

San Francisco Symphony

Financial Statements

August 31, 2018
(With Comparative Totals for 2017)



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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee of the Board of Governors
San Francisco Symphony
San Francisco, California

We have audited the accompanying financial statements of San Francisco Symphony (a California nonprofit corporation) (the "SFS"), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 San Francisco Symphony as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on pages 30 - 32 is presented for purposes of additional analysis and is 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 audit 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.

Other Matter - Report on Summarized Comparative Information

We have previously audited San Francisco Symphony's 2017 financial statements, and our report dated February 20, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, except for the effects of the restatement described in the paragraph below and in Note 3, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter - Restatement of Endowment

As described in Note 3, the San Francisco Symphony restated its net assets. Our opinion is not modified with respect to these matters.



Armanino^{LLP}
San Ramon, California

April 18, 2019

San Francisco Symphony
Statement of Financial Position
August 31, 2018
(With Comparative Totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
ASSETS					
Cash	\$ 2,945,082	\$ -	\$ -	\$ 2,945,082	\$ 3,244,297
Short-term investments	2,269,647	2,248,182	-	4,517,829	320,821
Promises to give, net	3,852,134	7,442,290	2,114,497	13,408,921	10,163,903
Receivables under charitable remainder trusts	-	1,638,951	726,276	2,365,227	2,467,407
Prepays and other assets	8,683,731	-	-	8,683,731	9,064,150
Investments	29,384,066	100,879,454	161,288,167	291,551,687	308,117,655
Assets held in split interest agreements	-	5,234,000	223,408	5,457,408	5,467,164
Property	<u>19,360,205</u>	<u>-</u>	<u>-</u>	<u>19,360,205</u>	<u>19,174,015</u>
Total assets	<u>\$ 66,494,865</u>	<u>\$ 117,442,877</u>	<u>\$ 164,352,348</u>	<u>\$ 348,290,090</u>	<u>\$ 358,019,412</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and other accrued liabilities	\$ 4,636,878	\$ -	\$ -	\$ 4,636,878	\$ 8,766,003
Bank loans	81,085	-	-	81,085	21,244,000
Advance ticket sales	11,481,605	-	-	11,481,605	11,123,614
Liabilities to beneficiaries of split interest agreements	-	2,904,887	97,611	3,002,498	3,153,970
Pension benefit liabilities	<u>7,223,586</u>	<u>-</u>	<u>-</u>	<u>7,223,586</u>	<u>23,547,854</u>
Total liabilities	<u>23,423,154</u>	<u>2,904,887</u>	<u>97,611</u>	<u>26,425,652</u>	<u>67,835,441</u>
Net assets					
Unrestricted (as restated)					
Accumulated operating net assets (deficit)	12,525,841	-	-	12,525,841	(11,890,773)
Accumulated pension liability	(28,123,046)	-	-	(28,123,046)	(43,645,435)
Property	20,574,625	-	-	20,574,625	20,143,087
Board designated reserve	4,274,927	-	-	4,274,927	4,386,474
Board designated endowment	<u>33,819,364</u>	<u>-</u>	<u>-</u>	<u>33,819,364</u>	<u>65,041,753</u>
Total unrestricted	43,071,711	-	-	43,071,711	34,035,106
Temporarily restricted (as restated)	-	114,537,990	-	114,537,990	99,261,551
Permanently restricted (as restated)	<u>-</u>	<u>-</u>	<u>164,254,737</u>	<u>164,254,737</u>	<u>156,887,314</u>
Total net assets	<u>43,071,711</u>	<u>114,537,990</u>	<u>164,254,737</u>	<u>321,864,438</u>	<u>290,183,971</u>
Total liabilities and net assets	<u>\$ 66,494,865</u>	<u>\$ 117,442,877</u>	<u>\$ 164,352,348</u>	<u>\$ 348,290,090</u>	<u>\$ 358,019,412</u>

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

San Francisco Symphony
Statement of Activities
For the Year Ended August 31, 2018
(With Comparative Totals for 2017)

	Unrestricted			Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
	Operating	Other	Total				
Revenues							
Gifts, grants, and bequests	\$ 17,553,832	\$ 999,030	\$ 18,552,862	\$ 14,097,719	\$ 5,881,038	\$ 38,531,619	\$ 29,103,782
Concert and related revenues	28,861,347	830,490	29,691,837	-	-	29,691,837	30,973,405
Investment income and net gains (losses)	(141)	5,675,434	5,675,293	18,923,226	1,520,600	26,119,119	36,645,349
Retail revenue	1,215,629	-	1,215,629	-	-	1,215,629	1,256,618
Volunteer council	1,099,168	-	1,099,168	-	-	1,099,168	880,320
SFS media	157,114	-	157,114	-	-	157,114	181,475
Other	48,924	-	48,924	-	-	48,924	99,623
Total revenues	48,935,873	7,504,954	56,440,827	33,020,945	7,401,638	96,863,410	99,140,572
Net assets released							
Net assets released from restriction	9,598,052	338,455	9,936,507	(9,906,507)	(30,000)	-	-
Distribution of investment income	15,389,436	(7,547,222)	7,842,214	(7,837,999)	(4,215)	-	-
Total net assets released	24,987,488	(7,208,767)	17,778,721	(17,744,506)	(34,215)	-	-
Total revenues and releases	73,923,361	296,187	74,219,548	15,276,439	7,367,423	96,863,410	99,140,572
Expenses							
Concert production	62,237,357	1,121,918	63,359,275	-	-	63,359,275	66,795,600
General and administrative	7,204,014	124,858	7,328,872	-	-	7,328,872	7,391,150
Development	3,512,057	717,753	4,229,810	-	-	4,229,810	4,648,336
Volunteer council	2,997,910	48,731	3,046,641	-	-	3,046,641	3,099,282
Retail expenses	1,125,603	18,297	1,143,900	-	-	1,143,900	1,178,785
Education/youth projects	874,016	14,207	888,223	-	-	888,223	904,745
SFS media	555,789	152,822	708,611	-	-	708,611	658,701
Total expenses	78,506,746	2,198,586	80,705,332	-	-	80,705,332	84,676,599
Change in net assets from operations	(4,583,385)	(1,902,399)	(6,485,784)	15,276,439	7,367,423	16,158,078	14,463,973
Non-operating							
Paydown of loan and increase in net operating assets	29,000,000	(29,000,000)	-	-	-	-	-
Change in pension benefit liabilities	15,522,389	-	15,522,389	-	-	15,522,389	15,089,629
Total non-operating	44,522,389	(29,000,000)	15,522,389	-	-	15,522,389	15,089,629
Change in net assets	39,939,004	(30,902,399)	9,036,605	15,276,439	7,367,423	31,680,467	29,553,602
Net assets, beginning of year, as previously reported	(55,536,208)	84,037,660	28,501,452	110,519,740	151,162,779	290,183,971	260,630,369
Restatement of endowment (Note 3)	-	5,533,654	5,533,654	(11,258,189)	5,724,535	-	-
Net assets, beginning of year, as restated	(55,536,208)	89,571,314	34,035,106	99,261,551	156,887,314	290,183,971	260,630,369
Net assets, end of year	(15,597,204)	58,668,915	43,071,711	114,537,990	164,254,737	321,864,438	290,183,971

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

San Francisco Symphony
Statement of Cash Flows
For the Year Ended August 31, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 31,680,467	\$ 29,553,602
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	1,434,099	1,415,976
Allowance for doubtful accounts	158,000	(3,832)
Recognition of deferred income	(4,500,000)	-
Net unrealized and realized gains on investments	(21,814,537)	(32,464,987)
Loss on disposal of property	34,054	18,816
Contributions to permanently restricted net assets	(1,381,038)	(2,284,026)
Change in pension benefit liabilities	(15,522,389)	(15,089,629)
Change in operating assets and liabilities		
Receivables, net	(3,284,886)	2,674,911
Assets held in split interest agreements	9,757	(20,007)
Prepays and other assets	238,929	(1,251,509)
Accounts payable and other accrued liabilities	370,875	1,003,544
Advance ticket sales	357,992	(1,184,838)
Liabilities to beneficiaries of split interest agreements	(151,472)	(184,621)
Net cash used in operating activities	(12,370,149)	(17,816,600)
Cash flows from investing activities		
Proceeds from sale of investments	60,812,009	38,464,231
Purchases of investments	(22,431,507)	(29,869,940)
Proceeds from sales (purchases) of short-term investments	(4,197,007)	788,431
Acquisitions of property	(1,512,853)	(1,705,259)
Payments to fund pension plan in excess of minimum requirement	(801,879)	-
Net cash provided by investing activities	31,868,763	7,677,463
Cash flows from financing activities		
Receipt of contributions to permanently restricted net assets	1,365,086	3,052,430
Net borrowings (payments) on bank loans	(21,162,915)	6,244,000
Net cash provided by (used in) financing activities	(19,797,829)	9,296,430
Net decrease in cash	(299,215)	(842,707)
Cash, beginning of year	3,244,297	4,087,004
Cash, end of year	\$ 2,945,082	\$ 3,244,297

Supplemental disclosure of cash flow information

Cash paid during the year interest	\$ 61,098	\$ 214,827
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The accompanying notes are an integral part of these financial statements.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

1. NATURE OF OPERATIONS

Founded in 1911, the San Francisco Symphony ("SFS") presents more than 220 concerts and presentations annually for audiences of nearly 600,000 in Davies Symphony Hall, in other Bay Area venues, and through an active national and international touring program. In addition, the SFS provides extensive music education programs that benefit students in San Francisco and throughout the Bay Area. The SFS has its own recording label, SFS Media, and has produced an extensive body of acclaimed audio and video recordings which are distributed around the world. Its national multimedia project, Keeping Score, encompasses a public television and radio series, educational music websites, documentary and live performance DVDs, and its music education and music coaching programs serve students in grades 1-12 in San Francisco's public schools.

The mission of the SFS is to set the highest possible standard for excellence in musical performance at home and around the world; enrich, serve, and shape cultural life throughout the spectrum of Bay Area communities; maintain financial stability, and gain public recognition as a means of ensuring its ability to fulfill its mission.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for nonprofit organizations. The financial statements include certain 2017 summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the SFS's financial statements as of and for the year ended August 31, 2017, from which the summarized information was derived (Note 3).

Under U.S. GAAP, contributions or unconditional promises to give are recognized as revenues in the period received at their net present value, less an allowance for uncollectible amounts. Net assets, revenues, gains, expenses, and losses are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted net assets* - Unrestricted net assets represent unrestricted resources available to support the SFS's operations, and resources which had been temporarily restricted but which have become available for use by the SFS in accordance with the intentions of donors. Also included in unrestricted net assets, are specified board designated endowment net assets, of which its income has become available to support the SFS's operations but which the Board of Governors (the "Board") has designated as SFS endowment. The activity for these board designated endowment assets is reported in the Unrestricted Other column in the statement of activities along with activities related to the acquisition, sale, and depreciation of capital assets.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

- *Temporarily restricted net assets* - Temporary restricted net assets represent contributions that are limited in use, either for purpose or time, in accordance with donor-imposed restrictions. They also include accumulated earnings on permanent and temporarily restricted net assets that have not been appropriated for expenditure.
- *Permanently restricted net assets* - Permanently restricted net assets represent contributions to be held in perpetuity as directed by the donor. The income from these contributions is available to support activities of the SFS as directed by the donors. The realized and unrealized gains on certain permanently restricted net assets are required to be reinvested, as directed by the donor.

Cash

Cash consists of demand deposits.

Short-term investments

Short-term investments are primarily money market funds with underlining securities maturing in less than 90 days.

Promises to give

Promises to give are recorded when deemed unconditional. 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. The discounts on those amounts are computed using the risk-free rates adjusted for potential credit risk applicable in the years in which those promises are received. Amortization of the discounts is included in gifts, grants, and bequests revenue.

Conditional promises to give are not recorded as revenue until the conditions have been substantially met and transfers of assets with a conditional promise to contribute are accounted for as a refundable advance and are included in accounts payable and other accrued liabilities until the conditions have been substantially met or have been explicitly waived by the donor. As of August 31, 2018, there are no conditional promises outstanding.

The SFS continually monitors donor's credit worthiness and recognizes allowances for estimated bad debts on donor accounts that are no longer estimated to be collectible.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables under charitable remainder trusts

Assets contributed by donors under charitable remainder trust agreements and controlled by third parties are recognized at the present value of the estimated future distributions to be received by the SFS over the term of the agreements. The SFS is a named beneficiary in nine charitable remainder trusts. One of the nine trusts is a perpetual trust where the SFS has an irrevocable right to receive specified yearly distributions over the life of the trust but is not a named beneficiary upon termination of the trust. The eight other trusts provide the SFS with beneficial interests to be received upon termination of the trusts. The SFS's beneficial interest in these trusts has been valued at estimated fair value based on the discounted present value of future cash flows at risk-adjusted rates ranging from 6.8% to 9%. Two trusts represented 88% of the total value of these receivables at August 31, 2018.

Prepays and other assets

Prepaid assets consist primarily of prepaid marketing and special event expenses. Such amounts are deferred and amortized as expense in the period benefited. Other assets include loans to employees, other general receivables, inventory, and master recordings used to produce CDs and DVDs. Master recordings are amortized over the estimated life of the recorded performance. There were loans to employees totaling \$3,456,212 at August 31, 2018.

Investments

Investments represent a diversified portfolio of public and private domestic and international equity, fixed income securities, and alternative investments in venture capital, real estate, and hedge funds, carried at estimated fair value. Equity and fixed income securities' fair values have been determined by closing market prices on national exchanges. Alternative investments in venture capital, real estate and hedge funds, which are not listed on a national exchange, are valued at estimated fair value based upon various inputs as determined by the managing partner/member. Dividend and interest income are accrued when earned. Net realized and unrealized gains (losses) are included in investment income and net gains (losses) in the statement of activities.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Alternative investments in venture capital and hedge funds are comprised of limited partnerships. Hedge fund limited partnerships include nonmarketable and restricted investment securities whose fair values have been estimated by the managing partner of the limited partnership in the absence of readily ascertainable market values. Generally, the managing partners may use one or more of the following inputs to estimate the fair value of nonmarketable or restricted investment securities: 1) original transaction price; 2) recent transactions in the same or similar securities; 3) pending third-party transactions in the security or comparable securities; 4) subsequent sale or investment transactions in the same securities; 5) recapitalizations or other capital structure transactions of the issuer of the securities; 6) subsequent offerings of the same security in the equity markets; and 7) changes in the financial condition of the issuer of the security. These inputs may also be adjusted to reflect illiquidity or nontransferability, as estimated by the managing partner. Because of the inherent uncertainty of valuation of nonmarketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Alternative investments in real estate limited liability corporations are carried at estimated fair value as determined by the managing members of the limited liability corporations. The managing members generally estimate fair value using one or more of the following methodologies: 1) forecasts of future net cash flows discounted at prevailing market rates; 2) prevailing market capitalization rates or earnings multiples; 3) recent sales of comparable investments; 4) independent third-party appraisals; and 5) sales negotiations and bona fide purchase offers received from independent third parties. Because of the inherent uncertainties of the real estate valuation, the value reflected in the financial statements may differ significantly from the value that would be determined by negotiations between parties in sales transactions, resulting in differences that could be material.

Investment income and net gains are reported net of custodial and investment advisory fees of \$603,195 for the year ended August 31, 2018.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The SFS determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2, and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the SFS has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

The types of instruments which would generally be included in this category include limited partnerships and limited liability corporations, real estate, receivables under charitable remainder trusts, and liabilities to beneficiaries of split interest agreements. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The SFS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

The SFS uses net asset value per share ("NAVS") to determine the fair value of all the underlying investments that (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Unobservable inputs reflect the SFS's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the SFS's own data.

Assets held in split interest agreements

Charitable remainder trusts and gift annuities are irrevocable trusts under the administration of the SFS, as trustee, where SFS is an irrevocable remainderman. These assets represent the assets held in split interest agreements and are recognized at fair value upon execution. Related liabilities associated are recorded at the present value of the expected payments to the beneficiaries using a rate that is reflective of investment returns consistent with the composition of the investment portfolio, life expectancies from certain mortality tables for the year ended August 31, 2018, and a discount rate of 4.07%. Changes in the fair market value as a result of earnings, net of beneficiary distributions, are recognized as either temporarily or permanently restricted investment income in the statement of activities. As of August 31, 2018, \$3,370,955 of the assets were gift annuities and \$2,086,453 were charitable remainder trusts.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property

Such assets consist of instruments, leasehold improvements, furniture, equipment and software. Assets in excess of \$5,000 are capitalized and recorded at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed on the straight line method over the estimated useful lives of the assets which range from three to thirty years. Musical instruments and artwork are not depreciated as their estimated useful lives are extraordinarily long. Contributed equipment is recorded at fair value at the date of donation. The SFS does not construe time restrictions on the use of contributed long lived assets received without explicit donor stipulations concerning how long the contributed assets must be used. The carrying amount of all long lived assets is evaluated periodically to determine if reductions to the carrying amount or adjustments to the useful lives of the undepreciated balances are warranted.

Advance ticket sales

Advance ticket sales represent concert revenues received in advance of the period the related concerts will be performed. Such amounts are deferred and recognized as revenue in the period the performance takes place.

Revenue recognition

Gifts, grants, and bequests are recognized as revenue when received or unconditionally promised. The SFS reports gifts of cash and other assets as temporarily restricted support if such gifts are received with donor restrictions that limit for what purpose or when the donated assets can be used. When a donor restriction is met, such net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Contributed services

Recognition of contributed services require that such services must (i) create or enhance non-financial assets, (ii) require specialized skills, (iii) be performed by individuals possessing those skills, and (iv) typically need to be acquired if not provided by donation. Donated services are recorded at their estimated fair values at the dates of donation and are reported as unrestricted income, unless the donor has restricted the services to a specific purpose. For fiscal year ending August 31, 2018, \$195,545 of legal and consulting contributed services were recognized as income. Additionally, the SFS receives numerous additional hours of donated services from volunteers in various capacities which are not reflected in the accompanying financial statements as the criteria for recognition are not met.

In-kind contributions

The SFS received in-kind contributions of food, property and other goods related to its fundraising events. For the year ended August 31, 2018, the SFS received \$796,174 of in-kind contributions. These types of contributions were recorded at fair value at the date of donation.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint expenses

U. S. GAAP requires that organizations that combine a fundraising appeal with a call for action and meet specific criteria should book the joint costs of those campaigns between program expenses, fundraising expenses, and management and administration expenses. Of the \$3,725,844 total joint costs incurred for the year ended August 31, 2018, \$2,525,716 was allocated to programs; \$722,918 to development; and, \$477,210 to general and administrative expenses.

Functional expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Costs applicable to more than one program or activity, such as depreciation and amortization, are allocated among the program and supporting services. The allocation is based on management's judgment using the individual program expenses in relation to overall expenses.

Fundraising expenses

Costs related to fundraising efforts are reflected in the statement of activities as volunteer council and development expenses. For year ended August 31, 2018, such expenses totaled \$7,276,451.

Income tax status

The SFS is a Section 501(c)(3) charitable organization exempt from federal income taxes under Section 501(a) of the U.S. Internal Revenue Code and the State of California Franchise Tax Board.

The SFS evaluated its current tax positions on unrelated business income and concluded that as of August 31, 2018, the SFS does not have any significant uncertain tax positions for which a reserve would be necessary. For state tax purposes, the SFS is no longer subject to tax examinations for years prior to 2014. For federal tax purposes, the SFS is no longer subject to tax examinations for years prior to 2015.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations

Financial instruments which potentially subject the SFS to credit risk consist primarily of cash, marketable securities, and investments. The SFS maintains cash, marketable securities and investments with various major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation limits. The SFS manages credit risk by establishing minimum credit standards for financial institutions and limiting the amount of credit exposure with any one institution. The SFS's investments have been placed with several investment custodian banks to mitigate risk. The SFS closely monitors these investments and has not experienced any credit losses.

Collective bargaining agreements

As of August 31, 2018, approximately 75% of the SFS's employees were covered by collective bargaining agreements. The collective bargaining agreement with the American Guild of Musical Artists covering San Francisco chorus members expires July 31, 2019. The Theatrical Employees Union, Local B18, of the International Alliance of Theatrical Stage Employees, Moving Picture Machine Operators of the United States and Canada, covering ticket service employees and ushers, expires on May 31, 2019 and the collective bargaining agreement with the Local 6, American Federation of Musicians covering the musicians of the SFS expired on November 24, 2018 and renewed for a four-year period effective November 25, 2018 to November 26, 2022 (Note 13). The collective bargaining agreement with the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, Local 16, covering stage employees, and Local 784 covering wardrobe employees expires on October 31, 2020 and December 31, 2020, respectively.

Adoption of accounting standards

The August 31, 2018 financial statements reflect the adoption of FASB Accounting Standards Update No. 2014-15 ("ASU 2014-15"), *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 defines management's responsibility to evaluate whether there is a substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The SFS has performed an evaluation and there is no substantial doubt about the SFS's ability to continue as a going concern and there are no adjustments to the financial statements.

The August 31, 2018 financial statements reflect the adoption of ASU No. 2015-07, *Fair Value Measurements (Topic 820); Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. The amendments in the update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. Sufficient information must be provided to allow a reconciliation of the fair value assets categorized with the fair value hierarchy to the amounts shown in the statement of financial position (Note 5).

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2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), that significantly impacts not-for-profit financial reporting. The goal of ASU 2016-14 is to enhance the usefulness of the financial statements by requiring improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the change in those resources) to donors, grantors, creditors, and other users. Net asset classification categories presented will reduce from three to two, and there will be expanded information about an organization's liquidity, financial performance and cash flows. The new classifications would convey net assets with, and without, donor-imposed restrictions and expenses will be reported by both nature and function. ASU 2016-14 is effective for annual financial statements issued for years beginning after December 15, 2017. Management is evaluating the impact ASU 2016-14 will have on the SFS's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). This standard implements a single framework for recognition of all revenue earned from customers and ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contract with customers. The standard is effective for the SFS's fiscal year ending August 31, 2020. The SFS does not believe the adoption of this standard will have a material impact on the statements activities and changes in net assets.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, ASU 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*, ASU 2018-10, *Codification Improvements to Topic 842, Leases*, and ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Accounting Standards Codification ("ASC") Topic 842, *Leases*, provides guidance to enhance the transparency and comparability of financial reporting related to leasing arrangements. Under this new lease standard, most leases are required to be recognized on the statement of financial position as right-of-use assets and corresponding lease liabilities. Disclosure requirements have been enhanced with the objective of enabling financial statement users to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard is effective for the SFS's fiscal year ending August 31, 2021. Management is evaluating the impact Topic 842 will have on the SFS's financial statements.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards (continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). ASU 2018-08 was issued to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of ASC Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. ASU 2018-0-8 is effective for the SFS's fiscal year ending August 31, 2020. The SFS does not believe the adoption of this standard will have a material impact on the statements of activities and the changes in net assets.

3. RESTATEMENT OF NET ASSETS

During the year ending August 31, 2018, management concluded that the intent of certain donors was for the principal of their gifts to be permanently restricted and the accumulated returns to be unrestricted, and for certain gifts previously classified as board designated endowment to be reclassified to unrestricted operating net assets. The net impact of the restatement increased unrestricted net assets by \$5,533,654, decreased temporarily restricted net assets by \$11,258,189, and increased permanently restricted endowment \$5,724,535 at August 31, 2017 (Note 8).

4. PROMISES TO GIVE

Promises to give consist of the following:

Receivable in:	
Less than one year	\$ 4,930,544
One to five years	7,233,021
More than five years	<u>1,698,397</u>
Total	13,861,962
Discount	(205,041)
Less allowance for uncollectible pledges	<u>(248,000)</u>
 Total	 <u><u>\$ 13,408,921</u></u>

Included in promises to give as of August 31, 2018 is \$1,700,000 from one donor.

San Francisco Symphony
Notes to Financial Statements
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5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the SFS's assets and liabilities at fair value as of August 31, 2018:

	Level 1	Level 2	Level 3	Fair Value	Investments Valued at NAV*	Total at August 31, 2018
Cash and cash equivalents	\$ 4,358,863	\$ -	\$ -	\$ 4,358,863	\$ -	\$ 4,358,863
Short-term investments	4,517,829	-	-	4,517,829	-	4,517,829
Fixed income	27,137,749	-	-	27,137,749	-	27,137,749
Domestic equity	90,731,918	-	-	90,731,918	-	90,731,918
International equity	73,499,329	-	-	73,499,329	-	73,499,329
Venture capital	-	-	24,010,208	24,010,208	-	24,010,208
Real estate	-	-	26,278,259	26,278,259	26,179,361	52,457,620
Hedge funds	-	-	9,140,289	9,140,289	10,215,711	19,356,000
	<u>200,245,688</u>	<u>-</u>	<u>59,428,756</u>	<u>259,674,444</u>	<u>36,395,072</u>	<u>296,069,516</u>
Receivables under charitable remainder trust	-	-	2,365,227	2,365,227	-	2,365,227
Assets held in split interest agreement	<u>5,457,408</u>	<u>-</u>	<u>-</u>	<u>5,457,408</u>	<u>-</u>	<u>5,457,408</u>
	<u>\$ 205,703,096</u>	<u>\$ -</u>	<u>\$ 61,793,983</u>	<u>\$ 267,497,079</u>	<u>\$ 36,395,072</u>	<u>\$ 303,892,151</u>
Liabilities to beneficiaries of split interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,002,498</u>	<u>\$ 3,002,498</u>	<u>\$ -</u>	<u>\$ 3,002,498</u>

*Certain investments that are measured at fair value using the NAVS (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to illustrate the reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following table lists investments at NAVS by investment strategy as of August 31, 2018:

Strategy	NAV in Funds	Unfunded Commitments	Number of Funds	Remaining Life	Redemption Terms	Redemption Price at Year End
Wellington Global Select Capital	\$ 16,737,009	\$ -	1	N/A	Monthly	First business day of every month with prior written notice by the 22nd calendar day of the month preceding the redemption Last business day preceding the 16th day of every month with at least 10 business days prior written notice
MFS International Growth LLC	\$ 9,442,352	-	1	N/A	Monthly	Last business day of calendar quarter with at least 70 days prior written notice
Grosvenor Institutional Partners	8,959,409	4,000,000	1	N/A	End of calendar quarter	Redemptions at general partner's discretion
Special Situation Partners	<u>1,256,302</u>	<u>453,134</u>	1	N/A	Redemptions at general partner's discretion	Redemptions at general partner's discretion
Total	<u>\$ 36,395,072</u>	<u>\$ 4,453,134</u>				

San Francisco Symphony
Notes to Financial Statements
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5. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth a summary of changes in the fair value of Level 3 investments for the year ended August 31, 2018:

	Venture Capital	Real Estate	Hedge Funds	Receivables Under Charitable Remainder Trusts	Liabilities to Beneficiaries of Split Interest Agreement	Total
Balance, beginning of year	\$ 15,702,333	\$ 26,784,970	\$ 18,515,162	\$ 2,467,407	\$ (3,153,970)	\$ 60,315,902
Purchase, issuance and settlements	9,425,832	747,279	-	-	-	10,173,111
Sales	(3,384,864)	(2,310,111)	(237,286)	-	-	(5,932,261)
Transfers out of Level 3	-	-	(10,215,711)	-	-	(10,215,711)
	<u>6,040,968</u>	<u>(1,562,832)</u>	<u>(10,452,997)</u>	<u>-</u>	<u>-</u>	<u>(5,974,861)</u>
Change in value						
Net income	987	254,957	6,959	-	-	262,903
Net realized gain	1,993,534	202,813	109,884	-	-	2,306,231
Net unrealized gain (loss)	272,386	598,351	961,281	(102,180)	151,472	1,881,310
Total change in value	<u>2,266,907</u>	<u>1,056,121</u>	<u>1,078,124</u>	<u>(102,180)</u>	<u>151,472</u>	<u>4,450,444</u>
Balance, end of year	<u>\$ 24,010,208</u>	<u>\$ 26,278,259</u>	<u>\$ 9,140,289</u>	<u>\$ 2,365,227</u>	<u>\$ (3,002,498)</u>	<u>\$ 58,791,485</u>

6. PROPERTY

Property consists of the following:

Musical instruments and artwork	\$ 11,570,347
Davies Symphony Hall renovations	11,031,479
Leasehold improvements	8,335,455
Computer equipment and software	3,745,836
Furniture and office equipment	2,810,387
Work in progress	<u>2,293,231</u>
	39,786,735
Less: accumulated depreciation and amortization	<u>(20,426,530)</u>
	<u>\$ 19,360,205</u>

Depreciation and amortization expense for the year ending August 31, 2018, was \$1,434,099. In addition to the above, the unrestricted net assets of property include \$1,322,636 of prepaid expenses, \$27,131 of accounts payable and an \$81,085 outstanding balance on the line of credit (Note 7).

7. BANK LOANS

In November 2017, the SFS paid off and closed a revolving secured line of credit in the amount of \$21,000,000. Interest expense incurred for the year ended August 31, 2018 was \$61,098.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

7. BANK LOANS (continued)

On May 15, 2017, the SFS entered into an agreement to provide for advances up to an aggregate principal amount of \$6,000,000 to fund capital expenditures associated with its Audience Development Initiatives. The maximum amount of principal available under this line of credit is reduced by \$300,000 commencing September 3, 2019 and continues to reduce by \$300,000 on the first day of each calendar quarter thereafter. This line of credit expires on May 3, 2020, bears interest at a variable rate of one-month LIBOR plus 0.50%, is collateralized by assets maintained in two of the SFS's securities accounts at the lender and is to be repaid through the collection of a "Hall Improvement" fee added to tickets sold for concerts in Davies Symphony Hall. The interest rate on borrowings is selected by the SFS and is either a fluctuating rate that is .5% above the Daily One Month LIBOR in effect from time to time or a fixed rate that is .5% above LIBOR in effect as of the first day of the applicable LIBOR period. As of August 31, 2018, the outstanding balance was \$81,085. Interest expense for the year ended August 31, 2018 was \$4,505.

8. ENDOWMENT

The SFS's endowment consists of 118 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment consists of the following components: (a) permanently restricted investments, which represent the historic dollar value of the contributions restricted by donors for permanent investment, (b) earnings on permanently restricted investments that may be permanently restricted, temporarily restricted by donors for specific purposes, or have not yet been appropriated for expenditure, (c) temporarily restricted investments whose earnings have been restricted by donors for specific purposes or have not yet been appropriated for expenditure, (d) unrestricted endowment investments, which represent funds directed for investment in the endowment, and (e) investment losses on donor-restricted investments in excess of the amount required to be maintained by the donors.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

8. ENDOWMENT (continued)

Interpretation of relevant law

The Board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the SFS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the SFS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the SFS considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the SFS and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the SFS
- (7) The investment policies of the SFS

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the SFS to retain as a fund of perpetual duration. There were no such deficiencies as of August 31, 2018.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

8. ENDOWMENT (continued)

Return objectives and risk parameters

The SFS has adopted investment and spending policies designed to preserve and enhance the inflation-adjusted value of the total endowment and to limit the volatility of the distributions so as to provide a relatively stable annual draw to support the SFS's operating needs. These financial objectives are intended to balance the needs of current and future beneficiaries of the SFS's endowment. It is recognized that the desire to maintain and grow the corpus and produce a stable distribution stream involves trade-offs that must be balanced in setting the investment objectives and the spending policies. Endowment assets include those assets of donor-restricted funds that the SFS must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Investment decisions about an individual asset or class of assets will not be made in isolation, but in the context of the entire portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the fund and the institution. The SFS expects its endowment funds to return an average annual inflation adjusted return of 6% annually, net of all investment management fees, over the long-term. Actual returns in any given year may vary from this amount.

To achieve its long-term rate of return objectives, the Board has adopted the total return approach to managing the endowment. The investments are to be diversified by asset class and are to include public equity funds, fixed income funds, and alternative investment funds. The endowment's targeted investment mix is 89% public equity and alternative investment funds, 9% fixed income funds, and 2% cash and cash equivalents. The Board may, at its discretion, change the allocations of the funds in order to achieve its long-term objectives.

Relationship of spending policy to investment objectives

The SFS's investment policy's long-term objective for its endowment is to return an annual inflation-adjusted return of 6% net of all investment and management fees. For the year ending August 31, 2018, the annual endowment draw was based on the SFS spending policy that consists of two components. The first component is based on 70% of the previous year's endowment draw, adjusted for inflation plus 1.5%. The second component is based on the trailing 20-quarter average market value for the periods ending February 28 prior to the start of each fiscal year, multiplied by 5.5%. The total of the two components is the amount appropriated (the endowment draw) to support current operations. The inflation rate used for the fiscal 2018 endowment draw was 2.7% and was based on the Core CPI index for all Urban Consumers for the year ending February 28, 2017. The annual endowment draw percentage is to be no less than 3.5% or more than 6.5% of the February 28 ending market value each year.

The Board has adopted a policy to preserve the historical dollar value of permanently restricted gifts. After maintaining this value, the Board interprets the law as allowing it to use any of the investment returns as is prudent considering the SFS's long- and short-term needs, expected total return on its investments, price level trends, general economic conditions and the donors' restrictions.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

8. ENDOWMENT (continued)

Endowment net assets

Endowment net assets as of August 31, 2018 are as follows:

	Unrestricted <u>Unrestricted</u>	Unrestricted <u>Reserve</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ -	\$ 164,254,737	\$ 164,254,737
Board designated endowment funds	33,819,364	-	99,650,865	-	133,470,229
Board designated reserve funds	-	4,274,927	-	-	4,274,927
	<u>\$ 33,819,364</u>	<u>\$ 4,274,927</u>	<u>\$ 99,650,865</u>	<u>\$ 164,254,737</u>	<u>\$ 301,999,893</u>

Changes in endowment net assets for the fiscal year ended August 31, 2018 are as follows:

	Unrestricted <u>Unrestricted</u>	Unrestricted <u>Reserve</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Balance, August 31, 2017, as originally reported	\$ 59,508,099	\$ 4,386,474	\$ 99,750,683	\$ 151,162,779	\$ 314,808,035
Restatement of endowment (Note 3)	5,533,653	-	(11,258,188)	5,724,535	-
Balance, August 31, 2017, as restated	<u>65,041,752</u>	<u>4,386,474</u>	<u>88,492,495</u>	<u>156,887,314</u>	<u>314,808,035</u>
Investment return					
Investment income, net of fees	915,875	66,740	3,322,317	-	4,304,932
Realized gains (losses)	3,686,861	(401)	10,083,143	1,194,695	14,964,298
Net unrealized appreciation (depreciation)	1,003,719	(448)	5,517,765	325,905	6,846,941
Total investment return	<u>5,606,455</u>	<u>65,891</u>	<u>18,923,225</u>	<u>1,520,600</u>	<u>26,116,171</u>
Contributions	82,424	874,356	73,144	5,881,038	6,910,962
Endowment draw	(7,554,566)	-	(7,837,999)	(4,215)	(15,396,780)
Appropriation of board designated assets	(29,356,701)	(274,958)	-	(30,000)	(29,661,659)
Appropriation of board designated reserve	-	(776,836)	-	-	(776,836)
	<u>(31,222,388)</u>	<u>(111,547)</u>	<u>11,158,370</u>	<u>7,367,423</u>	<u>(12,808,142)</u>
Balance, August 31, 2018	<u>\$ 33,819,364</u>	<u>\$ 4,274,927</u>	<u>\$ 99,650,865</u>	<u>\$ 164,254,737</u>	<u>\$ 301,999,893</u>

In addition to the draw, \$21,000,000 was appropriated to pay down the outstanding balance on the revolving secured line of credit (Note 7) and \$8,000,000 was appropriated for working capital.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

9. RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted and permanently restricted net assets as of August 31, 2018 are available for the following purposes or periods:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Production and general activities	\$ 63,089,183	\$ 78,258,518
Youth orchestra and education	23,417,498	43,920,995
Orchestra and artist compensation	8,445,598	37,323,152
Real estate investments	7,109,825	-
Time restricted for operating activities	6,754,207	852,072
Remainder trusts	2,086,453	-
Community engagement	1,565,056	3,900,000
Property	1,764,239	-
Split interest agreement	214,480	-
Fine string instruments	91,451	-
	<u>\$ 114,537,990</u>	<u>\$ 164,254,737</u>

Net assets were released from restrictions for the year ended August 31, 2018 as follows:

Production and general activities	\$ 7,600,348
Youth orchestra and education	3,719,282
Fundraising events	3,534,790
Orchestra and artist compensation	1,431,519
Time restrictions satisfied	1,051,322
Community engagement	423,560
Property	<u>17,900</u>
	<u>\$ 17,778,721</u>

10. DEFINED BENEFIT RETIREMENT PLANS

Some SFS employees are covered by noncontributory defined benefit retirement plans.

Orchestra Plan - Orchestra members are covered following the completion of at least 23 weeks or one-half season. The San Francisco Symphony Retirement Plan (Orchestra) (the "Orchestra Plan") provides an annual pension at age 62 equal to \$2,600 per year of service and is subject to a maximum pension of \$78,000 per year at retirement. Actuarially reduced pensions are available upon early retirement at age 55 or later. Benefits vest after completion of five years of service. Subject to certain conditions, the plan provides supplemental spousal and disability benefits.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

10. DEFINED BENEFIT RETIREMENT PLANS (continued)

Administrative Plan - On March 31, 2010, the Retirement Plan for Employees of the San Francisco Symphony Corporation (the "Administrative Plan") was frozen and the SFS instituted a discretionary base contribution on behalf of the employees participating in the frozen plan in its defined contribution plan (Note 11).

Prior to that date, substantially all administrative employees who worked 1,000 or more hours per year with one or more years of service were participants in the Administrative Plan and would receive an annual pension benefit at age 65 equal to 1.5% of the employee's highest 60month average salary per year of service. Actuarially reduced pensions are available upon early retirement starting at age 55. Benefits vest after the completion of five years of service. Subject to certain conditions, the plan provides supplemental spousal benefits.

The SFS uses an August 31 measurement date for all of its defined benefit pension plan obligations.

The funded status of the plans are as follows:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Plan assets at fair value	\$ 81,504,302	\$ 17,765,291
Accumulated benefits obligation	<u>(86,150,432)</u>	<u>(20,342,747)</u>
Pension benefit liabilities	<u>\$ (4,646,130)</u>	<u>\$ (2,577,456)</u>

Included in unrestricted net assets at August 31, 2018 are the following amounts that have not yet been recognized in net periodic benefit cost for the Orchestra Plan and the Administrative Plan: net actuarial loss of \$18,560,184 and \$4,423,983, respectively, and net prior service cost of \$5,311,732 and \$0, respectively. The prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended August 31, 2019, are \$1,059,350 and \$1,148,342, respectively, for the Orchestra Plan, and \$0 and \$467,813, respectively, for the Administrative Plan.

Components of the net periodic pension benefit cost for the plans are as follows:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Service cost	\$ 1,338,397	\$ 110,000
Interest cost	2,845,840	644,599
Expected return on plan assets	(4,956,207)	(1,146,076)
Prior service amortization	1,059,343	-
Recognized net actuarial loss	<u>2,360,890</u>	<u>644,378</u>
	<u>\$ 2,648,263</u>	<u>\$ 252,901</u>

San Francisco Symphony
Notes to Financial Statements
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10. DEFINED BENEFIT RETIREMENT PLANS (continued)

Assumptions - Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the year were as follows:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Discount rate - net periodic benefit cost	4.07 %	4.07 %
Expected long-term rate of return on plan assets	6.75 %	7.00 %
Rate of compensation increase	- %	- %
Discount rate - benefit obligation	4.07 %	4.07 %

The overall expected Long-term rate of return on plan assets is determined by the plans' historical Long-term investment performance, current asset allocation and estimate of future long-term return rates. The discount rate used to determine the net periodic benefit costs and benefit obligation for the plans was the Citigroup AboveMedian Pension Discount Curve spot rates of matching duration.

Plan assets - Weighted-average asset allocation of the San Francisco Symphony's pension plans was as follows:

	<u>Policy Allocation Target</u>	<u>Allocation of Plan Assets</u>
Orchestra		
Equities	62.0 %	63.4 %
Absolute return	20.0 %	17.1 %
Fixed income	10.0 %	10.3 %
Real estate	8.0 %	7.7 %
Cash	0.0 %	1.5 %
Administrative		
Equities	62.0 %	67.2 %
Absolute return	15.0 %	12.9 %
Fixed income	9.0 %	10.4 %
Real estate	10.0 %	8.7 %
Cash	4.0 %	0.8 %

The SFS' Statements of Investment Policy, Objective, and Procedure for the Orchestra Plan and Administrative Plan, respectively, outline the governance structure for decision making, set investment objectives and restrictions, and establish criteria for selecting and evaluating investment managers. The Investment Committee, consisting of members of the Board, are supported by independent consultants and are responsible for monitoring compliance with the investment policies.

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Notes to Financial Statements
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10. DEFINED BENEFIT RETIREMENT PLANS (continued)

Contributions made and benefits paid

Contributions made and benefits paid during the year were as follows:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Contributions made	\$ 3,573,464	\$ 189,415
Benefits paid	\$ 2,644,630	\$ 881,536

Based on the SFS' forecast at August 31, 2018, the SFS expects to contribute \$1,570,631 and \$186,612 to the Orchestra Plan and the Administrative Plan, respectively, by August 31, 2019. As of February 1, 2019, \$392,658 was paid to the Orchestra Plan and \$63,225 to the Administrative Plan.

The SFS anticipates future benefit payments, which reflect future service, to be paid from the pension plan as follows:

<u>Year ending August 31,</u>	<u>Orchestra Plan (in millions)</u>	<u>Administrative Plan (in millions)</u>
2019	\$ 3.8	\$ 0.8
2020	4.2	0.9
2021	4.4	1.0
2022	4.7	1.1
2023	4.9	1.1
Thereafter	26.2	6.3
	\$ 48.2	\$ 11.2

Retirement plans - multiemployer

The SFS has contracted to make payments to multi-employer retirement plans for employees who are members of American Federation of Musicians who meet certain conditions and employees who are members of the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, Local 16. Contributions to such plans range from 10.2% to 12% of the employee's compensation.

The SFS is a participating employer in various trustee-managed multi-employer defined benefit pension plans for employees who participate in collective bargaining agreements. The plans generally provide retirement benefits to employees based on years of service to participating employers. The multi-employer pension plans are each managed by a board of trustees. Contributions of \$640,285 in the year ending August 31, 2018, were charged to pension expense for ongoing participation in these plans.

San Francisco Symphony
Notes to Financial Statements
August 31, 2018

10. DEFINED BENEFIT RETIREMENT PLANS (continued)

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the SFS chooses to stop participating in one of its multi-employer plans, it may be required to pay a withdrawal liability to the plan. In connection with ongoing renegotiation of collective bargaining agreements, the SFS may discuss and negotiate for the complete or partial withdrawal from one or more multi-employer pension plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multi-employer plan at the time of withdrawal, the associated withdrawal liabilities could be material to the SFS's change in net assets in the period of the withdrawal. The SFS has no plans to withdraw from its multi-employer pension plans at this time.

American Federation of Musicians & Employers' Pension Fund ("AFM Pension Fund") - The SFS makes contributions to the AFM Pension Fund on behalf of employees who are members of American Federation of Musicians who meet certain conditions. The Fund was certified "red zone" status as of the most recent Fund reporting date. According to the most recently available Annual Funding Notice, as of March 31, 2018, the funded percentage was 64.5%; the Actuarial Value of Assets was \$1,908,814,167; and the Actuarial Value of Liabilities was \$2,958,237,592. The SFS did not contribute more than 5% of total Fund contributions.

I.A.T.S.E. Local 16 Pension Plan - The SFS makes contributions to the I.A.T.S.E. Local 16 Pension Plan on behalf of employees who are members of the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, Local 16. The Fund was certified "green zone" status as of the most recent Fund reporting date. According to the most recently available Annual Funding Notice, as of January 1, 2017, the funded percentage was 83.0%; the Actuarial Value of Assets was \$18,573,909; and the Actuarial Value of Liabilities was \$239,220,306. The SFS did not contribute more than 5% of total Fund contributions.

The following schedule presents information about the SFS's multi-employer pension plans at August 31, 2018:

Name of Pension Plan/Fund	EIN and Plan Number	Pension Protection Act Zone Status		Contributions for the Year Ended August 31		Expiration of Collective Bargaining Agreement
		Applicable Year	FIP/RP Status	2018	Surcharge Imposed	
American Federation of Musicians & Employers' Pension Fund	51-6120204001	Red 3/31/18	Implemented	\$ 191,273	Yes	8/31/2018
I.A.T.S.E. Local 16 Pension Plan	94-6296420001	Green 12/31/17	Implemented	\$ 437,066	Yes	10/31/2020

San Francisco Symphony
Notes to Financial Statements
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11. DEFINED CONTRIBUTION PLAN

The SFS participates in a defined contribution plan (the "403b Plan") covering substantially all SFS employees. The Plan provides for discretionary contributions to be made by both orchestra and administrative participants. The 403b Plan also provides for discretionary contributions to be made by the SFS on behalf of administrative participants. The SFS's discretionary base contributions to participants' accounts begin after the participant has completed one year of service. Base contributions for the year ended August 31, 2018 were \$294,580. Participants are fully vested in the base contribution after five years.

The SFS's matching contributions to participants' accounts begin after the participant has completed two years of service. The SFS's matching contributions for the year ended August 31, 2018 were \$184,148.

12. COMMITMENTS AND CONTINGENCIES

The SFS leases facilities and equipment under noncancelable operating leases, subject to various escalation clauses, expiring through the year ending August 31, 2023. In addition, the SFS leases the Louise M. Davies Symphony Hall. Lease arrangements for the auditorium and office space in the hall are negotiated on a periodic basis. The SFS retains, in perpetuity, the right to lease space in Davies Symphony Hall at terms to be determined as long as the Orchestra continues to perform in San Francisco.

The SFS also has an ongoing contractual arrangement with its Music Director, which expires on August 31, 2021.

The following table lists the amounts for minimum lease payments under lease terms as well as the amounts pertaining to the contractual arrangement with its Music Director, and other contracts:

<u>Year ending August 31,</u>	
2019	\$ 4,210,443
2020	4,034,103
2021	1,234,568
2022	998,956
2023	<u>1,051,796</u>
	<u>\$ 11,529,866</u>

Rent expense was \$1,865,345 for the year ended August 31, 2018.

The SFS has commitments under partnership and limited liability company agreements to make future capital contributions of \$15,775,323 (Note 5).

San Francisco Symphony
Notes to Financial Statements
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13. SUBSEQUENT EVENTS

In November 2018, the collective bargaining agreement between the SFS and the American Federation of Musicians, Local 6 (Note 2) was renewed for a four-year period effective November 25, 2018 to November 26, 2022. The changes in terms and conditions under the new contract will have an impact on the overall financial statements going forward and include an increase in the maximum annual pension benefit and the weekly base minimum salary (Note 10).

On January 7, 2019, the SFS obtained a \$3 million line of credit to finance working capital needs. Any outstanding principal balance shall be due and payable in full on April 1, 2020. Interest expense is determined at the SFS's discretion using rates of a) 2.65% above Daily One Month LIBOR, or b) a fixed rate per annum of 2.65% above LIBOR in effect on the first day of the applicable LIBOR period, at the discretion of the SFS (Note 7).

The SFS evaluated events through April 18, 2019, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

San Francisco Symphony
Schedule of Changes in Endowment Net Assets
For the Year Ended August 31, 2018

	Net Assets September 1, 2017 <u>(as restated, Note 3)</u>	Contributions and Change in Actuarial <u>Assumptions</u>	Investment <u>Return</u>	Appropriation of Endowment Assets for <u>Expenditure</u>	Distribution of Investment <u>Income</u>	Net Assets <u>August 31, 2018</u>
Funds Held in Trust						
San Francisco Symphony Endowment Fund	\$ 53,094,733	\$ 188,999	\$ 3,869,177	\$ (29,223,574)	\$ (6,568,012)	\$ 21,361,323
The Edmund W. and Jeannik Mequet Littlefield Fund	23,854,909	-	2,115,020	-	(1,039,934)	24,929,995
Louise M. Davies Guest Conductor Fund	19,978,929	50,000	1,774,988	-	(250,288)	21,553,629
Phyllis C. Wattis Fund for New Works of Music	19,611,232	-	1,687,728	-	(224,371)	21,074,589
Phyllis C. Wattis Endowment Fund	19,038,829	-	1,634,963	-	(864,199)	19,809,593
Phyllis C. Wattis Fund for Guest Artists	16,073,525	-	1,402,765	-	(580,750)	16,895,540
Adventures in Music Fund	14,075,089	701,412	1,287,388	-	(288,069)	15,775,820
Planned Giving - Permanent Fund	11,847,187	123,726	(3,300)	(37,651)	-	11,929,962
Osgood Hooker Permanent Endowment Fund	8,040,564	-	712,669	-	(381,210)	8,372,023
Ford Foundation Fund	7,283,841	-	646,686	(48,712)	(424,737)	7,457,078
The Hewlett Foundation Fund for Education	6,832,653	-	606,596	-	(336,354)	7,102,895
William and Sakurako Fisher Fund for Adventures in Music	6,547,424	-	581,225	-	(151,105)	6,977,544
The Richard and Rhoda Goldman Section String Fund	5,994,773	4,500,000	932,724	-	(284,391)	11,143,106
Jacqueline Hoefler Fund for Artistic Excellence	5,685,719	-	504,016	(13,375)	(375,704)	5,800,656
Naoum Blinder Concertmaster's Chair Fund	4,972,257	-	440,708	-	(236,341)	5,176,624
The Barbro and Bernard Osher Fund for Staged Productions	4,709,503	-	418,593	-	(277,437)	4,850,659
San Francisco Symphony Board designated reserve	4,430,877	874,357	66,008	(1,051,794)	-	4,319,448
William Randolph Hearst Endowment	4,168,134	-	369,556	-	(180,350)	4,357,340
Phyllis C. Wattis Youth Symphony Fund	3,824,513	-	328,833	-	-	4,153,346
Jean and Bill Lane Chair Fund	3,475,070	-	308,039	-	(160,300)	3,622,809
The Ann L. and Charles B Johnson Fund	3,278,927	-	290,641	(21,927)	(191,184)	3,356,457
San Francisco Symphony for Youth Orchestra	2,831,731	-	502,376	-	(24,798)	3,309,309
San Francisco Symphony Education Fund	2,463,701	355	218,273	-	(124,345)	2,557,984
Wallace Endowment Fund	2,444,968	-	217,062	-	(127,121)	2,534,909
Helen and Charles Schwab Fund	2,392,516	-	212,708	-	-	2,605,224
Paul L. & Phyllis Wattis Endowment for the Youth Orchestra Conductor	2,214,811	-	196,782	-	(21,064)	2,390,529
James David Zellerbach Foundation	2,153,807	-	190,901	-	(102,069)	2,242,639
Osher Masterworks Endowment	2,143,415	-	190,442	-	(354,875)	1,978,982
Paul L. & Phyllis Wattis Endowment for New Music	2,040,611	-	181,147	-	(117,939)	2,103,819
Robert L. Samter Principal Trombone Chair Fund	1,932,895	-	171,320	-	(91,816)	2,012,399
Penelope Clark Second Century Chair Fund	1,776,861	(4,973)	41,859	-	(27,757)	1,785,990
Agnes Albert Youth Music Education Fund	1,771,437	-	157,494	-	(31,728)	1,897,203
Drs. Ben and Jess A. Shenson Young Artists Debut Fund	1,691,126	-	150,240	-	(86,007)	1,755,359
Marcia and John Goldman Timpani Chair Fund	1,683,022	-	149,630	-	-	1,832,652
Phyllis C. Wattis Fund for Wattis Room Maintenance	1,677,082	-	144,353	-	(9,889)	1,811,546
Wattis Special Performance Fund	1,658,950	-	147,094	-	(70,177)	1,735,867
K Hart Smith Fund	1,577,578	-	140,055	-	(80,158)	1,637,475
The Paula and John Gambs Fund	1,529,579	-	135,588	-	(70,174)	1,594,993
The Harriet Heyman and Michael Moritz Endowed Fund	1,470,550	-	130,546	-	(67,617)	1,533,479
The Lyman and Carol Casey Endowed Fund	1,396,737	-	123,804	-	(65,427)	1,455,114
The Christine and Pierre Lamond Fund	1,396,268	-	123,767	(9,338)	(81,420)	1,429,277
Diane Miller AIM Fund	1,389,420	-	123,149	(9,292)	(81,020)	1,422,257
Nancy and Charles Geschke Fund	1,377,866	-	122,130	(9,215)	(80,346)	1,410,435
Hume Flute Chair Fund	1,355,459	-	120,148	-	(63,035)	1,412,572
Bernard and Barbro Osher Youth Orchestra Touring Fund	1,253,633	-	139,158	-	-	1,392,791
Lawrence Metcalf Second Century Chair Fund	1,210,386	-	107,431	-	(39,674)	1,278,143
Carolyn H. Hume Youth Orchestra Touring Fund	1,204,333	-	112,110	-	-	1,316,443
Stan and Lenora Davis String Chair Endowment Fund	1,160,539	-	103,271	-	(17,328)	1,246,482
Nan Tucker McEvoy Instrument Training and Support Fund	1,155,236	-	102,587	-	(36,792)	1,221,031
Emanuel S. Heller Endowment	1,049,628	-	93,035	-	(49,420)	1,093,243
Athena T. Blackburn Endowed Fund for Russian Music	1,043,137	(21,842)	39,343	-	(15,180)	1,045,458
Mrs. Walter Haas Children's Concert Fund	1,011,669	-	89,814	-	(47,369)	1,054,114

See accompanying independent auditor's report.

San Francisco Symphony
Schedule of Changes in Endowment Net Assets
For the Year Ended August 31, 2018

	Net Assets September 1, 2017 <u>(as restated, Note 3)</u>	Contributions and Change in Actuarial <u>Assumptions</u>	Investment <u>Return</u>	Appropriation of Endowment Assets for <u>Expenditure</u>	Distribution of Investment <u>Income</u>	Net Assets <u>August 31, 2018</u>
The Leanne and George Roberts Endowment Fund for Community Programs	\$ 974,808	\$ -	\$ 86,541	\$ -	\$ (53,309)	\$ 1,008,040
Gary and Kathleen Heidenreich Fund	877,484	-	78,013	-	-	955,497
Michael Tilson Thomas First Performances Fund	833,196	-	73,859	-	(38,026)	869,029
Maurice and Stella Eliasar Fund	825,767	-	73,194	-	(38,666)	860,295
Ralph I. Dorfmann Commissioning Fund	763,136	-	67,781	-	-	830,917
William and Gretchen Kimball Education Fund	669,979	-	59,477	-	(34,473)	694,983
The Sandy and Paul Otellini Education Endowed Fund	644,411	-	57,210	-	(33,379)	668,242
John and Lisa Pritzker Fund for CFK	617,179	-	54,794	-	(25,356)	646,617
Pauline C. Chickering Instrument Fund	596,185	-	52,932	(3,987)	(34,765)	610,365
San Francisco Symphony Keyboard Music Fund	516,682	-	45,797	-	(24,279)	538,200
Katherine H. Johnson Fund	466,724	7,376	22,255	(3,121)	(27,216)	466,018
Hanrahan Violin Chair	449,906	-	39,879	-	(21,121)	468,664
Margaret Koshland Sloss Tribute Fund	424,236	-	37,717	-	-	461,953
J. Peter Cahill Guest Pianist Fund	347,296	-	30,831	-	(19,301)	358,826
Walter Edwin Dean II - Lenoir M. Dean Fund	344,065	-	30,589	-	-	374,654
Frannie & Mort Fleishhacker Endowed Touring Fund	327,274	-	29,057	-	-	356,331
Gary E. Gray Education Fund	321,512	201,000	46,404	-	-	568,916
Paul and Kathy Bissinger Endowed Fund	311,087	-	27,573	-	(14,786)	323,874
The Barbara and Richard Rosenberg Endowed Fund	306,641	-	27,179	(2,051)	(17,881)	313,888
The Hurlbut-Johnson Fund	289,401	-	25,691	-	(14,175)	300,917
Brayton Wilbur Jr. Endowed Fund for Touring	284,578	-	25,271	-	-	309,849
James C. Hormel & Michael P. Nguyen Concert for Kids	281,652	-	25,004	-	(14,498)	292,158
Shenson Foundation Flute Chair for Youth Orchestra	253,660	-	22,476	(1,696)	(14,792)	259,648
The Steinberg Family Education Endowed Fund	202,877	-	18,011	-	(10,798)	210,090
KPMG Fund for Community Engagement	160,736	-	14,258	-	(8,433)	166,561
Barbara Brookins Young Artists Fund	157,573	-	13,980	-	(7,488)	164,065
Joseph Padula Memorial Fund	157,541	8,610	14,430	-	-	180,581
Agnes Albert Honorary Endowment Fund	154,162	-	13,114	-	(6,722)	160,554
Ann and Jim Paras Endowed Fund	151,643	-	13,442	-	(6,998)	158,087
Elizabeth Letts Janss Fund	148,254	-	13,163	(991)	(8,645)	151,781
Nion McEvoy Family Fund	146,662	-	12,999	-	(6,923)	152,738
Terry Family Fund	146,589	-	12,995	-	(6,611)	152,973
John P. and Susan H. Carver Fund	139,377	-	12,354	-	(6,568)	145,163
Leonard Kingsley Endowed Fund	138,866	-	12,329	(928)	(8,098)	142,169
Mrs. George John Otto Memorial Vocalist Fund	134,519	-	11,942	-	(6,491)	139,970
Phyllis and Stuart Moldaw Fund for Instrument Training and Support	132,011	-	11,719	-	(4,218)	139,512
Halfmann-Yee Fund for Touring	131,309	-	11,656	-	-	142,965
Howard and Agnes Shapiro Fund for Music Education	131,309	-	11,656	-	(5,488)	137,477
Jerome and Thao Dodson Music Education Fund	130,938	-	11,624	-	(2,988)	139,574
The Jon and Linda Gruber Education Fund	129,491	-	11,496	-	(6,843)	134,144
The Richard and Joan Madden Endowed Fund	126,009	-	11,170	(843)	(7,348)	128,988
The Blair Fund	124,934	-	14,487	-	(3,400)	136,021
Geeslin Family Fund for Community Engagement	123,962	-	11,005	-	(6,432)	128,535
James J. Parker Mostly Mozart Fund	121,398	-	10,761	-	(5,655)	126,504
Jack and Fran Rominger Endowment Fund	118,847	-	10,531	-	(6,105)	123,273
Fay and Ada Tom Family Fund	118,172	-	10,470	-	(6,186)	122,456
Fay and Ada Tom Family Fund for Guest Pianists	117,578	-	10,463	-	(2,847)	125,194
Archie Aye New Music Fund (#257612)	-	81,037	-	-	-	81,037
Linda Tabor-Beck Friends and Family, et.al	-	144,583	800	-	-	145,383
Emma and Frederick Goltz Education Fund	117,331	-	10,415	-	(3,876)	123,870
Fay and Ada Tom Family Fund for Concerts for Kids	116,009	-	10,320	-	(2,847)	123,482
Fay and Ada Tom Family Fund for Touring	116,008	-	10,320	-	-	126,328
Margaret Liu Foundation - AIM	115,901	-	10,289	-	(2,646)	123,544
Howard Skinner Fund	115,867	-	10,282	-	-	126,149
Joan L. Danforth Guest Artist Fund	111,848	-	9,927	-	(6,201)	115,574
Athena T. Blackburn Fund for Adventures in Music	109,721	-	9,779	-	(2,858)	116,642

See accompanying independent auditor's report.

San Francisco Symphony
Schedule of Changes in Endowment Net Assets
For the Year Ended August 31, 2018

	Net Assets September 1, 2017 <u>(as restated, Note 3)</u>	Contributions and Change in Actuarial <u>Assumptions</u>	Investment <u>Return</u>	Appropriation of Endowment Assets for <u>Expenditure</u>	Distribution of Investment <u>Income</u>	Net Assets <u>August 31, 2018</u>
Lisa and Douglas Goldman Fund for Adventures in Music	\$ 109,062	\$ -	\$ 9,675	\$ -	\$ (2,935)	\$ 115,802
Kenneth D. & Joanne Snow Music Education	104,697	5,500	4,047	-	-	114,244
Gerald B. Rosenstein Fund	80,493	-	7,156	-	(500)	87,149
Fannie M. Irwin Endowment	68,301	-	6,058	-	(2,754)	71,605
Agnes Albert Display Case Endowment	67,482	-	6,550	-	-	74,032
Wornick Endowment Fund	60,286	-	5,352	-	(3,531)	62,107
William Gregory Youth Orchestra String Fund	59,189	822	1,001	-	-	61,012
Phyllis Blair Cello Chair Fund	58,791	50,000	7,741	-	-	116,532
Brian P. McCune and Darlene Vian Fund for Vocal Performance	35,213	-	3,125	-	(1,444)	36,894
Louisa Jean De Bretteville Living Trust	12,581	-	1,115	-	(599)	13,097
	<u>\$ 314,808,035</u>	<u>\$ 6,910,962</u>	<u>\$ 26,116,171</u>	<u>\$ (30,438,495)</u>	<u>\$ (15,396,780)</u>	<u>\$ 301,999,893</u>

See accompanying independent auditor's report.