<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Accountants' Compilation Report</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>4</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>7 - 9</td>
</tr>
</tbody>
</table>
Board of Directors and Management
The College Music Society
Missoula, Montana

Management is responsible for the accompanying financial statements of The College Music Society (a not-for-profit organization), which comprise the statement of financial position as of July 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Junkermier, Clark, Campanella, Stevens, P.C.

Missoula, Montana
October 30, 2015
THE COLLEGE MUSIC SOCIETY
(A Not-for-Profit Organization)
STATEMENT OF FINANCIAL POSITION
July 31, 2015

Assets

<table>
<thead>
<tr>
<th>Current Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$10,482</td>
</tr>
<tr>
<td>Accounts receivable - services</td>
<td>2,562</td>
</tr>
<tr>
<td>Inventory - publications</td>
<td>68,622</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>30,191</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>111,857</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property and Equipment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment and furniture</td>
<td>67,368</td>
</tr>
<tr>
<td>Information systems and software</td>
<td>238,269</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(282,809)</td>
</tr>
<tr>
<td><strong>Total property and equipment</strong></td>
<td><strong>22,828</strong></td>
</tr>
</tbody>
</table>

**Total Assets** $134,685

Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable - services</td>
<td>$15,406</td>
</tr>
<tr>
<td>Bank line of credit</td>
<td>39,969</td>
</tr>
<tr>
<td>Accrued payroll taxes</td>
<td>16,128</td>
</tr>
<tr>
<td>Deferred income</td>
<td>62,355</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>133,858</strong></td>
</tr>
</tbody>
</table>

Net Assets - Unrestricted $827

**Total Liabilities and Net Assets** $134,685

See accompanying notes and accountants' report

-4-
### Income from Activities
- Membership services $419,918
- Professional services 343,502
- Information services 498,098
- Interest income 1,907
- Other 1,107

**Total Activities Income** 1,264,532

### Expenses for Activities
#### Programs
- Membership services 165,726
- Professional services 433,183
- Information services 176,922
- Engagement and outreach services 32,137
- Career development services 44,581

**Total Program Expenses** 852,549

#### Management and General
- Board of directors and committees 46,961
- Administration 192,345
- Computer systems and equipment 183,585
- Building rent, maintenance, and utilities 38,558
- Depreciation 11,817
- Interest expense 220

**Total Management and General Expenses** 473,486

**Total Activities Expense** 1,326,035

### Change in Net Assets - Unrestricted
(61,503)

### Net Assets - Beginning of Year - Unrestricted
62,330

### Net Assets - End of Year - Unrestricted
$827

See accompanying notes and accountants' report
THE COLLEGE MUSIC SOCIETY  
(A Not-for-Profit Organization)  
STATEMENT OF CASH FLOWS  
Year Ended July 31, 2015

Cash Flows From Operating Activities  
Cash received from members, meetings, institutes and services $ 1,265,844  
Cash paid to suppliers and staff (1,284,903)  
Interest received 1,907  
Interest paid (220)  

Net Cash Flows From Operating Activities (17,372)

Cash Flows From Investing Activities  
Purchase of property and equipment (7,795)  

Net Cash Flows From Investing Activities (7,795)

Cash Flows From Financing Activities  
Proceeds from bank line of credit 52,000  
Payments on bank line of credit (28,531)  

Net Cash Flows From Financing Activities 23,469

Net Change in Cash (1,698)

Cash at Beginning of Year 12,180

Cash at End of Year $ 10,482

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities  
Change in Net Assets - Unrestricted $ (61,503)  
Depreciation 11,817  
Changes in Assets and Liabilities  
Accounts receivable 5,857  
Inventory (3,649)  
Prepaid expenses 19,802  
Accounts payable and accrued liabilities 10,304  

Net Cash Flows From Operating Activities $ (17,372)

See accompanying notes and accountants' report  
-6-
NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business
The College Music Society (the Society) is a not-for-profit organization dedicated to serving its members, higher education, and the music profession in several ways including:

- Dissemination of information through publications, journals, proceedings, reports, recorded music, newsletters, and the Internet.

- Sponsorship of institutes for academicians to consider curriculum and teaching issues.

- Sponsorship of conferences to enhance information sharing.

- Appointment and support of committees to conduct projects and studies.

The Society provides information services through its extensive databases of music professionals, organizations and academic institutions. The Society provides information concerning employment opportunities for music professionals in higher education.

The accounting records for the Society are maintained on the accrual basis. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

The Society maintains the cash accounts for all nine of the regional chapters. Their income and expenses are included in the statement of activities.

The Society's main sources of income are membership dues, professional services, and information services.

All of the net assets of the Society are unrestricted as to use by its members or others.

Estimates
Preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

Inventories
The Society has inventories consisting of publications. Inventories include the cost of printing and associated costs for maintaining the necessary infrastructure to produce the publications. Inventory is stated at the lower of cost or market, with cost determined using an average cost method.
NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment
The Society capitalized all property and equipment acquisitions in excess of $500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Depreciation is computed using the straight-line method over the useful lives of the individual assets, ranging from 3 to 5 years for office equipment, furniture, information systems, and software.

Income Taxes
The Society is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The Society's Federal Return of Organization Exempt From Income Tax (Form 990) is generally open to examination by taxing authorities for the later of three years after they were filed or the due date of the return.

Cash and Cash Equivalents
Cash and cash equivalents include all monies in banks and highly liquid investments with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Delinquent Accounts Receivable
All invoices of the Society are presented as "due upon receipt." All aged accounts over 30 days will accrue at an interest rate of 18% annually. Invoices older than 180 days are sent to a collection agency and written off. Based on historical collection activity, no allowance is deemed necessary by management.

Shipping Costs
Shipping and handling fees billed to customers are recorded as sales while the related shipping and handling costs are included in information services expense.

NOTE 2 -- CASH

Cash consists of:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking Account</td>
<td>$ 9,403</td>
</tr>
<tr>
<td>Savings Account</td>
<td>1,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 10,482</strong></td>
</tr>
</tbody>
</table>

At times during the year, the Society may have deposits with financial institutions in excess of the FDIC insured limit.
NOTE 3 -- BANK LINE OF CREDIT

The Society has a revolving credit agreement with First Interstate Bank to support its operations and enhance working capital. The line of credit is unsecured under this agreement with maximum credit limit of $75,000. As of July 31, 2015, the outstanding balance was $39,969 with monthly interest only payments due on the 1st of each month. Interest on the line of credit is variable based on the Wall Street Journal Prime Rate plus 3.25% (6.50% at July 31, 2015) with a maturity of May 1, 2016. Management expects to renew the line of credit under similar terms upon expiration.

NOTE 4 -- LEASE OBLIGATIONS

The Society leases its premises under an operating lease, which expires September 30, 2017. Current monthly rental payments increased from $2,300 to $2,500 on October 1, 2014 and remain at that rate until the lease expires. The Society is responsible for insurance and repairs, except for repairs related to plumbing and heating. Total rent expense under this operating lease for the year ended July 31, 2015, was $29,600. Future minimum rental payments required under the operating lease are as follows:

Year Ended July 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$30,000</td>
</tr>
<tr>
<td>2017</td>
<td>22,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$52,500</strong></td>
</tr>
</tbody>
</table>

NOTE 5 -- EMPLOYEE RETIREMENT BENEFIT PLAN

The Society provides a defined contribution individual retirement benefit plan. All full-time employees are eligible on the first day of the first month of service. The participants contribute through a salary reduction election in accordance with applicable laws and regulations. The Society pays 10% of each participant's annual salary to a 403(b) retirement plan. The total employer contributions were $53,935 during the year ended July 31, 2015.

NOTE 6 -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 30, 2015, the date on which the financial statements were available to be issued.