying statements of activities.

In 2014, the Organization was awarded a \$100,000 grant from Community Foundation of St. Joseph County, which will be added to one of the funds discussed above if the Organization is able to obtain matching contributions of \$100,000 by December 31, 2014. At June 30, 2015, the matching requirement was met and the \$100,000 was contributed to that fund. Such contributions have not been recognized in the accompanying financial statements because they were made by other donors.

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 5. NET ASSETS INFORMATION

Temporarily restricted net assets are available for the following periods or purposes at June 30, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
<i>Time restricted –</i>		
Pledges	\$ 6,500	\$ -
<i>Purpose restricted –</i>		
Residency programs	13,851	15,409
Competition prizes	<u>546</u>	<u>-</u>
<i>Total temporarily restricted net assets</i>	<u>\$ 20,897</u>	<u>\$ 15,409</u>

Permanently restricted net assets are available for the following purposes at June 30, 2015 and 2014, respectively:

Endowment for Competition prizes	\$ 60,000	\$ 60,000
Endowment to sustain residency programs	50,000	50,000
Education Circle endowment	<u>10,000</u>	<u>10,000</u>
<i>Total permanently restricted net assets</i>	<u>\$ 120,000</u>	<u>\$ 120,000</u>

Net assets were released from restrictions by the expiration of time or by incurring expenses satisfying restricted purposes for the years ended June 30, 2015 and 2014, respectively, as follows:

Satisfaction of purpose restrictions:		
Competition marketing	\$ 20,000	\$ -
Competition broadcasting underwriting	10,000	-
Arts in Education Residency program	63,223	36,298
Mentoring program	1,500	2,000
Competition prizes	<u>14,542</u>	<u>23,072</u>
<i>Total net assets released from restrictions</i>	<u>\$ 109,265</u>	<u>\$ 61,370</u>

NOTE 6. ENDOWMENT FUNDS INFORMATION

As required by U.S. generally accepted accounting principles, 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 State of Indiana enacted the *Uniform Prudent Management of Institutional Funds Act of 2006* (“UPMIFA”) effective July 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors and management have determined that certain net assets meet the definition of endowment funds under UPMIFA.

The total endowment at June 30, 2015 and 2014 is \$542,845 and \$554,417, respectively, of which \$408,448 and \$419,008, respectively, is Board designated; \$14,397 and \$15,409, respectively, is temporarily restricted; and \$120,000 and \$120,000, respectively, is permanently restricted for purposes described in Note 5. At June 30, 2015, \$512,845 of the endowment was held in the Community Foundation fund discussed in Note 5, and \$30,000 was invested in cash equivalents. At June 30, 2014, \$484,417 of the endowment was held in

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

the Community Foundation fund and \$70,000 was invested in cash equivalents. Funds held at Community Foundation are subject to Community Foundation's investment and spending policies and are subject to Community Foundation's variance power, as discussed in Note 4. The Organization's spending policy for funds within its control is to appropriate endowment income in the year it is earned.

Changes in the endowments for the years ended June 30, 2015 and 2014, respectively, are as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 554,417	\$ 505,287
Contributions	-	10,000
Investment earnings	8,939	61,141
Expended	<u>(20,511)</u>	<u>(22,011)</u>
Ending balance	<u>\$ 542,845</u>	<u>\$ 554,417</u>

NOTE 7. FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an entity's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Such principles establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of assets measured on a recurring basis at June 30, 2015 and 2014, respectively, is as follows:

	Fair Value	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>June 30, 2015:</i>				
Beneficial interests in assets held by others	<u>\$ 512,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 512,845</u>
<i>June 30, 2014:</i>				
Beneficial interests in assets held by others	<u>\$ 484,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,417</u>

THE FISCHOFF NATIONAL CHAMBER MUSIC ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

Fair value for the beneficial interests in assets held by others (the Community Foundation funds discussed in Note 4) is based on the fair value of the underlying assets, as provided by the Community Foundation that holds the assets, which approximates the present value of expected future distributions.

The following is a reconciliation of beginning and ending balances of the fair value of assets measured by Level 3 inputs for the years ended June 30, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Beneficial interests in assets held by others:		
Beginning fair value	\$ 484,417	\$ 435,287
Contributions	40,000	10,000
Change in value	8,888	61,057
Distributions	<u>(20,460)</u>	<u>(21,927)</u>
<i>Ending fair value</i>	<u>\$ 512,845</u>	<u>\$ 484,417</u>

The change in value of the beneficial interests in assets held by others is reported as such in the statements of activities. All the above Level 3 changes in value are attributable to changes in the value of assets held by the Community Foundation at June 30, 2015 and 2014.

NOTE 8. PENSION PLAN

The Organization maintains a defined-contribution pension plan covering all of its full-time employees. Pension expense was \$3,744 and \$3,581 for the years ended June 30, 2015 and 2014, respectively.

NOTE 9. CONCENTRATIONS

The Organization's operations are focused on its annual chamber music competition, which is held in facilities donated by the University of Notre Dame. Consequently, contributions and other sources of revenue may be affected by events that adversely affect the competition or the use of the performance facilities. Additionally, the Organization's primary fundraising event provided approximately 17% and 20% of total revenues for the years ended June 30, 2015 and 2014, respectively.

NOTE 10. SUBSEQUENT EVENTS INFORMATION

The date through which events occurring subsequent to June 30, 2015 have been evaluated for possible adjustment to the financial statements or disclosure is November 11, 2015, the date on which the financial statements were available to be issued. Management identified no such events.