

**ASSOCIATED MUSICIANS OF GREATER NEW YORK,  
LOCAL 802,  
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
A. F. of M. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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## **INDEPENDENT AUDITORS' REPORT**

The Executive Board  
Associated Musicians of Greater New York, Local 802,  
A. F. of M. and Subsidiary

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Associated Musicians of Greater New York, Local 802, A. F. of M. and Subsidiary (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related consolidated statements of activities and expenses, 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.

### *Auditors' 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 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.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Associated Musicians of Greater New York, Local 802, A. F. of M. and Subsidiary as of December 31, 2019 and 2018, 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.

**INDEPENDENT AUDITORS' REPORT (continued)**

*Report on Supplemental Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages sixteen and seventeen are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Gould, Kobrick & Schlapp, P.C.*

New York, NY  
June 1, 2020.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Current:		
Cash and cash equivalents	\$ 2,112,357	\$ 1,734,818
Receivables:		
Work dues	608,625	677,927
Due from related organizations	333,329	339,861
Accrued interest	19,197	18,588
Other	4,676	4,456
Prepaid expenses	217,789	239,687
Total Current Assets	3,295,973	3,015,337
Other Assets:		
Investments, at fair value	5,205,897	4,677,312
Fixed assets, net of accumulated depreciation	1,828,273	1,905,937
Total Other Assets	7,034,170	6,583,249
Total Assets	\$ 10,330,143	\$ 9,598,586
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Due to broker	\$ 281	\$ 557
Payroll withholdings	1,197	4,719
Accrued expenses payable	278,359	222,043
Due to American Federation of Musicians	6,938	185,624
Deferred dues income	342,445	363,910
Deferred income	6,000	6,000
Due to MOOMA - cash balance	14,970	15,000
Severance pay - officers	35,704	54,016
Escrow payable - recording and claims	896,948	730,049
Total Current Liabilities	1,582,842	1,581,918
Non-current Liabilities:		
Severance pay - officers	156,151	107,106
Due to NY Philharmonic Strike Fund - cash balance	93,963	93,460
Security deposits	40,365	23,237
Total Non-current Liabilities	290,479	223,803
Total Liabilities	1,873,321	1,805,721
Net assets without donor restrictions	8,456,822	7,792,865
Total Liabilities and Net Assets	\$ 10,330,143	\$ 9,598,586

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

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
A. F. of M. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>REVENUES</b>		
Dues and fees:		
Work dues	\$ 5,379,392	\$ 5,557,175
Basic dues and application fees	1,466,043	1,499,355
Total dues and fees	6,845,435	7,056,530
Less Allocations to:		
American Federation of Musicians:		
Work dues	624,210	694,534
Per capita and application fees	434,871	455,009
Other	21,450	18,525
Other affiliates	24,924	24,436
Total Allocations	1,105,455	1,192,504
Net Dues Income	5,739,980	5,864,026
Other revenues:		
Rental of building	235,264	284,372
Journal advertising	56,446	62,079
Miscellaneous	6,720	17,982
Net investment income (loss)	506,778	(84,189)
Total Other Revenues	805,208	280,244
Total Revenues	6,545,188	6,144,270
<b>EXPENSES</b>		
Program expenses:		
Organizing, collective bargaining and related	1,597,636	2,739,244
Governance, communication and publication	744,820	645,571
Members' benefits	86,238	97,522
Charitable and scholarship	33,239	84,935
Political	45,505	85,868
Total Program Expenses	2,507,438	3,653,140
General and administrative expenses	3,373,793	3,137,091
Total Expenses	5,881,231	6,790,231
Change in net assets without donor restrictions	663,957	(645,961)
Net assets without donor restrictions:		
Beginning	7,792,865	8,438,826
Ending	\$ 8,456,822	\$ 7,792,865

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

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**CONSOLIDATED STATEMENTS OF EXPENSES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>PERSONNEL EXPENSES</b>		
Payroll and related	\$ 3,586,787	\$ 4,039,601
Severance - officers	84,749	23,320
Consultant	0	5,200
Total Personnel Expenses	\$ 3,671,536	\$ 4,068,121
<b>BUILDING EXPENSES</b>		
Payroll and related	\$ 378,803	\$ 491,170
Real estate taxes	208,746	194,385
Utilities	88,013	93,479
Security	63,850	6,439
Equipment rental, repairs and maintenance	56,362	49,634
Cleaning	50,440	3,835
Waste removal	25,268	12,992
Fuel oil	18,965	21,912
Supplies	15,093	12,594
Telephone	9,229	600
Miscellaneous	6,810	2,116
Licenses and permits	2,534	1,340
Dues and subscriptions	1,470	1,470
Conferences, conventions, and meetings	145	119
Stationery, printing and postage	27	946
Public relations	0	314
Total Building Expenses	\$ 925,755	\$ 893,345
<b>OFFICE EXPENSES</b>		
Computer and copier supplies, repairs and maintenance	\$ 152,573	\$ 79,799
Data processing	75,785	78,369
Equipment rental, repairs and maintenance	55,477	51,394
Telephone	42,801	46,178
Stationery, printing and postage	41,149	47,081
Supplies	18,582	31,980
Miscellaneous office	2,900	6,607
Total Office Expenses	\$ 389,267	\$ 341,408

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

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**CONSOLIDATED STATEMENTS OF EXPENSES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>GENERAL EXPENSES</b>		
Legal fees	\$ 226,531	\$ 647,125
Depreciation	106,685	117,531
Arbitration and negotiation	91,980	20,341
Members' life insurance	86,238	91,522
Conferences, conventions, and meetings	54,856	54,891
Auditing fees	50,000	58,000
Bank charges	45,324	44,183
Insurance	41,403	40,344
Public relations	37,335	213,403
Brokerage fees	8,054	0
Dues and subscriptions	7,662	16,251
Miscellaneous	4,177	9,984
Donations and tickets	2,760	10,360
Referral service	542	408
Licenses and permits	542	0
Election	0	27,277
Scholarship program	0	6,000
Collection fee	0	56
Total General Expenses	\$ 764,089	\$ 1,357,676
<b>ALLEGRO EXPENSES</b>		
Printing	\$ 83,850	\$ 80,858
Postage	39,176	38,252
Photos, art and production	2,900	3,737
Other	2,458	4,634
Proof-reading	2,200	2,200
Total Allegro Expenses	\$ 130,584	\$ 129,681
Total Expenses	\$ 5,881,231	\$ 6,790,231

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



**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<b>\$ 663,957</b>	<b>\$ (645,961)</b>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	<b>106,685</b>	117,531
Realized (gains) on sale of investments	<b>(37,817)</b>	(154,104)
Unrealized (gains) losses on investment	<b>(378,335)</b>	325,103
(Increase) decrease in operating assets:		
Work dues receivable	<b>69,302</b>	(109,839)
Due from related organizations	<b>6,533</b>	(4,089)
Accrued interest receivable	<b>(609)</b>	(833)
Other receivables	<b>(220)</b>	3,242
Prepaid expenses	<b>21,898</b>	22,209
Deposits	<b>0</b>	3,000
Increase (decrease) in operating liabilities:		
Due to broker	<b>(276)</b>	247
Payroll withholdings	<b>(3,522)</b>	3,114
Accrued expenses payable	<b>56,316</b>	139,246
Due to American Federation of Musicians	<b>(178,686)</b>	14,686
Deferred dues income	<b>(21,465)</b>	(64,907)
Deferred rental income	<b>0</b>	(12,000)
Due to MOOMA - cash balance	<b>(30)</b>	0
Severance pay - officers	<b>30,732</b>	5,013
Escrow dues payable - recording and claims	<b>166,899</b>	(13,635)
Due to NY Philharmonic Strike Fund - cash balance	<b>503</b>	234
Security deposits	<b>17,128</b>	562
Total Adjustments	<b>(144,964)</b>	274,780
Net Cash Provided By (Used For) Operating Activities	<b>518,993</b>	(371,181)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from the sale of investments	<b>1,398,149</b>	2,193,816
Cash paid for the purchase of fixed assets	<b>(29,021)</b>	(27,995)
Cash paid for the purchase of investments	<b>(1,510,582)</b>	(2,076,990)
Net Cash Provided By (Used For) Investing Activities	<b>(141,454)</b>	88,831
Net increase (decrease) in cash and cash equivalents	<b>377,539</b>	(282,350)
Cash and cash equivalents:		
Beginning	<b>1,734,818</b>	2,017,168
Ending	<b>\$ 2,112,357</b>	<b>\$ 1,734,818</b>

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

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
A. F. of M. AND SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 1 – GENERAL**

**Organization:** The Associated Musicians of Greater New York, Local 802 A. F. of M and Subsidiary (the "Union") is a labor union established to provide collective bargaining representation to its members. The membership consists of workers in the music industry in Nassau and Suffolk Counties of Long Island and the New York City vicinity. The Union is an affiliated Local of the American Federation of Musicians (AFL-CIO/TLC).

The purpose of the Union is to organize all persons within its jurisdiction; establish and maintain equitable wages and working conditions; to elevate the moral, social and intellectual standing of its members; to guard members' financial interests; to promote their general welfare; to secure employment for its members; and to assist employers in the music industry. The operations of the Union are financed primarily by members' dues and fees.

**General Fund:** The General Fund is funded mostly by membership and work dues and consists of several departments including recording and organizing. These departments are used for the specific purposes as stipulated in the bylaws of the Union or otherwise established.

**Members Benefit Strike Fund:** The Members Benefit Strike Fund (the "Strike Fund") was set up to pay expenses incurred in strikes, lockouts and informational picketing, including payments to individuals or to musicians unemployed as the result of such actions.

**Special Projects and Services Fund:** The objectives of the Special Projects and Services Fund are to create new work opportunities for all members of the Union; to promote the more effective operation and management of the Union; and to lease and/or purchase such equipment and machinery as shall be necessary or appropriate. The Special Projects and Services Fund is to enable executives, staff, and members of any duly sanctioned committee of the Union to avail themselves of management seminars dealing with new business methods, computer programming, modern accounting procedures and labor negotiations.

**Members Legal Services Fund:** The Members Legal Services Fund provides legal services for bargaining units provided certain requirements are met.

**Club Corp:** The Club Corp was incorporated in New York on December 31, 1991, to own and operate the land and building located at 322 West 48th Street, New York, NY 10036, which is the Union's headquarters. All of the issued and outstanding stock of the Club Corp. is owned by the Union. All officers of the Union are also officers of the Club Corp.

**Anne Walker Scholarship Fund:** Members in good standing of the Union and their children are eligible to apply for grants from the Anne Walker Scholarship Fund to be applied toward tuition for a degree or diploma oriented program at an accredited institution.

**Recording and Claims Funds:** The Union is custodian of cash for the Recording and Claims Funds, which is reported as both assets and liabilities in the Statement of Financial Position. The Recording Fund holds wages due to covered employees, which can be in the form of an employer check or employer deposits. The Claims Fund holds deposits from employers as security until wages are paid to covered employees.

**Tax Status:** The Union is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code (IRC). The Anne Walker Scholarship Fund is a Section 501(c)(3) exempt private foundation. The Club Corp is a tax exempt 501(c)(2) title-holding corporation.

The Union's tax filings for years prior to 2016 are no longer subject to examination by the tax authorities.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
A. F. of M. AND SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting:** The accompanying consolidated financial statements of the Union have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Basis of Presentation:** Financial statement presentation follows the accounting standards requirements for not-for-profit organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to two classes of net assets depending on the existence and/or nature of any donor restrictions as follows: net assets without donor restrictions and net assets with donor restrictions.

**Consolidation:** The accompanying consolidated financial statements of the Union include the accounts of the Union's General Fund, Strike Fund, Special Projects and Services Fund, Building Fund, Members' Legal Services Fund, Anne Walker Scholarship Fund, the Union's wholly owned subsidiary, the Greater New York Musicians Club Corporation (the "Club Corp."), and the Recording and Claims Funds, which are escrow accounts held on behalf of both members and employers. All significant inter-fund and intra-fund transactions and accounts have been eliminated in the consolidation.

**Fixed Assets and Depreciation:** Fixed assets are stated at cost less depreciation accumulated since acquisition. Such amounts do not purport to represent replacement or realizable values. The building is being depreciated on the straight-line method over an estimated useful life of forty years. Furniture and equipment is being depreciated over estimated useful lives of five to ten years. Expenditures for normal replacements are charged to current operations. All other expenditures for fixed assets are capitalized.

**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. This affects the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

**Valuation of 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. See Note 10 for a discussion of fair value measurements.

**Cash and Cash Equivalents:** For the purpose of the Consolidated Statements of Cash Flows, cash is considered to be all checking, money market accounts and certificates of deposit with original maturities of three months or less that are not part of a managed investment portfolio.

**Receivables:** Work dues receivable is based on subsequent cash collections. As a consequence, consideration of an allowance for uncollectible work dues receivable is not necessary. Due from related organizations is reported at the outstanding unpaid principal balance. Interest is not accrued or recorded on outstanding receivables. The Union has determined that no allowance was required as of December 31, 2019 and 2018.

**Revenue recognition:** Revenue from dues and assessments are recorded in the applicable membership period. Dues received in advance of the applicable membership period are recorded as deferred revenue and recognized in that future period.

**Functional Expenses:** The costs of program and supporting services activities have been summarized on a functional basis for the years ended December 31, 2019 and 2018. Management has reviewed all overhead costs and determined that it is appropriate to allocate a portion of these costs to the program services.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Adoption of accounting standard:** In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016–14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016–14 improves the financial reporting of not-for-profit organizations by providing more useful information to donors, grantors, creditors and other financial statement users. ASU 2016–14 changes the existing classes of net assets, improves the transparency and utility of liquidity information, changes the required presentation of cash flow information and requires the presentation of expenses by both function and natural classification. ASU 2016–14 is effective for fiscal years beginning after December 15, 2018. As a result of the adoption of ASU 2016–14, the Union has presented its net asset classifications as such and expanded the disclosures related to supporting service expenses and liquidity information.

**Reclassification:** Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2019 financial statements.

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

Financial instruments that subject the Union to concentration of credit risk include cash and short-term investments. While the Union attempts to limit any financial exposure, its cash deposit balances may at times exceed federally insured limits. Short-term investments are not covered by the Federal Deposit Insurance Corporation.

**NOTE 4 – RELATED PARTY TRANSACTIONS**

Receivables from related parties at December 31, 2019 and 2018 were as follows:

	2019	2018
Local 802 Musicians Health Fund	\$ 379,726	\$ 353,996
Others	(46,398)	(14,135)
	<u>\$ 333,328</u>	<u>\$ 339,861</u>

The Union is reimbursed for payroll costs, rent and other administrative expenses incurred on behalf of the Local 802 Musicians Health Fund (the “Plan”) as described in the administrative services and cost-sharing agreement and the lease for office space between the Union and the Plan. The Union was also reimbursed for overhead expenses incurred on behalf of other related organizations. The reimbursements from related parties were \$683,756 and \$628,402 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 5 – LIQUIDITY RESOURCES**

The Union’s primary revenue sources are its members’ dues and fees. The Union has various sources of liquidity at its disposal, including cash and cash equivalents, and investments.

The following table reflects the Union’s financial assets available to meet general expenditures within one year as of December 31, 2019:

Cash and cash equivalents	\$ 2,112,357
Investments	5,205,897
Receivables	<u>965,827</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,284,081</u>

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**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 6 – FIXED ASSETS**

Fixed assets at December 31, 2019 and 2018 by classification are summarized as follows:

	2019	2018
Land, building and improvements	\$ 3,733,731	\$ 3,733,731
Computer software and equipment	216,355	206,418
Furniture and equipment	105,211	101,999
	<u>4,055,297</u>	<u>4,042,148</u>
Less - Accumulated depreciation	2,227,024	2,136,211
Net Fixed Assets	<u>\$ 1,828,273</u>	<u>\$ 1,905,937</u>

**NOTE 7 – ESCROW ACCOUNT LIABILITY**

The Union is custodian of cash for the Recording and Claims Funds, which is reported as both an asset and a liability in the Statement of Financial Position. The Recording Fund holds wages due to covered employees, which can be in the form of an employer check or employer deposit held by the Union for those musicians who are out of town at the time. The Claims Fund holds deposits from employers as security until wages are paid to covered employees. Cash held for the Recording and Claims Funds as of December 31, 2019 and 2018, was \$896,472 and \$ 729,938 respectively.

	Recording Fund	Claims Fund
<b>RECEIPTS</b>		
Escrow monies received	\$ 445,944	\$ 0
Claims and transient items collected	0	137,565
Total Receipts	<u>445,944</u>	<u>137,565</u>
<b>DISBURSEMENTS</b>		
Escrow monies disbursed	276,340	0
Bank Charges	365	15
Claims and transient items paid	0	140,255
Total Disbursements	<u>276,705</u>	<u>140,270</u>
Increase (decrease) in cash	169,239	(2,705)
<b>CASH BALANCE</b>		
January 1, 2019	<u>687,068</u>	<u>42,870</u>
December 31, 2019	<u>\$ 856,307</u>	<u>\$ 40,165</u>

**NOTE 8 – RISKS AND UNCERTAINTIES**

The Union invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statement of financial position.

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 – NET INVESTMENT INCOME**

Net investment income (loss) for the years ended December 31, 2019 and 2018 is summarized as follows:

	2019	2018
Interest, dividends and other	\$ 124,180	\$ 121,757
Unrealized gains (losses) on investments	378,334	(325,103)
Realized gains on sale of investments	37,817	154,105
	540,331	(49,241)
Less - Investment fees	33,553	34,948
Net Investment Income (Loss)	\$ 506,778	\$ (84,189)

**NOTE 10 – FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2: Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

*Certificates of deposit:* Certificates of deposit are readily convertible into cash, and carried at fair value, as reported by the financial institutions.

*U.S. government securities:* Certain U.S. government securities are valued using pricing models maximizing the use of observable inputs for similar securities.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 10 – FAIR VALUE MEASUREMENTS (continued)**

*Corporate debt instruments:* Certain corporate debt instruments are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

*Corporate stocks:* Corporate stocks are valued at the closing price reported on the New York Stock Exchange and other exchanges.

*Registered investment companies:* Certain registered investment companies are valued at the closing price reported in the active market on which they are traded. Others are valued at estimated fair value as determined by the investment manager based on the market value and estimated fair value of the underlying investments in the portfolio. In establishing the fair value of these investments, the investment manager takes into consideration information about the net asset value of shares held at year end

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

The following table sets forth by level, within the fair value hierarchy, the Union's assets at fair value as of December 31, 2019 and 2018:

December 31, 2019				
Investment	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 2,215,212	\$ 0	\$ 0	\$ 2,215,212
U.S. government securities	0	697,687	0	697,687
Corporate debt instruments	0	883,459	0	883,459
Corporate stocks	939,296	0	0	939,296
Registered investment companies	470,243	0	0	470,243
	\$ 3,624,751	\$ 1,581,146	\$ 0	\$ 5,205,897

December 31, 2018				
Investment	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 2,050,613	\$ 0	\$ 0	\$ 2,050,613
U.S. government securities	0	645,855	0	645,855
Corporate debt instruments	0	816,257	0	816,257
Corporate stocks	731,083	0	0	731,083
Registered investment companies	433,504	0	0	433,504
	\$ 3,215,200	\$ 1,462,112	\$ 0	\$ 4,677,312

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 11 – LEASE COMMITMENTS**

The Union had equipment leases with Great America. These leases were bought out by Carr Business Systems for \$34,606, which was received by the Union in 2019. The Union has been paying down the Great America leases, and the balance at December 31, 2019 was \$7,940, which is scheduled to be fully paid in 2021 per the term of the leases. The Great America leases have been replaced with leases from Carr Business Systems and the commitments under all leases as of December 31, 2019 are as follows:

Years ending December 31:	2020	\$	38,258
	2021		32,082
	2022		32,082
	2023		5,200
			<u>          </u>
Aggregate future minimum rentals		\$	<u>107,622</u>

The Union entered into non-cancellable lease agreements to rent space to the following tenants:

- Harvey Mars LLC for the period September 1, 2013 through August 31, 2018 at a base rent of \$3,426 per month with a 3% per annum escalation. There is a monthly fixed water charge of \$15, a proportionate share of 4.68% real estate tax increase, as well as a 4.68% proportionate share of both the quarterly maintenance contract for all repairs and maintenance of the air conditioning system and fuel expense. This lease has not been renewed and Harvey Mars LLC is paying rent on a month-to-month basis.
- Musicians Local 802 Health Benefits Fund (a related party, see Note 8) for the period July 1, 2015 through June 30, 2025 at a base rent of \$4,988 with a 2.5% per annum escalation. There is a 4.6% proportionate share of any increase in real estate tax, fuel expense, and quarterly maintenance contract of the air conditioning.
- Actors Federal Credit Union for the period January 1, 2018 through December 31, 2020 at a base rent of \$701 per month with a 2.5% per annum escalation. There is a monthly fixed water charge of \$4, a proportionate share of 1.56% real estate tax increase, as well as a 1.56% proportionate share of both the quarterly maintenance contract for all repairs and maintenance of the air conditioning system and fuel expense.
- The New York Songspace Ltd. For the period July 30, 2019 through September 30, 2024 at a base rent of \$ 7,121 per month with a 3 % per annum escalation. There is a monthly fixed water charge of \$100 and electricity charges of \$ 639.

The annual minimum lease income under these non-cancelable leases as of December 31, 2019, is:

Year ending December 31:	2020	\$	195,352
	2021		159,228
	2022		163,661
	2023		168,220
	2024		110,762
	Thereafter		<u>37,379</u>
Aggregate future minimum rentals		\$	<u>834,602</u>

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS**

The Plan has evaluated subsequent events through June 1, 2020, the date the financial statements were available to be issued.

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**SUPPLEMENTAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

	2019							2018
	General Fund	Members' Benefit Strike Fund	Special Projects Fund	Legal Services Fund	Building Fund	Club Corp	Anne Walker Scholarshp Fund	Consolidated Totals
<b>ASSETS</b>								
Current:								
Cash and cash equivalents	\$ 955,784	\$ 235,841	\$ 1,525	\$ 22,736	\$ 0	\$ 0	\$ 0	\$ 2,112,357
Receivables:								
Work dues	608,625	0	0	0	0	0	0	608,625
Due from related organizations	3,726,462	9,156	31,509	434,136	0	(3,917,883)	49,949	333,329
Accrued interest	11,903	7,294	0	0	0	0	0	19,197
Other	4,676	0	0	0	0	0	0	4,676
Prepaid expenses	217,789	0	0	0	0	0	0	217,789
<b>Total Current Assets</b>	<b>5,525,239</b>	<b>252,291</b>	<b>33,034</b>	<b>456,872</b>	<b>0</b>	<b>(3,917,883)</b>	<b>49,949</b>	<b>3,295,973</b>
Other Assets:								
Investments, at fair value	2,990,686	2,215,211	0	0	0	0	0	5,205,897
Fixed assets, net of accumulated depreciation	90,728	0	0	0	0	1,737,545	0	1,828,273
<b>Total Other Assets</b>	<b>3,081,414</b>	<b>2,215,211</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,737,545</b>	<b>0</b>	<b>7,034,170</b>
<b>Total Assets</b>	<b>\$ 8,606,653</b>	<b>\$ 2,467,502</b>	<b>\$ 33,034</b>	<b>\$ 456,872</b>	<b>\$ 0</b>	<b>\$ (2,180,338)</b>	<b>\$ 49,949</b>	<b>\$ 10,330,143</b>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>								
Current Liabilities:								
Due to broker	281	0	0	0	0	0	0	281
Payroll withholdings	1,197	0	0	0	0	0	0	1,197
Accrued expenses payable	278,359	0	0	0	0	0	0	278,359
Due to American Federation of Musicians	6,938	0	0	0	0	0	0	6,938
Deferred dues income	342,445	0	0	0	0	0	0	342,445
Deferred rental income	6,000	0	0	0	0	0	0	6,000
Due to MOOMA - cash balance	14,970	0	0	0	0	0	0	14,970
Severance pay - officers	35,704	0	0	0	0	0	0	35,704
Escrow payable - recording and claims	0	0	0	0	0	0	0	896,948
<b>Total Current Liabilities</b>	<b>685,894</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,582,842</b>
Non-current Liabilities:								
Severance pay - officers	156,151	0	0	0	0	0	0	156,151
Due to NY Philharmonic Strike Fund - cash balance	93,963	0	0	0	0	0	0	93,963
Security deposits	40,365	0	0	0	0	0	0	40,365
<b>Total Non-current Liabilities</b>	<b>290,479</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290,479</b>
<b>Total Liabilities</b>	<b>976,373</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,873,321</b>
Net assets without donor restrictions	7,630,280	2,467,502	33,034	456,872	0	(2,180,338)	49,949	8,456,822
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,606,653</b>	<b>\$ 2,467,502</b>	<b>\$ 33,034</b>	<b>\$ 456,872</b>	<b>\$ 0</b>	<b>\$ (2,180,338)</b>	<b>\$ 49,949</b>	<b>\$ 10,330,143</b>

**ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802,  
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**SUPPLEMENTAL CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019						2018			
	General Fund	Members' Benefit Strike Fund	Special Projects Fund	Legal Services Fund	Building Fund	Club Corp	Anne Walker Scholarship Fund	Recording Fund	Consolidated Totals	Consolidated Totals
<b>REVENUES</b>										
Dues and fees:										
Work dues	\$ 5,379,392	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,379,392	\$ 5,557,175
Basic dues and application fees	1,466,043	0	0	0	0	0	0	0	1,466,043	1,499,355
	6,845,435	0	0	0	0	0	0	0	6,845,435	7,056,530
Less Allocations to:										
American Federation of Musicians:										
Work dues	624,210	0	0	0	0	0	0	0	624,210	694,534
Per capita and application fees	434,871	0	0	0	0	0	0	0	434,871	455,009
Other	21,450	0	0	0	0	0	0	0	21,450	18,525
Other affiliates	24,924	0	0	0	0	0	0	0	24,924	24,436
Total Allocations	1,105,455	0	0	0	0	0	0	0	1,105,455	1,192,504
Net Dues Income	5,739,980	0	0	0	0	0	0	0	5,739,980	5,864,026
Other revenues:										
Rental of building	0	0	0	0	0	235,264	0	0	235,264	284,372
Journal advertising	56,446	0	0	0	0	0	0	0	56,446	62,079
Miscellaneous	367	0	0	5	0	0	6,348	0	6,720	17,982
Net investment income (loss)	374,050	132,728	0	0	0	0	0	0	506,778	(84,189)
Total Other Revenues	430,863	132,728	0	5	0	235,264	6,348	0	805,208	280,244
Total Revenues	6,170,843	132,728	0	5	0	235,264	6,348	0	6,545,188	6,144,270
<b>EXPENSES</b>										
Personnel	3,666,097	0	5,439	0	0	0	0	0	3,671,536	4,068,121
Building	0	0	0	0	0	925,755	0	0	925,755	893,345
General	749,751	74	13,895	3	0	0	0	366	764,089	1,357,676
Office	389,267	0	0	0	0	0	0	0	389,267	341,408
Allegro	130,584	0	0	0	0	0	0	0	130,584	129,681
Total Expenses	4,935,699	74	19,334	3	0	925,755	0	366	5,881,231	6,790,231
Change in net assets without donor restrictions	1,235,144	132,654	(19,334)	2	0	(690,491)	6,348	(366)	663,957	(645,961)
Net assets without donor restrictions:										
Beginning	6,458,912	2,334,848	41,620	406,842	0	(1,489,847)	40,601	(111)	7,792,865	8,438,826
Transfers (to) from other Funds	(63,776)	0	10,748	50,028	0	0	3,000	0	0	0
Ending	\$ 7,630,280	\$ 2,467,502	\$ 33,034	\$ 456,872	\$ 0	\$ (2,180,338)	\$ 49,949	\$ (477)	\$ 8,456,822	\$ 7,792,865