



**Santa Barbara Symphony  
Orchestra Association  
and  
Santa Barbara Symphony  
Orchestra Endowment Trust**

**Combined Financial Statements  
and Supplemental Information**

**June 30, 2019**



**Santa Barbara Symphony Orchestra Association**  
**and**  
**Santa Barbara Symphony Orchestra Endowment Trust**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Santa Barbara Symphony Orchestra Association

Board of Trustees  
Santa Barbara Symphony Orchestra Endowment Trust

I have audited the accompanying combined financial statements of the Santa Barbara Symphony Orchestra Association and the Santa Barbara Symphony Orchestra Endowment Trust (both California nonprofit organizations) (hereinafter collectively referred to as "the Symphony") which comprise the statements of financial position as of June 30, 2019, the related statements of activities and of cash flows for the year ended June 30, 2019, 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 (U.S. GAAP); 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entities 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 entities internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Basis for Qualified Opinion***

The Symphony's combined financial statements do not disclose information pertinent to estimating the valuation of a charitable remainder trust. Management is unable to obtain needed information and believes it is not practicable to estimate the value of the charitable remainder trust. In my opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

### ***Qualified Opinion***

In my opinion, except for the omission of the information discussed in the Basis for Qualified Opinion paragraph, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Symphony as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter – COVID -19***

As discussed in Note 15, the Center for Disease Control guidance related to the COVID-19 pandemic impacted the Symphony's operations. My opinion is not modified with respect to this matter.

### ***Other Matter***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules presented on pages 20 - 21 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Report on Summarized Comparative Information***

I have previously audited the combined financial statements of the Symphony as of June 30, 2018, and expressed a qualified audit opinion on those audited financial in my report dated October 1, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Santa Barbara, California  
April 22, 2020

**THE SANTA BARBARA SYMPHONY**  
**Combined Statement of Financial Position**  
**June 30, 2019**  
**With Summarized Comparative Totals as of June 30, 2018**

	<b>Assets</b>	
	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash Equivalents	\$ 87,891	\$ 545,734
Accounts Receivable	33,125	42,492
Pledges Receivable - Net (Note 2)	136,140	491,330
Bequest Receivable (Note 2)	35,000	156,883
Prepaid Expenses and Other Current Assets	<u>37,809</u>	<u>50,845</u>
Total Current Assets	<u>329,965</u>	<u>1,287,284</u>
Unemployment Reserve Account	32,480	27,738
Property and Equipment, Net (Note 3)	13,802	26,572
Investments (Note 4)	5,437,595	5,504,080
Interest in Charitable Remainder Trust (Note 5)	<u>661,306</u>	<u>661,534</u>
Total Assets	<u>\$ 6,475,148</u>	<u>\$ 7,507,208</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 49,903	\$ 52,737
Accrued Payroll and Related Expenses	51,668	43,113
Deferred Income	<u>457,605</u>	<u>384,455</u>
Total Current Liabilities	<u>559,176</u>	<u>480,305</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	(647,617)	-
Board Designated (Note 8)	<u>688,455</u>	<u>714,904</u>
Total Net Assets Without Donor Restrictions	40,838	714,904
With Donor Restrictions		
Restricted by Purpose or Time (Note 8)	1,723,005	2,174,870
Restricted in Perpetuity (Note 8)	<u>4,152,129</u>	<u>4,137,129</u>
Total Net Assets With Donor Restrictions	5,875,134	6,311,999
Total Net Assets	<u>5,915,972</u>	<u>7,026,903</u>
Total Liabilities and Net Assets	<u>\$ 6,475,148</u>	<u>\$ 7,507,208</u>

See accompanying notes

**THE SANTA BARBARA SYMPHONY**  
**Combined Statement of Activities**  
**For The Year Ended June 30, 2019**  
**With Summarized Comparative Totals for the Year Ended June 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019</u>	<u>2018</u>
<i>Operating Revenue</i>				
Revenue, Gains and Other Support				
Gross Revenue from Fundraising Events	\$ 89,415	\$ -	\$ 89,415	\$ 9,800
Less Costs of Direct Benefit to Donors	<u>(234,348)</u>	<u>-</u>	<u>(234,348)</u>	<u>(15,197)</u>
Net Loss from Fundraising Events	(144,933)	-	(144,933)	(5,397)
Concert Income	952,831	-	952,831	876,465
Program Book Revenue	32,875	-	32,875	-
Tuition	20,096	-	20,096	28,784
Contributions and Grants	<u>1,135,448</u>	<u>392,319</u>	<u>1,527,767</u>	<u>1,901,242</u>
Total Revenue, Gains and Other Support	<u>1,996,317</u>	<u>-</u>	<u>2,388,636</u>	<u>2,801,094</u>
Net Assets Released from Restriction	<u>1,053,510</u>	<u>(1,053,510)</u>	<u>-</u>	<u>-</u>
<i>Operating Expenses</i>				
Program Expenses				
Concert and Event Expenses	2,390,183	-	2,390,183	2,092,965
Music Education Center	<u>536,350</u>	<u>-</u>	<u>536,350</u>	<u>502,325</u>
Total Operating Program Expenses	<u>2,926,533</u>	<u>-</u>	<u>2,926,533</u>	<u>2,595,290</u>
Supporting Services				
Management and General	285,198	-	285,198	412,936
Fundraising	<u>542,473</u>	<u>-</u>	<u>542,473</u>	<u>397,985</u>
Total Supporting Services	<u>827,671</u>	<u>-</u>	<u>827,671</u>	<u>810,921</u>
Total Operating Expenses	<u>3,754,204</u>	<u>-</u>	<u>3,754,204</u>	<u>3,406,211</u>
Change in Net Assets from Operations	<u>(704,377)</u>	<u>(661,191)</u>	<u>(1,365,568)</u>	<u>(605,117)</u>
<i>Non-Operating Revenue and Expenses</i>				
Revenue				
Bequests	60,000	-	60,000	132,335
Permanently Restricted Contributions	-	15,000	15,000	-
Investment Income, net	(13,501)	117,589	104,088	111,897
Realized Gain on Sales of Investments	18,225	133,840	152,065	150,941
Unrealized Gain on Investments	(5,702)	(41,875)	(47,577)	134,441
Change in Value of Interest in Charitable Remainder Trust	<u>-</u>	<u>(228)</u>	<u>(228)</u>	<u>24,043</u>
Total Non-Operating Revenue	59,022	224,326	283,348	553,657
Expenses				
Depreciation Expense	12,770	-	12,770	26,836
Feasibility Study	<u>15,941</u>	<u>-</u>	<u>15,941</u>	<u>53,568</u>
Total Non-Operating Expenses	<u>28,711</u>	<u>-</u>	<u>28,711</u>	<u>80,404</u>
Change in Net Assets from Non-Operating Activities	<u>30,311</u>	<u>224,326</u>	<u>254,637</u>	<u>473,253</u>
Net Assets at Beginning of Year	714,904	6,311,999	7,026,903	7,158,767
Total Change in Net Assets	<u>(674,066)</u>	<u>(436,865)</u>	<u>(1,110,931)</u>	<u>(131,864)</u>
Net Assets at End of Year	<u>\$ 40,838</u>	<u>\$ 5,875,134</u>	<u>\$ 5,915,972</u>	<u>\$ 7,026,903</u>

See accompanying notes

**THE SANTA BARBARA SYMPHONY**  
**Combined Statement of Cash Flows**  
**For the Year Ended June 30, 2019**  
**With Comparative Totals for the Year Ended June 30, 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,110,931)	\$ (131,864)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation	12,770	26,836
Unrealized Loss/(Gain) on Investments	47,577	(134,441)
Realized Gain on Investments	(152,065)	(150,643)
Change in Value of Charitable Remainder Trust	228	(24,043)
Contributions to Endowment	(15,000)	(30,713)
Changes in		
Accounts Receivable	9,367	(42,492)
Pledges Receivable	355,190	(85,130)
Bequest Receivable	121,883	(131,883)
Prepaid Expenses and Other Current Assets	13,036	(39,344)
Unemployment Reserve Account	(4,742)	5,329
Accounts Payable and Accrued Expenses	(2,834)	40,419
Accrued Payroll and Related Expenses	8,555	4,109
Deferred Income	73,150	15,805
Net Cash Used by Operating Activities	<u>(643,816)</u>	<u>(678,055)</u>
Cash Flows from Investing Activities		
Purchase of Investments	(414,201)	(1,162,532)
Proceeds from Sale of Investments	585,174	1,588,869
Net Cash Provided by Investing Activities	<u>170,973</u>	<u>426,337</u>
Cash Flows from Financing Activities		
Contributions to Endowment	15,000	30,713
Net Cash Provided by Financing Activities	<u>15,000</u>	<u>30,713</u>
Net Decrease in Cash	(457,843)	(221,005)
Cash and Cash Equivalents, Beginning of Year	<u>545,734</u>	<u>766,739</u>
Cash and Cash Equivalents, End of Year	<u>\$ 87,891</u>	<u>\$ 545,734</u>

See accompanying notes

**THE SANTA BARBARA SYMPHONY**  
**Schedule of Functional Expenses of the**  
**Santa Barbara Symphony Orchestra Association**  
**For The Year Ended June 30, 2019**  
**With Summarized Comparative Totals for the Year Ended June 30, 2018**

	<b>Program Services</b>		<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2019 Expenses</b>	<b>2018 Expenses</b>
	<b>Concert</b>	<b>Education</b>					
Salaries	\$ 1,043,666	\$ 361,728	\$ 1,405,394	\$ 65,539	\$ 245,504	\$ 1,716,437	\$ 1,498,191
Payroll Taxes and Benefits	216,050	53,949	269,999	16,011	59,977	345,987	309,717
Total Salaries and Related Expenses	1,259,716	415,677	1,675,393	81,550	305,481	2,062,424	1,807,908
Accounting	-	-	-	85,910	-	85,910	95,920
Advertising and Public Relations	131,020	370	131,390	2,600	2,141	136,131	126,403
Core Concert Expenses	146,578	11,022	157,600	-	1,241	158,841	134,018
Conferences, Meetings, and Training	5,489	70	5,559	2,786	2,883	11,228	14,238
Contract Services	455,976	15,623	471,599	78,040	87,813	637,452	653,342
Hospitality	8,866	1,527	10,393	3,279	69,011	82,683	73,872
Dues and Subscriptions	24,790	2,790	27,580	934	6,161	34,675	13,176
Equipment Rental and Maintenance	31,051	3,395	34,446	-	-	34,446	38,475
Fees	55,927	3,695	59,622	1,222	6,980	67,824	47,403
Insurance	2,903	2,844	5,747	2,408	3,147	11,302	13,836
Office Expense	5,659	4,291	9,950	1,013	5,878	16,841	10,981
Printing, Postage, and Copy	81,540	5,608	87,148	5,360	11,508	104,016	79,236
Rent	170,963	44,109	215,072	5,415	30,692	251,179	224,019
Supplies	4,273	3,597	7,870	9,621	4,401	21,892	24,025
Telecomm	4,044	2,543	6,587	773	4,383	11,743	11,829
Travel and Transportation	1,388	19,189	20,577	4,287	753	25,617	37,530
Depreciation Expense	-	3,576	3,576	9,194	-	12,770	26,836
Feasibility Study	-	-	-	-	15,941	15,941	53,568
Cost of Direct Benefit to Donors	-	-	-	-	234,348	234,348	15,197
Total Expenses by Function - June 30, 2019	2,390,183	539,926	2,930,109	294,392	792,762	4,017,263	3,501,812
Less expenses included with revenues on the Statement of Activities or Reported with Non-Operating Expenses							
Cost of Direct Benefit to Donors	-	-	-	-	(234,348)	(234,348)	(15,197)
Depreciation Expense	-	(3,576)	(3,576)	(9,194)	-	(12,770)	(26,836)
Feasibility Study	-	-	-	-	(15,941)	(15,941)	(53,568)
Total Expenses Reported As Operating Expenses on the Statement of Activities - 2019	<u>\$ 2,390,183</u>	<u>\$ 536,350</u>	<u>\$ 2,926,533</u>	<u>\$ 285,198</u>	<u>\$ 542,473</u>	<u>\$ 3,754,204</u>	
Total Expenses Reported As Operating Expenses on the Statement of Activities - 2018	<u>\$ 2,092,965</u>	<u>\$ 509,948</u>	<u>\$ 2,602,913</u>	<u>\$ 432,149</u>	<u>\$ 451,553</u>		<u>\$ 3,406,211</u>

See accompanying notes



**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying financial statements comprise the Santa Barbara Symphony Orchestra Association, originally incorporated in 1954 as the Santa Barbara Orchestral Society, and the Santa Barbara Symphony Orchestra Endowment Trust, created in 1975, both California nonprofit organizations (hereinafter collectively referred to as "the Symphony"). The purpose of the former is to enrich our community by creating powerful musical experiences performed with passion and excellence, and by providing indispensable music education and community engagement; and of the latter, is to support the former in achieving its goals.

Basis of Presentation

The accompanying financial statements of the Symphony have been presented on an accrual basis of accounting in accordance with generally accepted accounting standards. All funds that are received free of any donor imposed restriction are recorded as net assets without donor restrictions.

Principles of Combination

The Santa Barbara Symphony Orchestra Endowment Trust (Endowment Trust) has elected to be presented as a supporting organization of the Santa Barbara Symphony Orchestra Association (Symphony Orchestra Association). Consequently, the Symphony has eliminated all material interorganizational transfers between the two organizations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Symphony to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses.

Significant estimates used in preparing these financial statements include:

- Collectability of pledges receivable
- Net present value of the charitable remainder trust
- Fair value of investments

It is at least reasonably possible that the significant estimates used will change within the next year.

Non-Operating Revenue and Expenses

The Symphony considers revenue and expenses associated with investments, endowments, planned gifts, bequests, and depreciation as non-operating revenue and expenses.

Cash and Cash Equivalents

The Symphony classifies its unrestricted short-term, highly liquid investments having original maturities of three months or less as cash equivalents, except for cash which is held by the investment portfolio manager until suitable long term investments are identified.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables are comprised of amounts due from granting organizations, pledges receivable, and bequests receivable.

Investments and Investment Income

Investments are carried at their fair market value. Investment income and gains and losses on investments are classified as unrestricted unless a donor or law temporarily or permanently restricts their use. Unrealized gains and losses are included in the change in net assets.

Financial Instruments and Credit Risk

The Symphony manages deposit concentration risk by placing cash and money market accounts with financial institutions that Management believes to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Symphony has not experienced any losses in any of these accounts. Credit risk associated with promises to give and bequest receivables is considered by Management to be limited due to high historical collection rates and because they are from donors supportive of the Symphony. Investments are made by a variety of investment managers whose performance is monitored by the Endowment Trust's Board of Trustees. Although the fair value of investments is subject to fluctuation on a year-to-year basis, Management and the Endowment Trust believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Property, Equipment and Depreciation

Property is recorded at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Symphony's policy is to capitalize assets with a minimum value of \$5,000 that have a useful life of greater than one year.

Revenue and Revenue Recognition

Exchange Transactions and Deferred Revenue

Revenue from an exchange transaction is recognized when earned. The Symphony records deferred revenue when cash is received in advance for services to be performed in future periods such as season tickets and advertising income.

Contributions and Recognition of Donor Restrictions

Contributions are recorded at their fair value on the date of donation. The Symphony records all contributions as increases in unrestricted net assets unless the donor stipulates any restrictions. Donor restricted contributions are recorded as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition (Continued)

Contributions and Recognition of Donor Restrictions (Continued)

Unconditional promises to give are recorded when made. Unconditional promises to give in future years are reported at the present value of their net realizable value, using risk free interest rates applicable to the year in which the promise is received. Conditional promises to give are recognized when the condition on which the promise depends is substantially met.

Contributed Services

A substantial number of people have donated their time to the Symphony as volunteers. In accordance with accounting standards, only those services provided by professionals have been valued and recorded in these financial statements. As this volunteer service does not meet the recognition requirements of generally accepted accounting principles, no amount has been recorded in these financial statements for such services.

Fund Accounting

The accompanying financial statements of the Symphony have been prepared on the accrual basis. Assets, liabilities and net assets of the Symphony are reported based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Symphony and changes therein are classified and reported as follows:

- Net Assets without Donor Restrictions:

Net Assets without Donor Restrictions are net assets available for use in general operations and not subject to donor restrictions. The Board of Trustees has designated certain net assets from net assets without donor restrictions for board designated endowments and various projects.

- Net Assets with Donor Restrictions:

Net Assets with Donor Restrictions are subject to donor-imposed stipulations that can be temporary in nature in that the restriction can be met either by actions of the Symphony or by the passage of time. In addition, the donor can stipulate that the net assets are permanently restricted in that the donor can specify the resources are to be invested in perpetuity with only the income from these investments used.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Symphony is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, and is not considered a private foundation. Contributions made to the Symphony are deductible by the donor for income tax purposes according to the provisions of the Internal Revenue Code and similar state provisions. The Symphony is unaware of any uncertain tax positions at June 30, 2019, or for any period for which the normal statute of limitations remains open.

Functional Expenses

The Symphony allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their expenditure classification. Any expenditures not directly chargeable, such as administration salaries, information technology, and depreciation, are allocated on the basis of their estimated benefit to the Symphony. These natural expenses attributable to more than one function are allocated using a variety of cost allocation techniques generally based on relative time spent.

Newly Adopted Accounting Pronouncement

During the year ended June 30, 2019, the Symphony adopted Financial Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*.

The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Symphony has applied this ASU retrospectively to all periods with no material reclassifications between net assets without donor restrictions and net assets with donor restrictions.

Reclassifications

Certain reclassifications have been made to the June 30, 2018, balances as reported in the prior year financial statements to make them comparable to the balances reported for the year ended June 30, 2019.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 2: PLEDGES AND BEQUEST RECEIVABLES

Pledges and bequest receivables are carried at their estimated collectible amount. Management periodically evaluates these receivables and records an allowance for any amounts estimated to be uncollectible. The evaluation is based upon a review of historical collections, current economic conditions, and an assessment of subsequent conditions. If management determines that additional amounts are uncollectible, the expense will be charged to operations. Management has determined these receivables are considered 100% collectible; therefore, no provision for uncollectible receivables is needed for the years ended June 30, 2019 and 2018

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Office furniture and equipment	\$ 28,452	\$ 28,452
Software license	58,398	58,398
Instruments	50,488	50,488
Vehicles	<u>38,114</u>	<u>38,114</u>
Total	<u>175,452</u>	<u>175,452</u>
Less: Accumulated depreciation	<u>(161,650)</u>	<u>(148,880)</u>
Property and Equipment, Net	<u>\$ 13,802</u>	<u>\$ 26,572</u>

Depreciation expense for the years ended June 30, 2019 and 2018, was \$12,770 and \$26,836, respectively.

NOTE 4: INVESTMENTS

The Endowment Trust owns a portfolio of marketable securities, which has been both donated and purchased, and is intended to provide investment income to be used for the Symphony's programs and activities. The hedge fund's market value is derived from the brokerage firm that is managing the funds. The remaining investments are stated at fair value determined by active markets (See Note 15). Prior to 1996, the Symphony was the primary donor to the Endowment Trust and the majority of these investments are permanently restricted. Current additions to the endowment consist of contributions that are permanently restricted by the donor and funds that are designated by the Board of Directors to be added to the endowment. The Trustees of the Endowment Trust designate funds that can be withdrawn from the Endowment Trust. Currently, the Symphony Orchestra Association holds no investments outside of the Endowment Trust.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

NOTE 4: INVESTMENTS (Continued)

Total investments consist of the following:

	June 30, 2019		
	Cost	Market	Unrealized Gain/(Loss)
Mutual funds			
Bond funds	\$ 836,760	\$ 824,761	\$ (11,999)
Equity funds	2,254,936	2,836,814	581,878
Marketable securities	538,650	841,216	302,566
Hedge fund	720,000	934,804	214,804
Totals	\$ 4,350,346	\$ 5,437,595	\$ 1,087,249
Change in Unrealized Gain			\$ (47,577)
	June 30, 2018		
	Cost	Market	Unrealized Gain/(Loss)
Mutual funds			
Bond funds	\$ 823,071	\$ 795,946	\$ (27,125)
Equity funds	2,269,793	2,915,221	645,428
Marketable securities	556,390	863,782	307,392
Hedge fund	720,000	929,131	209,131
Totals	\$ 4,369,254	\$ 5,504,080	\$ 1,134,826
Change in Unrealized Gain			\$ 134,441

NOTE 5: CHARITABLE REMAINDER TRUST

During the year ended June 30, 2008, the Symphony Orchestra Association was named as the remainder beneficiary in a charitable remainder trust. The trust, which was originally funded with \$1,170,900, was presented on the financial statements as a contribution and an asset equivalent to the present value of the trust assets and estimated future income net of the present value of estimated future payouts to the income beneficiaries. The present value of the estimated future value of assets to be received by the Symphony Orchestra Association is calculated using the IRS annuity tables and a discount rate of 4% based on the Symphony Orchestra Association's historic risk free rate of return.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 5: CHARITABLE REMAINDER TRUST (Continued)

All changes in the present value of assets held under charitable remainder trust agreements or actual assets received upon distribution in subsequent years are recorded in the statement of activities as "change in the value of interest in charitable remainder trust."

As the donor has not restricted the proceeds of the assets held under this charitable remainder trust, the present value of assets held under this charitable remainder trust are classified as net assets with donor restrictions due to time in the financial statements.

NOTE 6: COMMITMENTS

The Symphony has a collective bargaining agreement with the American Federation of Musicians Local 308, which governs the employment agreements with orchestra members. The current agreement was renegotiated in 2019, and expires on June 30, 2022.

The Symphony entered into a lease agreement to rent office space effective July 1, 2009, which expired June 30, 2019 with monthly rent of \$6,468. Subsequent to year end, the Symphony entered into the first amendment to its lease agreement to rent office space in its current location effective October 1, 2019 and expiring September 30, 2026. Under the terms of the amended lease, the monthly rent is \$6,427 per month. Total rent expense under this lease for the years ended June 30, 2019 and 2018, was \$80,663 and \$80,041, respectively.

Minimum annual lease commitments under the current lease agreement are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2020	\$ 57,843
2021	77,124
2022	77,124
2023	77,124
2024	77,124

NOTE 7: LINE OF CREDIT

The Symphony has an unsecured line of credit with Montecito Bank and Trust for \$250,000, expiring November 5, 2019, with an interest rate of the prime rate quoted in the Wall Street Journal plus 0.25. At June 30, 2019, the current interest rate is 4.75%. As of June 30, 2019, there was no balance outstanding. The Symphony has renegotiated its line of credit subsequent to year end (See Note 15).

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 8: NET ASSETS WITHOUT DONOR RESTRICTIONS AND WITH DONOR RESTRICTIONS

Net Assets without Donor Restrictions:

Included in net assets without donor restrictions include certain net assets designated by the Board of Directors. As of June 30, 2019 and 2018, combined board designated net assets totaled \$6,422 and \$714,904, respectively, for the Symphony Orchestra Association's operating reserves.

Net Assets with Donor Restrictions:

Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following amounts at June 30:

	<u>2019</u>	<u>2018</u>
Concert sponsorships	\$ 225,619	\$ 307,560
Pre-concert talks	32,500	15,000
Education	175,279	207,419
Unappropriated endowment trust earnings	605,801	736,587
Future periods	<u>17,500</u>	<u>246,770</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,061,699</u>	<u>\$ 1,513,336</u>

Permanently Restricted Net Assets:

Permanently restricted net assets consist of funds invested into perpetuity for support of the Symphony's programs and activities.

NOTE 9: RETIREMENT PLAN

For musicians employed under the American Federation of Musicians Local 308 agreement, the Symphony contributes 16.35% of their salary to the American Federation of Musicians and Employers Pension Fund. The Symphony has a 403(b) retirement plan for all other employees who qualify, which is maintained by an outside broker. Employees may contribute a percentage of their salaries to the plan up to the maximum allowable under the Internal Revenue Code. The Symphony matches up to a 3% of participating employee's salary. For the years ended June 30, 2019 and 2018, the Symphony contributed \$108,390 and \$99,520, respectively, to both plans.



**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 10: CONCENTRATION OF RISK

The Federal Deposit Insurance Corporation (FDIC) only insures the first \$250,000 of funds on deposit with any one bank. The Symphony occasionally has more than \$250,000 on deposit with financial institutions. At June 30, 2019, the Symphony had no uninsured funds.

Certain of the Symphony's investments and cash and cash equivalents are held at a broker-dealer and are subject to the Securities Investor Protection Corporation (SIPC). Under SIPC, cash is insured up to \$250,000 per broker-dealer; the remaining cash equivalents and investments are insured up to \$500,000 as per the terms of SIPC.

NOTE 11: ENDOWMENTS

The Endowment Trust is a separate 501(c)(3) and was established to support the ongoing operations of the Symphony and holds the endowments other than the charitable remainder trust. The endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Boards of the Symphony have interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Symphony 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 at the time the accumulation is added to the fund.

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 Symphony in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Symphony considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Symphony, and (7) the Symphony's investment policies.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 11: DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (Continued)

Investment Return Objectives, Risk Parameters and Strategies

The Symphony has adopted investment and spending policies for the endowment assets and these policies have been approved by the Boards. The objective of the investment policy is to provide adequate returns to meet the spending needs of the Symphony while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return which exceeds the annual distribution with acceptable levels of risk. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, commodities and hedge funds.

Spending Policy

The Symphony has established a spending policy that includes the annual distributions, as well as the cost of managing the funds. The Symphony has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value at year end for each of the prior three years preceding the year in which the distribution is planned. In establishing this policy, the Symphony considered the funding needs of the Symphony as well as the goal of protecting the purchasing power of endowment assets over the long-term.

The Symphony expects the current spending policy to allow its endowment funds to grow at a rate that is at least at the rate of inflation. This is consistent with the Symphony's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

From time to time, the fair value of assets associated with donor-restricted funds may fall below the level that current law requires the Symphony to retain for a fund of perpetual duration. These deficiencies would be reported in the combined financial statements as a reduction in net assets with donor restrictions. As of June 30, 2019, the Symphony had no fund deficiencies.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

NOTE 11: ENDOWMENTS (Continued)

Changes in the Symphony's endowment net assets are as follows as of June 30, 2019:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Trust</u>
Endowment Trust Net				
Assets June 30, 2018	\$ 663,656	\$ 736,587	\$ 4,798,663	\$ 6,198,906
Contributions	-	-	15,000	15,000
Investment income	16,012	117,589	-	133,601
Appreciation (realized and unrealized)	12,523	91,965	-	104,488
Professional fees	(3,735)	(27,435)	-	(31,170)
Change in charitable trust	-	-	(228)	(228)
Amounts appropriated for expenditure	-	(312,906)	-	(312,906)
Total Funds	<u>\$ 688,456</u>	<u>\$ 605,800</u>	<u>\$ 4,813,435</u>	<u>\$ 6,107,691</u>

As of June 30, 2018, are as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Trust</u>
Endowment Trust Net				
Assets June 30, 2017	\$ 619,238	\$ 713,044	\$ 4,743,907	\$ 6,076,189
Contributions	-	-	30,713	30,713
Investment income	16,453	128,056	-	144,509
Appreciation (realized and unrealized)	31,945	248,621	-	280,566
Professional fees	(3,980)	(30,979)	-	(34,959)
Change in charitable trust	-	-	24,043	24,043
Amounts appropriated for expenditure	-	(322,155)	-	(322,155)
Total Funds	<u>\$ 663,656</u>	<u>\$ 736,587</u>	<u>\$ 4,798,663</u>	<u>\$ 6,198,906</u>

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 12: FAIR VALUE MEASUREMENT

The Symphony has adopted a framework for measuring and disclosing the fair value of assets and liabilities. Accounting principles define fair value as the price that would be received by the Symphony to sell an asset or be paid by the Symphony to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established that prioritizes valuation inputs into three broad levels to ensure consistency and comparability. The valuation hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The standard describes three levels of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; discounted cash flows; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; including general partner estimates and recent third-party appraisals.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying Statements of Financial Position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then Level 2 fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Fair market valuation of Level 3 assets is based on other market factors to determine if the carrying value of these investments should be adjusted.

In accordance with ASU No. 2009-12, Investment in Certain Entities that Calculate Net Asset Value Per Share, the NAV per share or its equivalent is used to fair value investments that follow the American Institute of Certified Public Accountants Guide in arriving at their reported NAV.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

NOTE 12: FAIR VALUE MEASUREMENT (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis at June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2019</u>			
Money market	\$ 8,789	\$ -	\$ -
Certificate of deposit	-	-	-
Mutual funds			
Bond funds	824,761	-	-
Equity funds	2,836,814	-	-
Marketable securities	841,216	-	-
Hedge fund	-	934,804	-
Charitable Remainder Trust	-	<u>661,306</u>	-
Totals	<u>\$ 4,511,580</u>	<u>\$ 1,596,110</u>	<u>\$ -</u>
<u>2018</u>			
Money market	\$ 33,292	\$ -	\$ -
Certificate of deposit	-	252,947	-
Mutual funds			
Bond funds	795,946	-	-
Equity funds	2,915,221	-	-
Marketable securities	863,782	-	-
Hedge fund	-	929,131	-
Charitable Remainder Trust	-	<u>661,534</u>	-
Totals	<u>\$ 4,608,241</u>	<u>\$ 1,843,612</u>	<u>\$ -</u>

The following is a description of the general classification of such instruments pursuant to the valuation hierarchy:

Money Market – Funds held in highly liquid money market accounts with daily pricing where net asset value equals \$1.

Certificate of deposit – Funds held in certificates of deposit are valued at initial deposit plus earned interest to approximate daily pricing due to relatively short term nature of the holding.

Bond Funds – Investment in domestic and international bonds held as separate ownership shares in the form of mutual funds with daily pricing.

Equity Funds – Investment in domestic and international equities of varying market capitalizations. Equities are held as separate ownership shares of a specific company or in the form of mutual funds. All assets have daily pricing.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 12: FAIR VALUE MEASUREMENT (Continued)

Marketable Securities- Investments in marketable securities are valued at the closing price reported on the active market on which the individual securities are traded.

Fixed Income – Investment in domestic and international fixed income positions held in the investment portfolio through either individual bond holdings (treasuries, corporate, government, mortgage, etc.) or through fixed income mutual funds. All assets have daily pricing.

Charitable Remainder Trust – The present value of the estimated future value to be received by the Symphony is calculated using the IRS annuity tables and a discount rate of 4%, based on the Symphony's historic risk free rate of return.

Hedge Fund – Investments in the hedge fund are valued based on the Net Asset Value (NAV) per the most recent audited financial statements and interim information provided by the fund manager.

NOTE 13 LIQUIDITY

As a part of its liquidity management, the Symphony structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets and resources available for general expenditure, that is, without donor restrictions limiting their use, within one year of the date of the statement of financial position comprise the following:

Cash and cash equivalents	\$ 79,101
Receivables	85,625
Prepaid expenses and deposits	<u>37,809</u>
Total financial assets available within one year	<u>\$ 202,535</u>

The Symphony anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In addition, the Symphony has access to a line of credit (Notes 7 and 15) and expects to obtain additional funds through the offering of unsecured promissory notes. Further, the Symphony receives a draw from its endowment assets as described in Note 11.

NOTE 14: RELATED PARTY

A Board member is the CEO of the bank the Symphony uses to maintain a savings account and its line of credit.

A Board member is a senior vice president of project management at a financial institution where the Symphony maintains an account.

**THE SANTA BARBARA SYMPHONY**  
**Notes to Combined Financial Statements**

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NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 22, 2020, which is the date the financial statements were available to be issued. Management has determined the following subsequent events requiring disclosure are:

***Lease Renewal***

As disclosed in Footnote 6, the Symphony entered into its first amended lease.

***Line of Credit***

Subsequent to year end, the Symphony Orchestra Association entered into a short-term line of credit with Montecito Bank and Trust effective November 5, 2019, due February 5, 2020, for \$250,000, with monthly interest payments commencing January 5, 2020, and all principal and unpaid and accrued interest due February 5, 2020. This line of credit is secured by the general accounts and assets and any proceeds from charitable remainder trust held by the Symphony Orchestra Association. This line was subsequently renewed with similar terms and is due August 5, 2020.

***Promissory Note***

Subsequent to year end, on December 30, 2019, the Symphony Orchestra Association entered into a Promissory Note with the Endowment Trust for \$250,000, bearing interest of 1.61% per annum, with all unpaid principal and unpaid and accrued interest due June 30, 2020. While no monthly payments are due, unrestricted bequests received by the Symphony Orchestra Association shall first be applied to the outstanding balance due the Endowment Trust. Should the Symphony Orchestra be unable to pay the liability in full at June 30, 2020, the Endowment Trust will reduce the annual draw for the fiscal year ending June 30, 2021, by the amount due that is remaining.

***Concert Cancellations and Investment Valuations***

In consideration of the Center for Disease Control guidance related to the COVID-19 pandemic the Symphony cancelled all scheduled performances for March and April of 2020. The Symphony will continue to follow the guidance of health professionals and government agencies with respect to future scheduled performances, but at this point cannot predict when live performances will be permitted. As of April 22, 2020, the Symphony's investments had lost approximately \$969,000 or 18% of their market value as of June 30, 2019. The Symphony believes it has the financial resources necessary address the financial impacts of the pandemic.

***Payroll Protection Program Loan***

On April 15, 2020, the Symphony received a loan of \$401,948 under the Small Business Administration Payroll Protection Program. Loans received under this program are eligible for forgiveness as documented in the regulations. Any amounts not forgiven will have an annual interest rate of 1% and principal and interest will be due two years from the date of the loan.

## Supplemental Schedules



**THE SANTA BARBARA SYMPHONY**  
**Combining Statement of Financial Position**  
**June 30, 2019**  
**With Summarized Comparative Totals for June 30, 2018**

	<b>Assets</b>			
	<b>Symphony Orchestra Association</b>	<b>Endowment Trust</b>	<b>2019</b>	<b>2018</b>
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 79,101	\$ 8,790	\$ 87,891	\$ 545,734
Accounts Receivable	33,125	-	33,125	42,492
Pledges Receivable	136,140	-	136,140	491,330
Bequest Receivable	35,000	-	35,000	156,883
Prepaid Expenses and Other Current Assets	37,809	-	37,809	50,845
<b>Total Current Assets</b>	<b>321,175</b>	<b>8,790</b>	<b>329,965</b>	<b>1,287,284</b>
Unemployment Reserve Account	32,480	-	32,480	27,738
<b>Property and Equipment:</b>				
Automobiles	38,114	-	38,114	38,114
Office Equipment and Furniture	137,338	-	137,338	137,338
Less: Accumulated Depreciation	(161,650)	-	(161,650)	(148,880)
<b>Net Property and Equipment</b>	<b>13,802</b>	<b>-</b>	<b>13,802</b>	<b>26,572</b>
Investments	-	5,437,595	5,437,595	5,504,080
Interest in Charitable Remainder Trust	661,306	-	661,306	661,534
<b>Total Assets</b>	<b>\$ 1,028,763</b>	<b>\$ 5,446,385</b>	<b>\$ 6,475,148</b>	<b>\$ 7,507,208</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Accrued Expenses	\$ 49,903	\$ -	\$ 49,903	\$ 52,737
Accrued Payroll and Related Expenses	51,668	-	51,668	43,113
Deferred Income	457,605	-	457,605	384,455
<b>Total Current Liabilities</b>	<b>559,176</b>	<b>-</b>	<b>559,176</b>	<b>480,305</b>
<b>Net Assets:</b>				
<b>Without Donor Restrictions:</b>				
Undesignated	(647,617)	-	(647,617)	-
Board Designated	-	688,455	688,455	714,904
<b>Total Net Assets Without Donor Restrictions</b>	<b>(647,617)</b>	<b>688,455</b>	<b>40,838</b>	<b>714,904</b>
<b>With Donor Restrictions:</b>				
Restricted by Purpose or Time	1,117,204	605,801	1,723,005	2,174,870
Restricted in Perpetuity	-	4,152,129	4,152,129	4,137,129
<b>Total Net Assets With Donor Restrictions</b>	<b>1,117,204</b>	<b>4,757,930</b>	<b>5,875,134</b>	<b>6,311,999</b>
<b>Total Net Assets</b>	<b>469,587</b>	<b>5,446,385</b>	<b>5,915,972</b>	<b>7,026,903</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,028,763</b>	<b>\$ 5,446,385</b>	<b>\$ 6,475,148</b>	<b>\$ 7,507,208</b>

See accompanying notes

**THE SANTA BARBARA SYMPHONY**  
**Combining Statement of Activities**  
**For The Year Ended June 30, 2019**  
**With Summarized Comparative Totals for the Year Ended June 30, 2018**

	<b>Symphony Orchestra Association</b>	<b>Endowment Trust</b>	<b>2019</b>	<b>2018</b>
<i>Operating Revenue</i>				
Revenue, Gains and Other Support				
Revenue from Fundraising Events	\$ 89,415	\$ -	\$ 89,415	\$ 9,800
Less Costs of Direct Benefit to Donors	(234,348)	-	(234,348)	(15,197)
Net Loss from Fundraising Events	(144,933)	-	(144,933)	(5,397)
Concert Income	952,831	-	952,831	876,465
Program Book Revenue	32,875	-	32,875	-
Tuition	20,096	-	20,096	28,784
Contributions and Grants	1,527,767	-	1,527,767	1,901,242
Operational Draw	312,906	(312,906)	-	-
Total Revenue, Gains and Other Support	2,701,542	(312,906)	2,388,636	2,801,094
<i>Operating Expenses</i>				
Program Expenses				
Concert and Event Expenses	2,390,183	-	2,390,183	2,092,965
Music Education Center	536,350	-	536,350	502,325
Total Operating Program Expenses	2,926,533	-	2,926,533	2,595,290
Supporting Services				
Management and General	285,198	-	285,198	412,936
Fundraising	542,473	-	542,473	397,985
Total Supporting Services	827,671	-	827,671	810,921
Total Operating Expenses	3,754,204	-	3,754,204	3,406,211
Change in Net Assets from Operations	(1,052,662)	(312,906)	(1,365,568)	(605,117)
<i>Non-Operating Revenue and Expenses</i>				
Revenue				
Bequests	60,000	-	60,000	132,335
Permanently Restricted Contributions	-	15,000	15,000	-
Investment Income, Net	1,657	102,431	104,088	111,897
Realized Gain on Sales of Investments	-	152,065	152,065	150,941
Unrealized Gain on Investments	-	(47,577)	(47,577)	134,441
Change in Value of Interest in Charitable Remainder Trust	(228)	-	(228)	24,043
Total Non-Operating Revenue	61,429	221,919	283,348	553,657
Expenses				
Depreciation Expense	12,770	-	12,770	26,836
Feasibility Study	15,941	-	15,941	53,568
Total Non-Operating Expenses	28,711	-	28,711	80,404
Change in Net Assets from Non-Operating Activities	32,718	221,919	254,637	473,253
Total Change in Net Assets	(1,019,944)	(90,987)	(1,110,931)	(131,864)
Net Assets at Beginning of Year	1,489,531	5,537,372	7,026,903	7,158,767
Net Assets at End of Year	\$ 469,587	\$ 5,446,385	\$ 5,915,972	\$ 7,026,903

See accompanying notes