



## Escrowing Ticket Sales - ABA Member Responses

*Do you escrow cash from advance ticket sales and subscriptions until the actual concert is completed? Why or why not? Please include any history, advice or comment about the practice at your organization.*

### **No - 9 Members**

“It becomes part of operational cash, not escrowed.”

“Of course we spend it. We are not in a financial position to set cash aside. This comes up at schools and orchestras fairly frequently and we always show an obligation on our books for the money we spent in the form of deferred revenue, but we don't segregate the money.”

“We spend money received in the Spring for subscriptions on general operating expenses (no escrow or restriction). From a financial accounting perspective, I record this money as deferred revenue when it is received (and that's how it's presented in our audited financial statements as of 6/30); once the performance occurs the following season, I then reclass these payments from deferred revenue to earned revenue.”

“The only reason I would see to do this is if I thought I didn't have sufficient access to cash to fund refunds should I have to. Even in the case of our mass cancellations with the pandemic, we were still fully able to manage cash and refund procedures to maintain sufficient operating cash flow.”

“Never saw the need.”

“Our organization historically has not done this and in my nearly 9 years of employment, this conversation has never come up. I'm not sure this is a conscious decision as much as it is just historical practice to not escrow advance ticket sales. My guess is that our organization was

historically not in a cash position to implement this practice and therefore it has not been part of our financial discussions.”

“I escrow the cash from advance ticket sales until the fiscal year of the concert. When the current fiscal year starts, then the cash is released to operations.”

“Advance sales help cash flow the organization and refunds are extremely rare.”

*One member did not provide further explanation.*

### **Yes - 2 Members**

“Yes, it is the cash I protect. I do not spend it until the production has happened. And I do a couple of other GAAP things.”

“We recognize the production revenue and expenses in the period in which the production occurs.”

## Respondents by Size of Operating Budget

Answer: No

Operating Budget	Number of Organizations
\$0-7 million	2
\$12-20 million	3
\$20-30 million	1
\$50-57 million	1

Answer: Yes

Operating Budget	Number of Organizations
\$12-20 million	1
\$20-30 million	1

*One organization chose to remain anonymous.*