

**AMERICAN GUILD
OF ORGANISTS**

**Financial Statements
for the years ended
August 31, 2017
and
August 31, 2016**

Independent Auditor's Report

To the National Council of the
American Guild of Organists

We have audited the accompanying financial statements of the American Guild of Organists which comprise the statement of financial position as of August 31, 2017 and August 31, 2016 and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

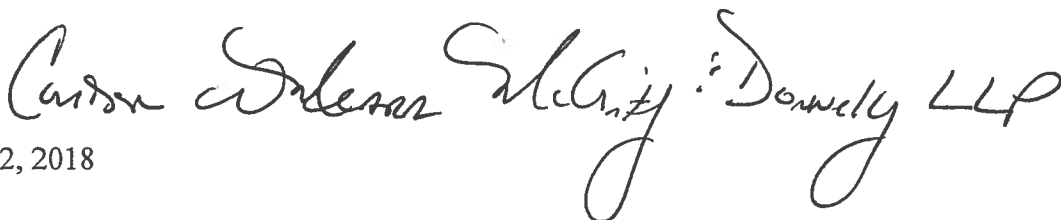
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 American Guild of Organists as of August 31, 2017 and August 31, 2016 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



January 2, 2018

AMERICAN GUILD OF ORGANISTS

Statement of Financial Position

Assets

	<u>August 31</u>	
	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 214,535	\$ 185,328
Investments, at fair value	46,793	132,190
Accounts receivable, net	244,650	201,781
National Convention receivable	20,325	103,343
Inventory	18,208	19,676
Prepaid expenses	<u>119,405</u>	<u>107,234</u>
Total current assets	<u>663,916</u>	<u>749,552</u>
Restricted funds		
Investments, at fair value	<u>6,264,853</u>	<u>5,925,634</u>
Property and equipment, at cost, net	<u>402,300</u>	<u>418,223</u>
Total assets	<u>\$7,331,069</u>	<u>\$ 7,093,409</u>

Liabilities and Net Assets (Deficit)

Current liabilities		
Accounts payable and accrued expenses	\$ 130,864	\$ 257,766
Film project revenue payable	36,841	36,751
Deferred revenue	<u>564,488</u>	<u>562,020</u>
Total current liabilities	732,193	856,537
Deferred subscription revenue	<u>21,944</u>	<u>19,618</u>
Total liabilities	<u>754,137</u>	<u>876,155</u>
Net assets		
Unrestricted		
Operating (deficit)	(395,372)	(398,285)
Council designated fund	<u>707,451</u>	<u>689,905</u>
Total unrestricted	312,079	291,620
Temporarily restricted	3,214,975	2,991,387
Permanently restricted	<u>3,049,878</u>	<u>2,934,247</u>
Total net assets	<u>6,576,932</u>	<u>6,217,254</u>
Total liabilities and net assets	<u>\$7,331,069</u>	<u>\$ 7,093,409</u>

See notes to financial statements.

AMERICAN GUILD OF ORGANISTS

Statement of Activities

Year Ended August 31

	2017					2016				
	Unrestricted					Unrestricted				
	Operating	Council Designated Fund	Temporarily Restricted	Permanently Restricted	Total	Operating	Council Designated Fund	Temporarily Restricted	Permanently Restricted	Total
Support and revenue										
Membership dues and subscription fees	\$ 799,594	\$ -	\$ 18,000	\$ -	\$ 817,594	\$ 917,312	\$ -	\$ 8,000	\$ -	\$ 925,312
The American Organist	527,364	-	-	-	527,364	528,766	-	-	-	528,766
Educational services	33,677	-	-	-	33,677	39,023	-	-	-	39,023
Contributions, grants and bequests	298,078	47,630	-	115,631	461,339	254,640	-	-	112,971	367,611
National Conventions, net	389	-	-	-	389	70,156	-	-	-	70,156
Regional conventions	25,794	-	-	-	25,794	11,392	-	-	-	11,392
Interest and dividends	79,506	14,844	137,124	-	231,474	68,869	17,471	137,780	-	224,120
Royalties	7,109	-	-	-	7,109	16,987	-	-	-	16,987
Website	74,551	-	-	-	74,551	66,400	-	-	-	66,400
In-kind services	15,709	-	-	-	15,709	-	-	-	-	-
Miscellaneous	3,168	-	-	-	3,168	10,085	-	-	-	10,085
Net assets released from restrictions	<u>135,731</u>	<u>(44,928)</u>	<u>(90,803)</u>	<u>-</u>	<u>-</u>	<u>116,567</u>	<u>-</u>	<u>(116,567)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,000,670</u>	<u>17,546</u>	<u>64,321</u>	<u>115,631</u>	<u>2,198,168</u>	<u>2,100,197</u>	<u>17,471</u>	<u>29,213</u>	<u>112,971</u>	<u>2,259,852</u>
Expenses										
Program services	<u>1,658,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,658,172</u>	<u>1,714,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,714,885</u>
Supporting services										
General and administrative	217,305	-	-	-	217,305	218,160	-	-	-	218,160
Fund-raising	<u>187,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,262</u>	<u>187,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,410</u>
Total supporting services	<u>404,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,567</u>	<u>405,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>405,570</u>
Total expenses	<u>2,062,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,062,739</u>	<u>2,120,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,120,455</u>
Increase (decrease) before realized gain and change in unrealized appreciation of investments	(62,069)	17,546	64,321	115,631	135,429	(20,258)	17,471	29,213	112,971	139,397
Realized gain on sale of investments	64,982	-	-	-	64,982	47,966	-	-	-	47,966
Change in unrealized appreciation of investments	<u>-</u>	<u>-</u>	<u>159,267</u>	<u>-</u>	<u>159,267</u>	<u>-</u>	<u>134,350</u>	<u>125,938</u>	<u>-</u>	<u>260,288</u>
Increase (decrease) in net assets	2,913	17,546	223,588	115,631	359,678	27,708	151,821	155,151	112,971	447,651
Net assets (deficit), beginning of year	<u>(398,285)</u>	<u>689,905</u>	<u>2,991,387</u>	<u>2,934,247</u>	<u>6,217,254</u>	<u>(425,993)</u>	<u>538,084</u>	<u>2,836,236</u>	<u>2,821,276</u>	<u>5,769,603</u>
Net assets (deficit), end of year	<u>\$ (395,372)</u>	<u>\$ 707,451</u>	<u>\$3,214,975</u>	<u>\$3,049,878</u>	<u>\$ 6,576,932</u>	<u>\$ (398,285)</u>	<u>\$ 689,905</u>	<u>\$2,991,387</u>	<u>\$2,934,247</u>	<u>\$6,217,254</u>

See notes to financial statements.

AMERICAN GUILD OF ORGANISTS

Statement of Cash Flows

	Year Ended August 31	
	2017	2016
Cash flows from operating activities		
Cash received from membership dues and subscription fees	\$ 826,874	\$ 792,375
Cash received from The American Organist	524,977	544,016
Cash received from educational services	33,677	39,023
Cash received from contributions, grants and bequests	295,703	566,902
Cash received from conventions	109,201	(8,392)
Interest and dividends received	231,473	224,120
Miscellaneous receipts	90,079	70,698
Cash paid for personnel costs	(937,393)	(917,292)
Cash paid for program services	(961,689)	(917,704)
Cash paid for general and administrative services	(222,034)	(62,097)
Cash paid for fund-raising services	(47,719)	(106,520)
Net cash provided by (used in) operating activities	(56,851)	225,129
Cash flows from investing activities		
Purchases of property and equipment	-	(1,879)
Proceeds from sale and maturities of investments	442,161	418,806
Purchases of investments	(437,427)	(1,125,549)
Net change in money market funds	(34,307)	147,090
Net cash (used in) investing activities	(29,573)	(561,532)
Cash flows provided by financing activities		
Contributions, grants and bequests restricted for permanently restricted funds – net of receivable	115,631	112,971
Net increase (decrease) in cash and cash equivalents	29,207	(223,432)
Cash and cash equivalents, beginning of year	185,328	408,760
Cash and cash equivalents, end of year	\$ 214,535	\$ 185,328
Reconciliation of increase in net assets to net cash provided by operating activities	\$ 359,678	\$ 447,651
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	15,923	29,896
Realized (gain) on sale of investments	(64,982)	(47,966)
Change in unrealized value of investments	(159,267)	(260,288)
Contributions, grants and bequests for permanently restricted funds	(115,631)	(112,971)
(Increase) decrease in assets		
Accounts receivable	(42,869)	97,756
National Convention receivable	83,018	(89,940)
Note receivable	-	200,000
Inventory	1,468	698
Prepaid expenses	(12,171)	18,867
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(126,902)	67,440
Film project revenue payable	90	219
Deferred revenue	4,794	(126,233)
Net cash provided by (used in) operating activities	\$ (56,851)	\$ 225,129

See notes to financial statements.

AMERICAN GUILD OF ORGANISTS

Statement of Functional Expenses

Year Ended August 31

	2017				2016			
	Supporting Services			Total	Supporting Services			Total
	Program Services	General and Administrative	Fund-Raising		Program Services	General and Administrative	Fund-Raising	
Personnel costs, including temporary help, payroll taxes and employee benefits	\$ 685,829	\$ 91,444	\$ 137,166	\$ 914,439	\$ 691,543	\$ 92,205	\$ 138,309	\$ 922,057
The American Organist Magazine	383,103	12,098	8,065	403,266	415,884	13,134	8,755	437,773
Education	172,049	19,116	-	191,165	173,087	19,232	-	192,319
Competitions and conventions	80,323	8,925	-	89,248	121,476	13,497	-	134,973
Volunteer leadership	96,265	5,663	11,325	113,253	80,538	4,738	9,475	94,751
Development and communications	10,191	2,911	1,455	14,557	13,208	3,774	1,887	18,869
Supplies and materials	10,895	3,113	1,557	15,565	9,559	2,731	1,366	13,656
Insurance and licensing fees	30,566	8,733	4,366	43,665	34,538	9,868	4,934	49,340
Rent	42,193	12,055	6,028	60,276	41,415	11,833	5,916	59,164
Postage, printing and mailings	12,111	3,461	1,730	17,302	10,871	3,106	1,553	15,530
Telephone	6,980	1,994	997	9,971	6,863	1,961	980	9,804
Staff travel and meetings	4,939	329	1,317	6,585	6,986	466	1,863	9,315
Professional fees	54,659	25,227	4,205	84,091	48,354	22,317	3,719	74,390
Dues and publications	1,266	362	181	1,809	2,476	707	354	3,537
Depreciation and amortization	11,146	3,185	1,592	15,923	20,927	5,979	2,990	29,896
Contract services	38,932	11,123	5,562	55,617	28,662	8,189	4,095	40,946
Unrelated business income tax (credit)	-	992	-	992	-	1,995	-	1,995
In-kind services	10,211	4,713	785	15,709	-	-	-	-
Miscellaneous	6,514	1,861	931	9,306	8,498	2,428	1,214	12,140
Total functional expenses	\$1,658,172	\$ 217,305	\$ 187,262	\$2,062,739	\$1,714,885	\$ 218,160	\$ 187,410	\$2,120,455

See notes to financial statements.

AMERICAN GUILD OF ORGANISTS

Notes to Financial Statements August 31, 2017 and August 31, 2016

Note 1 – Organization and purpose

The American Guild of Organists (the “Guild”) is a not for profit Corporation organized under the laws of the State of New York. Founded in 1896, the Guild now serves approximately 14,500 members in 298 chapters throughout the United States and Europe.

The mission of the Guild is to foster a thriving community of musicians who share their knowledge and inspire passion for the organ.

THE AMERICAN ORGANIST magazine, published monthly by the Guild, is the most widely read journal devoted to organ and choral music in the world. It is the official journal of the Guild and the Associated Pipe Organ Builders of America.

Note 2 – Summary of significant accounting policies

Financial reporting

The Guild reports information regarding its financial position and activities in three classes of net assets as follows:

Unrestricted

Operating fund

Unrestricted assets are used to account for the general activity of the Guild.

Council designated fund

The Council designated fund is unrestricted and its use will be determined by the National Council. Certain gains and losses on investments are recorded to the fund (see note 2 – Investments). In connection with expenses incurred with the Guild’s Strategic Planning during 2017, the National Council transferred \$44,928 from the Council Designated Fund to the operating fund.

Temporarily restricted

Temporarily restricted net assets consist of grants and contributions that are restricted by the donor for a specific purpose or pertain to future periods. Once that specific purpose has been met or the time restriction expires, the funds are released from their restriction.

AMERICAN GUILD OF ORGANISTS**Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016****Note 2 – Summary of significant accounting policies (continued)****Temporarily restricted (continued)**

In April 2009, the Guild's National Council created a new membership category to recognize those who wish to become Lifetime Members of the Guild. Lifetime membership dues were set at \$3,000, payable either as one lump sum or over six years at \$500 per year. Payment is made directly to the Guild's National Headquarters. The regular fees for annual membership dues are recognized each year, while the remaining funds are temporarily restricted. For members who maintain chapter affiliation, the Guild's National Headquarters will remit the chapter portion of the member's dues annually to the local chapter selected by the member. The Lifetime Member may elect to assign the corpus of the membership dues to the AGO Endowment Fund, New Organist Fund, Nita Akin Fund, or National Council Designated Fund for the Guild's general operations at the end of the member's life. As of August 31, 2017, 54 individuals had elected to become Lifetime Members of the Guild.

During fiscal 2017, and 2016 in connection with the Lester D. Yankee 2002 Revocable Trust and the Ronald G. Pogorzelski 2002 Revocable Trust bequest, the Guild earned \$91,046 and \$91,932, respectively of interest and dividends that was temporarily restricted. The Pogorzelski and Yankee Pipe Organ fund earned \$10,812 and 11,195 and it is to be used to maintain and care for the Tracker Pipe Organ. The Pogorzelski and Yankee Memorial Scholarship Fund earned \$64,656 and \$64,831 and it is to be used for scholarships for pipe organ students. The Pogorzelski and Yankee Annual Competition Fund earned \$15,578 and \$15,906 and it is to be used to create an annual competition to foster and promote the creation of original compositions, which utilize the Tracker Pipe Organ. For the 2017 and 2016 fiscal years, the Guild released from restrictions \$90,803 and \$116,567, respectively, for expenditures incurred in developing the programs for these funds.

Effective September 9, 2013, the Guild executed a Deed of Transfer and took possession of a 1990 Tracker Pipe organ manufactured by R.J. Brunner & Co. (the "Organ"), in accordance with the bequest from the Lester D. Yankee 2002 Revocable Trust and the Ronald G. Pogorzelski 2002 Revocable Trust. The appraised value of the organ is \$400,000 and it was recorded on the Guild's books during the 2014 fiscal year.

On September 25, 2013, the Guild entered into an organ placement agreement with the Indiana University of Pennsylvania (the "University"), whereby the Organ will be constructed and entrusted to the University. The Organ was placed at the University during the 2014 fiscal year.

In connection therewith, and in accordance with the bequest from the Lester D. Yankee 2002 Revocable Trust and the Ronald G. Pogorzelski 2002 Revocable Trust, during the 2014 fiscal year, the Guild set up a Pogorzelski Yankee Organ relocation fund to cover the relocation costs. After all relocation costs were incurred, the remaining balance in the fund was transferred to the Pogorzelski and Yankee Memorial Scholarship fund.

AMERICAN GUILD OF ORGANISTS**Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016****Note 2 – Summary of significant accounting policies (continued)****Permanently restricted**

Permanently restricted net assets represent grants, contributions, pledges and bequests received that are restricted by the donor such that the principal cannot be spent.

Revenue recognition

Membership dues are recognized as revenue over the applicable membership period. Subscriptions received are recorded as revenue over the subscription period. The American Organist advertising revenue is recognized as revenue when the magazine issue is published.

Contributions

The Guild reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. If contributions are received with donor stipulations that are met in the same fiscal year that they are received, the Guild records these contributions as unrestricted support.

Unconditional promises to contribute are recognized as revenue at their fair value. Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

Inventory

Inventory is stated at the lower of cost or market.

Chapter operations

The financial statements do not reflect any assets, liabilities, net assets, revenue or expenses of the individual chapters.

National Convention

In connection with the National Convention held in Houston, TX during the period June 19 through June 23, 2016, the Guild recorded net revenue of \$70,156.

Cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of 90 days or less. Included as cash equivalents are money market funds.

AMERICAN GUILD OF ORGANISTS**Notes to Financial Statements (continued)****August 31, 2017 and August 31, 2016****Note 2 – Summary of significant accounting policies (continued)****Investments**

Investments are recorded at fair value. The fair value of the investments is based on publicly quoted prices. Interest and dividends earned on permanently restricted net assets are either unrestricted or temporarily restricted. Realized gains or losses on the sale of investments are recorded in the operating fund.

It is the Guild's general policy to record unrealized gains or losses on investments as temporarily restricted or unrestricted net assets. However, when cumulative unrealized losses are in excess of cumulative unrealized gains previously recognized; then the excess net unrealized losses are recorded in the Council designated fund. Once the Council designated fund is fully recompensed with unrealized gains for previously recorded unrealized losses, the Guild will recognize any future unrealized gains as either temporarily restricted or unrestricted net assets.

Fair value measurements

Fair value measurements establish a hierarchy that prioritizes the inputs used to measure fair value into three broad levels. The Guild's investments are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Allowance for doubtful accounts

As of August 31, 2017 and August 31, 2016, the Guild had an allowance for doubtful accounts of \$4,526 and \$4,430, respectively, for any accounts receivables that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment are recorded at cost. The Guild capitalizes its property and equipment expenditures for assets in excess of \$1,500 with a useful life of greater than one year. Furniture, fixtures and equipment are being depreciated on the straight-line method over their estimated useful lives of three and ten years. Leasehold improvements are being amortized over their estimated useful lives of five and ten years.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

AMERICAN GUILD OF ORGANISTS**Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016****Note 2 – Summary of significant accounting policies (continued)****Functional expenses**

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

In-kind services

During the 2017 fiscal year, the Guild received donated legal services. These services were an integral part of the activities of the Guild and would have had to be purchased by the Guild if they had not been donated. The services, totaling \$15,709 for the 2017 fiscal year, were recorded at the fair value based on what it would have cost the Guild to purchase them independently and have been reflected as support and expenses in the statement of activities.

Concentrations of credit risk

The Guild's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, accounts and convention receivables and investments. The Guild places its cash and cash equivalents with what it believes to be quality financial institutions. The Guild has not experienced any losses in such bank accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at August 31, 2017. The Guild's accounts receivable consist of advertising fees for The American Organist and contributions receivable. The Guild continually monitors the collectibility of the contribution and national convention receivables. The Guild invests in money market funds, equities, corporate bonds and notes, U.S. Government Agency obligations, mutual funds, exchange-traded funds and certificates of deposit. The Guild routinely assesses the financial strength of its cash and investment portfolio. As a consequence, concentrations of credit risk are limited.

Subsequent events

The Guild has evaluated events and transactions for potential recognition or disclosure through January 2, 2018, which is the date the financial statements were available to be issued.

AMERICAN GUILD OF ORGANISTS

**Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016**

Note 3 – Investments

Investments consist of the following as of August 31, 2017 and August 31, 2016:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 138,410	\$ 138,410	\$ 117,102	\$ 117,102
Equities	3,797,756	4,007,020	3,546,691	3,611,099
Corporate bonds and notes	364,636	374,635	379,922	384,839
U.S. Government Agency Obligations	688,425	710,518	730,960	751,334
Mutual funds	275,886	281,456	316,041	309,829
Exchange-traded funds	688,587	731,311	768,429	812,762
Certificates of deposit	<u>70,000</u>	<u>68,296</u>	<u>70,000</u>	<u>70,859</u>
Total	<u>\$ 6,023,700</u>	<u>\$ 6,311,646</u>	<u>\$ 5,929,145</u>	<u>\$ 6,057,824</u>
Consists of:				
Operating fund		\$ 46,793		\$ 132,190
Restricted funds		<u>6,264,853</u>		<u>5,925,634</u>
Total		<u>\$ 6,311,646</u>		<u>\$ 6,057,824</u>

Note 4 – Property and equipment

The following is a summary of property and equipment as of August 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture, fixtures and equipment	\$ 588,010	\$ 588,010
Leasehold improvements	<u>182,058</u>	<u>182,058</u>
Total property and equipment	770,068	770,068
Less: accumulated depreciation and amortization	<u>367,768</u>	<u>351,845</u>
Net property and equipment	<u>\$ 402,300</u>	<u>\$ 418,223</u>

AMERICAN GUILD OF ORGANISTS

**Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016**

Note 5 – Commitments

The Guild leases office and storage space under the terms of a lease agreement, which expires on November 30, 2019. Rent expense for the fiscal years ended August 31, 2017 and 2016 was \$60,276 and \$59,164, respectively. As of August 31, 2017 the required minimum lease payments are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2018	\$ 58,648
2019	60,115
2020	<u>20,202</u>
Total	<u>\$ 138,965</u>

The Guild has committed to holding its biennial National Convention in Kansas City in 2018, Atlanta in 2020 and Seattle in 2022. In connection with these conventions, the Guild has entered into various agreements to rent a certain amount of rooms with hotels.

Note 6 – Restricted net assets

The Guild's endowments consist of individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

AMERICAN GUILD OF ORGANISTS

Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016

Note 6 – Restricted net assets (continued)

For the fiscal year ended August 31, 2017, the following is the activity of the Guild's temporarily restricted net assets:

<u>Description</u>	<u>Balance Beginning of Year</u>	<u>Contributions/ Dues/Investment Return</u>	<u>Net Assets Released</u>	<u>Balance End of Year</u>
Lifetime membership Pogorzelski and Yankee Pipe Organ Fund	\$ 99,950	\$ 18,000	\$ (5,052)	\$ 112,898
Pogorzelski and Yankee Tracker Pipe Organ	240,375	10,812	(3,682)	247,505
Pogorzelski and Yankee Memorial Scholarship Fund	400,000	-	-	400,000
Pogorzelski and Yankee Annual Competition Fund	1,654,639	64,656	(60,070)	1,659,225
Jordan Endowment – Timing Pipe Organ Encounters National Young Artists Competition	350,448	15,578	(14,193)	351,833
Nita Akin Fund	30,000	-	(5,000)	25,000
New Organist Fund	33,000	-	(500)	32,500
St. Cecilia Recital Fund	2,350	668	-	3,018
Income	9,093	3,660	-	12,753
S. Lewis Elmer Fund	44,397	40,641	-	85,038
Unrealized appreciation	1,197	1,109	(2,306)	-
	<u>125,938</u>	<u>159,267</u>	<u>-</u>	<u>285,205</u>
Total	<u>\$ 2,991,387</u>	<u>\$ 314,391</u>	<u>\$ (90,803)</u>	<u>\$ 3,214,975</u>

The following is a summary of the activity of the permanently restricted net assets for the fiscal year ended August 31, 2017:

<u>Program/Purpose</u>	<u>Balance, August 31, 2016</u>	<u>Contributions</u>	<u>Balance, August 31, 2017</u>
Nita Akin Fund	\$ 95,523	\$ 900	\$ 96,423
New Organist Fund	802,489	46,827	849,316
Endowment Fund	1,067,640	67,629	1,135,269
St. Cecilia Recital Fund	940,062	-	940,062
S. Lewis Elmer Fund	<u>28,533</u>	<u>275</u>	<u>28,808</u>
Total	<u>\$2,934,247</u>	<u>\$ 115,631</u>	<u>\$3,049,878</u>

AMERICAN GUILD OF ORGANISTS**Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016****Note 6 – Restricted net assets (continued)****Investment strategies**

The Nita Akin Fund and the New Organist Fund are permanently restricted funds. Up to 80% of any investment return generated from these funds is to be utilized to cover the costs of the NYACOP and providing scholarships to deserving organ students. These funds shall be invested in fixed income securities and dividend-paying equities which have a readily attainable fair value, and must be readily marketable. Asset allocation can vary depending on market conditions and shall be selected by the investment advisor. The overall investment objective of these funds is to generate income to cover the costs of the NYACOP and providing scholarships to deserving organ students.

The Endowment Fund consists of funds that donors have designated as permanently restricted. Any income from this fund is to be utilized for operating purposes. The fund shall be invested using a mixture of fixed income and equity components which have a readily attainable fair value, and must be readily marketable. Asset allocation may vary depending on market conditions but a 60% equity components and 40% fixed income allocation is preferred. The overall investment objective of the Fund is to provide a return on investment, consistent with the Fund's spending needs.

Note 7 – Retirement plan

The Guild maintains a 403(b) tax sheltered annuity retirement plan for all eligible employees. The Guild matched up to 4% of each eligible participant's compensation to the plan for the 2017 and 2016 fiscal years. Such contributions are 100% vested immediately. For the years ended August 31, 2017 and August 31, 2016, the cost of the plan totaled \$25,208 and \$27,943, respectively.

Note 8 – Tax status

The Guild is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Guild has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation, under the meaning of Section 509(a)(1) of the Code. The Guild qualifies for the maximum charitable contribution deduction by donors. The Guild's unrelated business income consists primarily of advertising income.