

SEATTLE REPERTORY THEATRE

Consolidated Financial Statements

For the Year Ended June 30, 2018

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Consolidated Balance Sheet	3
Consolidated Statement of Revenue and Expenses Without Donor Restrictions	4
Consolidated Statement of Changes in Net Assets	5
Consolidated Statement of Cash Flows	6
Consolidated Statement of Functional Expenses	7
Notes to Consolidated Financial Statements	8 - 19
Supplementary Information:	
Consolidating Schedule - Balance Sheet	20
Consolidating Schedule - Statement of Changes in Net Assets	21
Consolidating Schedule - Statement of Cash Flows	22

Independent Auditor's Report

**To the Boards of Trustees and Directors
Seattle Repertory Theatre
Seattle Repertory Theatre Foundation
Seattle, Washington**

We have audited the accompanying consolidated financial statements of Seattle Repertory Theatre and Seattle Repertory Theatre Foundation (collectively, the Organization), which comprise the consolidated balance sheet as of June 30, 2018, and the related consolidated statements of revenue and expenses without donor restrictions, changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated 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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The operating, board designated, capital fund, and Foundation columns on pages 3 and 4, and the consolidating schedules on pages 20 through 22 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
September 25, 2018

SEATTLE REPERTORY THEATRE

Consolidated Balance Sheet
June 30, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions				With Donor Restrictions			2018 Total	2017 Total
	Operating Fund	Board-Designated Fund	Capital Fund	Total	Donor Restricted Fund	Foundation	Total		
Assets									
Current Assets:									
Cash	\$ -	\$ -	\$ 96,220	\$ 96,220	\$ 207,461	\$ -	\$ 207,461	\$ 303,681	\$ 460,748
Cash reserves (Note 1)	29,015	64,755		93,770				93,770	174,275
Restricted cash (Note 1 and 8)			1,043,966	1,043,966	19,469		19,469	1,063,435	906,447
Accounts receivable, net (Note 1)	303,301			303,301				303,301	212,094
Pledges receivable, net (Note 1 and 2)	1,400,411			1,400,411				1,400,411	1,461,238
Interfund receivable (payable)	(239,471)	(4,734)	(186,406)	(430,611)	829,725	(399,114)	430,611		
Prepaid expenses and inventory	490,224			490,224				490,224	428,813
Total Current Assets	1,983,480	60,021	953,780	2,997,281	1,056,655	(399,114)	657,541	3,654,822	3,643,615
Investments, long-term (Note 3)						11,174,995	11,174,995	11,174,995	10,554,037
Pledges receivable, long-term, net (Note 2)	12,693			12,693				12,693	65,244
Property and equipment, net of accumulated depreciation (Note 4)	204,594		3,346,105	3,550,699				3,550,699	3,416,351
Other long-term assets (Note 1)	477,864			477,864		56,927	56,927	534,791	506,927
Total Assets	\$ 2,678,631	\$ 60,021	\$ 4,299,885	\$ 7,038,537	\$ 1,056,655	\$ 10,832,808	\$ 11,889,463	\$ 18,928,000	\$ 18,186,174
Liabilities and Net Assets									
Current Liabilities:									
Deferred ticket revenue (Note 1)	\$ 2,934,145	\$ -	\$ -	\$ 2,934,145	\$ -	\$ -	\$ -	\$ 2,934,145	\$ 2,526,051
Accounts payable and accrued liabilities	1,022,034			1,022,034	19,330		19,330	1,041,364	1,243,624
Line of credit (Note 10)	2,000,000			2,000,000				2,000,000	2,000,000
Total Current Liabilities	5,956,179			5,956,179	19,330		19,330	5,975,509	5,769,675
Net assets-									
Without donor restrictions (Note 5)	(3,277,548)	60,021	4,299,885	1,082,358				1,082,358	280,938
With donor restrictions:									
Donor restricted fund (Note 6)					1,037,325	13,858	1,051,183	1,051,183	1,150,243
Endowment corpus (Note 6)						15,625,153	15,625,153	15,625,153	15,523,990
Endowment accumulated deficit (Note 7)						(4,806,203)	(4,806,203)	(4,806,203)	(4,538,672)
Total Net Assets	(3,277,548)	60,021	4,299,885	1,082,358	1,037,325	10,832,808	11,870,133	12,952,491	12,416,499
Total Liabilities and Net Assets	\$ 2,678,631	\$ 60,021	\$ 4,299,885	\$ 7,038,537	\$ 1,056,655	\$ 10,832,808	\$ 11,889,463	\$ 18,928,000	\$ 18,186,174

See accompanying notes.

SEATTLE REPERTORY THEATRE

**Consolidated Statement of Revenue and Expenses Without Donor Restrictions
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

	Theatre					
	Operating	Board-	Capital	Foundation	2018 Total	2017 Total
	Fund	Designated	Fund			
Revenue						
Box Office Income:						
Subscription revenue	\$ 2,765,944	\$ -	\$ -	\$ -	\$ 2,765,944	\$ 2,686,577
Single ticket revenue	1,970,463				1,970,463	3,250,705
Service fees	355,622		138,547		494,169	522,696
Total Box Office Income	5,092,029		138,547		5,230,576	6,459,978
Other Earned Income:						
Investment income, net	(408)	67	1,863		1,522	
Bar and concessions, net of expenses of \$179,652 (2017 - \$170,338)	40,511				40,511	44,993
Production fees	467,941				467,941	9,500
Theatre rental, net of expenses of \$100 (2017 - \$178,565)	660				660	32,940
Royalty income		683,045			683,045	
Miscellaneous	18,048				18,048	114,512
Total Other Earned Income	526,752	683,112	1,863		1,211,727	201,945
Total Earned Income	5,618,781	683,112	140,410		6,442,303	6,661,923
Contributions:						
Individual gifts	2,626,099	29,000			2,655,099	2,712,693
Individuals - release from restriction	309,200		82,493		391,693	213,641
Corporate	201,000				201,000	198,050
Corporate - release from restriction	21,000				21,000	5,000
In-kind gifts	107,970		23,709		131,679	168,679
ArtsFund	140,927				140,927	132,720
National Corporate Theatre Fund	34,000				34,000	46,775
NCTF - release from restriction	15,000				15,000	
Foundations	453,137		2,371		455,508	487,024
Foundations - release from restriction	130,000				130,000	25,000
Government	165,434				165,434	138,934
Government - release from restriction	144,000		305,812		449,812	19,300
Fund raising events, net of expenses of \$265,865 (2017 - \$267,401)	635,069		100,000		735,069	700,272
Fund raising - release from restriction	28,250				28,250	28,250
Seattle Repertory Organization	33,500	(3,565)			29,935	28,166
Total Contributions	5,044,586	25,435	514,385		5,584,406	4,904,504
Total Revenue	10,663,367	708,547	654,795		12,026,709	11,566,427
Expenses:						
Artistic	2,509,167				2,509,167	3,425,169
Production	4,232,129		269,172		4,501,301	6,352,671
Marketing and communications	2,717,367		20,067		2,737,434	3,091,443
Development	815,555		5	(7,847)	807,713	846,854
Administration	1,492,681		63,984	38,627	1,595,292	1,568,198
Total Expenses	11,766,899		353,228	30,780	12,150,907	15,284,335
Change in Net Assets Without Donor Restrictions Before Interfund Transfers	(1,103,532)	708,547	301,567	(30,780)	(124,198)	(3,717,908)
Interfund Transfers and Endowment Appropriation:						
Endowment appropriation				925,618	925,618	788,980
Foundation transfer of support	900,000			(900,000)		
Board-designated transfer of support	683,045	(683,045)				
Operating transfer for interfund borrowing	(5,162)			5,162		
Total Interfund Transfers	1,577,883	(683,045)		30,780	925,618	788,980
Change in Net Assets Without Donor Restrictions	474,351	25,502	301,567		801,420	(2,928,928)
Net Assets Without Donor Restrictions:						
Beginning of year	(3,751,899)	34,519	3,998,318		280,938	3,209,866
End of Year	\$ (3,277,548)	\$ 60,021	\$ 4,299,885	\$ -	\$ 1,082,358	\$ 280,938

See accompanying notes.

SEATTLE REPERTORY THEATRE

**Consolidated Statement of Changes in Net Assets
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

	Theatre			2018 Total	2017 Total
	All Other Funds	Donor Restricted Fund	Foundation		
Net Assets Without Donor Restrictions					
Total revenues	\$ 10,990,952	\$ -	\$ -	\$ 10,990,952	\$ 11,275,236
Net assets released from restriction	1,035,757			1,035,757	291,191
Total revenue	12,026,709			12,026,709	11,566,427
Total expenses	(12,120,127)		(30,780)	(12,150,907)	(15,284,335)
Endowment appropriation			925,618	925,618	788,980
Foundation transfer of support	900,000		(900,000)		
Operating transfer for interfund borrowing	(5,162)		5,162		
Change in Net Assets Without Donor Restrictions	801,420			801,420	(2,928,928)
Net Assets With Donor Restrictions					
Contributions:					
Individual gifts		576,315	30,024	606,339	469,355
Corporate		50,000		50,000	36,000
Foundations		46,264		46,264	196,236
Government		250,260		250,260	199,000
Fund raising events					40,950
Total contributions		922,839	30,024	952,863	941,541
Investment return:					
Investment income, net			568,331	568,331	186,408
Investment income - Reinvested in- Foundation corpus			71,139	71,139	48,766
Unspent earnings			13,858	13,858	
Unrealized gains			89,756	89,756	968,464
Total investment return			743,084	743,084	1,203,638
Total revenue		922,839	773,108	1,695,947	2,145,179
Endowment appropriation			(925,618)	(925,618)	(788,980)
Net assets released from restriction		(1,035,757)		(1,035,757)	(291,191)
Change in Net Assets With Donor Restrictions		(112,918)	(152,510)	(265,428)	1,065,008
Total Change in Net Assets	801,420	(112,918)	(152,510)	535,992	(1,863,920)
Net assets, beginning of year	280,938	1,150,243	10,985,318	12,416,499	14,280,419
Net Assets, End of Year	\$ 1,082,358	\$ 1,037,325	\$ 10,832,808	\$ 12,952,491	\$ 12,416,499

See accompanying notes.

SEATTLE REPERTORY THEATRE

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Operating Activities:		
Change in net assets	\$ 535,992	\$ (1,863,920)
Adjustments to reconcile change in net assets to net cash used in operating activities-		
Depreciation	438,146	437,664
Net gain on investments	(595,739)	(1,040,565)
Contributions restricted for capital assets	(816,131)	(440,996)
Contributions and investment income restricted for endowment	(71,139)	(44,093)
Cash provided (used) by changes in operating assets and liabilities:		
Accounts receivable	(91,207)	(124,535)
Pledges receivable	324,244	(304,786)
Prepaid expenses and inventory	(61,411)	(49,091)
Deferred ticket sales income	408,094	71,156
Accounts payable and accrued liabilities	(356,260)	758,956
Net Cash Used in Operating Activities	(285,411)	(2,600,210)
Investing Activities:		
Purchase of investments	(3,095,697)	(711,342)
Proceeds from sale of investments	2,960,113	1,305,707
Net change in cash equivalents included in investments	110,365	346,170
Increase (decrease) in restricted cash	(156,988)	61,503
(Decrease) increase in cash reserves	80,505	(12,862)
Purchase of other long-term assets	(27,864)	(450,000)
Purchase of property and equipment	(418,494)	(533,328)
Net Cash (Used in) Provided by Investing Activities	(548,060)	5,848
Financing Activities:		
Collections on contributions restricted for capital assets	556,371	316,496
Collections on contributions restricted for endowment	48,894	40,714
Investment income restricted for endowment	71,139	48,766
Draws on line of credit, net		2,000,000
Net Cash Provided by Financing Activities	676,404	2,405,976
Net Change in Cash	(157,067)	(188,386)
Cash, beginning of year	460,748	649,134
Cash, End of Year	\$ 303,681	\$ 460,748
Supplementary Disclosure:		
Cash paid for interest	\$ 112,294	\$ 49,655

See accompanying notes.

SEATTLE REPERTORY THEATRE

**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

	Artistic	Production	Marketing and Communications	Development	Administration	2018 Total	2017 Total
Operating Fund Expenses:							
Payroll costs-							
Salaries	\$ 910,039	\$ 2,409,826	\$ 1,134,352	\$ 478,692	\$ 642,188	\$ 5,575,097	\$ 6,858,775
Benefits and taxes	283,542	657,100	310,418	111,872	135,680	1,498,612	1,864,307
Total payroll costs	1,193,581	3,066,926	1,444,770	590,564	777,868	7,073,709	8,723,082
Other expenses-							
Royalties	357,537					357,537	428,194
Co-production fees	7,500	310,103				317,603	49,500
Production materials		274,843	1,056			275,899	822,470
Artist housing	59,856	23,314				83,170	81,707
Travel, housing, meetings	418,961	67,446	44,250	64,253	15,975	610,885	1,069,225
Advertising	138		700,938	750	2,257	704,083	881,592
Printing, publications	1,853		88,279	24,508	606	115,246	128,789
Professional fees	458,725	5,411	111,842	56,971	305,463	938,412	1,131,759
Supplies and equipment	6,918	20,193	4,784	2,776	114,485	149,156	351,553
Postage and shipping	2,567	25,295	38,727	10,429	9,536	86,554	111,044
Facilities	1,531	405,503	126,755	483	115,518	649,790	747,486
Depreciation		32,875	2,138	258		12,146	45,576
Bank service charges, taxes, miscellaneous		220	153,828	64,563	138,827	357,438	327,271
Total other expenses	1,315,586	1,165,203	1,272,597	224,991	714,813	4,693,190	6,176,166
Total Operating Fund Expenses	2,509,167	4,232,129	2,717,367	815,555	1,492,681	11,766,899	14,899,248
Capital Fund Expenses:							
Facilities		(4,868)	(1,800)		(30,833)	(37,501)	(52,740)
Depreciation		274,040	21,867	5	94,817	390,729	392,088
Total Capital Fund Expenses		269,172	20,067	5	63,984	353,228	339,348
Foundation Expenses:							
Payroll costs-							
Salaries				5,000	23,139	28,139	27,322
Benefits and taxes				931	4,878	5,809	5,062
Total payroll costs				5,931	28,017	33,948	32,384
Travel, housing, meetings							215
Printing, publications				56		56	157
Professional fees				450	10,600	11,050	13,550
Supplies and equipment				141		141	558
Bank service charges, taxes, miscellaneous				(14,425)	10	(14,415)	(1,125)
Total other expenses				(13,778)	10,610	(3,168)	13,355
Total Foundation Expenses				(7,847)	38,627	30,780	45,739
Total Expenses	2,509,167	4,501,301	2,737,434	807,713	1,595,292	12,150,907	15,284,335
Plus netted expenses-							
Bar and concessions			179,652			179,652	170,338
Theatre rental		100				100	178,565
Special event direct donor costs				265,865		265,865	267,401
Total Functional Expenses	\$ 2,509,167	\$ 4,501,401	\$ 2,917,086	\$ 1,073,578	\$ 1,595,292	\$ 12,596,524	\$ 15,900,639

See accompanying notes.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 1 - Summary of Significant Accounting Policies

General - Seattle Repertory Theatre's (the Theatre) mission is to collaborate with extraordinary artists to create productions and programs that reflect and elevate the diverse cultures, perspectives, and life experiences of our region. Our vision for the Theatre is to put theatre at the heart of public life, positioning the work on our stages as a vital source for collective imagination, unbounded creativity, and meaningful conversation and social debate. The Theatre was founded in 1963 by local citizens as a civic investment in a thriving community and has been awarded the Tony Award for Outstanding Regional Theatre in recognition for its consistently high production and artistic standards. Over the last 55 years has become both a home for local artists and a national incubator and destination for great art. Under the leadership of Artistic Director Braden Abraham and Managing Director Jeffrey Herrmann, the Theatre serves approximately 120,000 audience members and program participants each year through our mainstage subscription season, new play readings and workshops, youth arts education programs, and community engagement initiatives.

The Seattle Repertory Theatre Foundation (the Foundation) was founded on September 11, 1998 to conduct and support activities exclusively for the benefit of the Theatre. The Foundation receives and holds endowment funds for, and makes distributions to, the Theatre. The endowed funds are also used to collateralize the line of credit and other banking functions of the Theatre's operations.

Principles of Consolidation - The accounts of the Foundation have been consolidated with the Theatre in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Income Tax Status - The Theatre and the Foundation have been notified by the Internal Revenue Service that they are both exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. Accordingly, no provision for income taxes has been recorded.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 1 - Continued

Cash - For purposes of the consolidated cash flow statement, cash includes cash on hand and in banks except for cash equivalents associated with the investment accounts.

Cash Reserves - Cash reserves represent working cash reserves for operations.

Restricted Cash - Restricted cash represents the required maintenance reserve fund for the Seattle Center lease (Note 8) and cash associated with gift annuities.

Receivables - Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or pledges receivable. There was a \$12,473 valuation allowance for accounts receivable as of June 30, 2018 and 2017, respectively. See Note 2 for allowance for doubtful accounts for pledges receivable.

Investments - Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on these investments are reported in the consolidated statement of revenues and expenses without donor restrictions and the consolidated statement of changes in net assets. Securities are generally held in custodial investment accounts administered by certain financial institutions. See Note 3 for further details.

Property and Equipment - Equipment and leasehold improvements are stated at cost if purchased or fair market value if contributed. Depreciation and amortization are provided using the straight-line method over the estimated useful lives as follows:

Computer equipment	3 years
Other equipment	5 - 10 years
Building and improvements	30 years
Leasehold improvements	Shorter of asset life or life of lease

Other Long-Lived Assets - Other operating long-lived assets reported on the consolidated balance sheet at June 30, 2018 and 2017 totaling \$477,864 and \$450,000, respectively, consists of the set and scenic structure, and related storage costs, for a play constructed by the Organization that has a useful life longer than one year.

Deferred Revenues and Expenses - Advance ticket sales and the related production expenses are deferred and recognized as income and expense as each show is performed.

Gift Annuities - The Theatre administers gift annuities for which it is obligated to make periodic distributions to designated beneficiaries. The contributed assets are recorded at their fair value as general assets of the Theatre. The present value of the payments due to the beneficiaries are recorded as liabilities and totaled \$18,740 and \$19,380 at June 30, 2018 and 2017, respectively. Net present values are calculated using the applicable federal discount rate at the date of the gift. The annuity liability is revalued annually based upon actuarially computed present values. Resulting actuarial gain or loss is recorded as donor restricted revenue.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 1 - Continued

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of receivables, cash, and investments. The concentration of credit risk with respect to receivables is limited due to a large base of donors consisting of public and private companies representing a variety of industries, government agencies, and individuals in the Pacific Northwest. The Organization does not require collateral or other security to support receivables. The Organization holds substantially all of its cash with one financial institution, and substantially all of its investments with another financial institution. These balances may at times exceed FDIC and SIPC insurance limits.

The Organization invests only with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity. The Organization monitors the performance of the financial institutions used to hold cash and investment balances to minimize the risk of balances held over FDIC and SIPC insurance limits.

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

Revenue - Earned income consists of income from ticket sales, investments, co-production fees, facility rentals, concessions, production related royalties, and other miscellaneous sources. Contributions consist of grants and gifts from individuals, corporations, foundations, and federal, state, and local governmental agencies. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is reported as contribution revenue. Subscriptions for tickets are recorded as income or deferred income, dependent upon the performance season to which they relate. Pledges are recognized as revenue when they are received.

In-Kind Gifts - The Theatre recognizes contribution revenue for certain donated services and materials received at the fair value of those services and materials. During the years ending June 30, 2018 and 2017, contributed services and materials totaled \$131,679 and \$168,679, and were used primarily in program activities.

Functional Allocation of Expenses - Expenses consist of costs related to providing artistic, production, marketing, development and administrative functions. These costs have been summarized on a functional basis in the consolidated statement of revenue and expenses without donor restrictions. Costs are directly charged to the functions they benefit. Costs incurred in connection with specific performances are deferred until the show is performed. Facility related expenses are allocated to each function based on square footage utilized by the function.

Advertising Costs - The Organization prepays direct-response advertising related to the following fiscal year as incurred. Direct-response advertising consists primarily of marketing and promotion costs relating to a particular season of the Organization. Prepaid direct-response advertising costs are expensed in the advertised season. At June 30, 2018 and 2017, prepaid subscription campaign expenses were \$96,461 and \$92,038, respectively. Advertising expense for the years ending June 30, 2018 and 2017, was \$703,106 and \$880,162 respectively.

Comparative Amounts for 2017 - The consolidated financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended June 30, 2017. 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 Organization's consolidated financial statements for the year ended June 30, 2017, from which the summarized information was derived.

SEATTLE REPERTORY THEATRE

**Notes to Consolidated Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

Note 1 - Continued

New Accounting Pronouncement - During the year ended June 30, 2017, the Organization elected to early adopt the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) required for fiscal years ending 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 11).

Subsequent Events - The Organization has evaluated subsequent events through September 25, 2018, the date on which the financial statements were available to be issued and no additional disclosures were required.

Note 2 - Pledges Receivable

Pledges receivable at June 30 were as follows:

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 1,482,718	\$ 1,529,621
Due in one to five years	<u>13,040</u>	<u>64,232</u>
	1,495,758	1,593,853
Present value discount (2.73% - 2018; 1.89% - 2017)	(347)	(1,189)
Allowance for doubtful accounts	<u>(82,307)</u>	<u>(66,182)</u>
	<u><u>\$ 1,413,104</u></u>	<u><u>\$ 1,526,482</u></u>

Foundation pledges receivable of \$23,757 and \$57,365 for the years ended June 30, 2018 and 2017 respectively, are included in the above totals of pledges due in less than one year.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 3 - Investments

Investments consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Cash equivalents	\$ 66,390	\$ 59,974
Mutual funds-		
Fixed income	1,823,852	2,155,408
Equities - international	2,195,322	2,138,109
Equities - US large cap	4,047,101	3,552,569
Equities - US mid/small cap	962,832	1,290,623
Equities - US other	<u>410,437</u>	<u></u>
Total mutual funds	9,439,544	9,136,709
Alternative funds-		
Real assets	570,814	548,202
Absolute Return Assets	683,130	396,506
Equity return assets	<u>415,117</u>	<u>412,646</u>
Total alternative funds	<u>1,669,061</u>	<u>1,357,354</u>
	<u><u>\$ 11,174,995</u></u>	<u><u>\$ 10,554,037</u></u>

Fair Value Measurements - U.S. GAAP provides a framework for measuring fair value. To increase consistency and comparability in fair value measurements, the framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the primary or most advantageous market for the asset or liability in an orderly transaction between market participants.

The framework uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Assets classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. Assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 3 - Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Cash Equivalents - Consist primarily of money market funds and are valued at the closing price reported on the active markets in which the securities are traded at fiscal year end.

Mutual Funds and Alternative Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Organization at fiscal year end.

All investments of the Organization are valued using Level 1 inputs. The valuation methodologies used by the Organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment income was as follows for the years ended June 30:

	2018	2017
Interest and dividends	\$ 201,166	\$ 213,913
Realized gain, net of investment fees of \$52,299 (2017 - \$50,840)	453,684	21,261
Unrealized gain	89,756	968,464
	<u>\$ 744,606</u>	<u>\$ 1,203,638</u>

Note 4 - Property and Equipment

Property and equipment at June 30 was as follows:

	2018	2017
Building and leasehold improvements	\$ 8,503,050	\$ 8,018,490
Equipment and furniture	5,377,591	5,289,641
	13,880,641	13,308,131
Accumulated depreciation	<u>(10,329,942)</u>	<u>(9,891,780)</u>
	<u>\$ 3,550,699</u>	<u>\$ 3,416,351</u>

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

Note 5 - Board-Designated Net Assets

As of June 30, the Board-designated net assets were for the following purposes:

	<u>2018</u>	<u>2017</u>
Operations reserve	\$ 36,090	\$ 10,655
Working capital reserves	12,852	12,852
Net realized/unrealized gains reserved for operations	<u>11,079</u>	<u>11,012</u>
	<u>\$ 60,021</u>	<u>\$ 34,519</u>

SEATTLE REPERTORY THEATRE

**Notes to Consolidated Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2018</u>	<u>2017</u>
Subject to the Passage of Time or Expenditure for Specified Purpose:		
General support for future periods	\$ 135,513	\$ 673,884
Support for investment in capital assets	901,812	476,359
George & Carlyn Steiner Guest Artist Fund	<u>13,858</u>	
Total Subject to the Passage of Time or Expenditure for Specified Purpose	<u>1,051,183</u>	<u>1,150,243</u>
Endowment Funds:		
Original gifts and required retained earnings (corpus) -		
Theatre operations funds-		
General	4,827,616	4,812,507
Bill & Melinda Gates Foundation	2,500,000	2,500,000
Bagley & Virginia Wright and The Wright Family Fund	1,000,000	1,000,000
Fox Family Endowment in Memory of Rita D. Fox	250,000	250,000
Mary F. Stowe Fund	106,658	103,637
Jim & Camille Uhlir Fund	50,250	50,250
Education-		
Peter Donnelly Fund	240,953	240,953
William Randolph Hearst Endowment for Education	200,000	200,000
The Allen Foundation for the Arts	500,000	500,000
Artistic development-		
General	25,000	25,000
Daniel Sullivan Artistic Development Fund	1,240,746	1,240,746
Kreielsheimer Signature Works Fund	1,562,995	1,517,185
The Stuart Smailes Signature Works Fund	109,850	109,850
Henry & Nancy Ketcham Foundation	50,000	50,000
George & Carlyn Steiner Guest Artist Fund	99,550	63,918
Actors Fund	50,000	50,000
New Works-		
General	25,000	25,000
Mary Davis Clapp Fund for New Works	2,504,944	2,504,944
Laura Lundgren Fund for New Work	101,591	100,000
Herman & Faye Sarkowsky Commissioning Fund	100,000	100,000
Jerry Manning Fund for New Work	50,000	50,000
Playwright Commission Fund	<u>30,000</u>	<u>30,000</u>
	15,625,153	15,523,990
Accumulated deficit	<u>(4,806,203)</u>	<u>(4,538,672)</u>
Total Endowment Funds	<u>10,818,950</u>	<u>10,985,318</u>
Total Net Assets With Donor Restrictions	<u>\$ 11,870,133</u>	<u>\$ 12,135,561</u>

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 7 - Endowment Funds

The Organization's endowment consists of 22 individual funds established within a framework of four restricted purposes: theatre operations, education, artistic development and new works. The donor contributions are maintained in perpetuity, the income of which is expendable for the donors' intended purpose in proportion to each fund's percentage of the total endowment fund corpus. Annual distributions are in accordance with the Organization's distribution policy.

The Organization is subject to the Washington State Prudent Management of Institutional Funds Act (PMIFA). The Board of Trustees of the Organization has interpreted PMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers the value of a fund to be deficient if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted PMIFA to permit spending from deficient funds in accordance with the prudent measures required under the law. Additionally, in accordance with PMIFA, the Organization considers the following factors, included in its distribution policy, in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund;
2. The purposes of the organization and the 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 organization; and
7. The investment policies of the Organization.

Utilizing the framework of total investment return, the investment objective and guidelines of the endowment portfolio emphasizes long-term growth of capital while providing annual distributions from the endowment fund to support Theatre operations over the long term, while limiting volatility. It is acknowledged that volatility is inherent in any long-term growth strategy. Short-term volatility will be tolerated to the extent it is consistent with the volatility of a comparable market index.

The Organization has a 4% distribution policy, based on a three-year rolling average of market value of endowment investments at December 31 each year. This distribution is approved by the Foundation Board of Directors for use in the next fiscal year of the Theatre's operations. From time to time, the Foundation may make additional distributions to the Theatre. During the year ended June 30, 2014, the Foundation made a \$500,000 loan to the Theatre as part of its annual distribution to support operations. The Theatre is current on interest payments to the Foundation. During the years ended June 30, 2018 and 2017, the Theatre Board authorized the application of \$45,205 and \$43,629, respectively in shared expense receivables from the Foundation against the outstanding loan in lieu of a cash payment, leaving \$129,990 outstanding. Future shared expense receivables will continue to be applied against the loan balance until it is fully repaid.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

Note 7 - Continued

As market returns allow, the Foundation has made advances of its operating support to the Theatre. There were no operating advances during the year ended June 30, 2018 for fiscal year 2019 support. An operating advance of \$600,000 on fiscal 2018 support was made during the year ended June 30, 2017.

In addition to a review of monthly investment performance reports, the Organization meets with the endowment's investment manager quarterly to ensure that the investment guidelines and objectives are being followed.

Changes to endowment net assets for the years ended June 30, 2018 and 2017, are as follows:

	Endowment Corpus	Accumulated Unspent Earnings	Accumulated Deficit	Total
Endowment net assets, June 30, 2016	\$ 15,529,059	\$ -	\$ (4,972,314)	\$ 10,556,745
Total endowment investment return	48,766		1,154,872	1,203,638
Contributions	13,915		2,750	16,665
Release of pledge receivable to testamentary gift	(50,000)		50,000	
Final write-off of uncollectible pledges receivable	(17,750)		17,750	
Endowment related expenses			(45,739)	(45,739)
Foundation transfer of support			(750,000)	(750,000)
Operating transfer for interfund borrowing			4,009	4,009
Endowment Net Assets, June 30, 2017	15,523,990		(4,538,672)	10,985,318
Endowment investment return	71,139		658,087	729,226
Contributions	30,024			30,024
Transfer from non-endowed funds		13,858		13,858
Endowment related expenses			(30,780)	(30,780)
Foundation transfer of support			(900,000)	(900,000)
Operating transfer for interfund borrowing			5,162	5,162
Endowment Net Assets, June 30, 2018	\$ 15,625,153	\$ 13,858	\$ (4,806,203)	\$ 10,832,808

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that donors require the Organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in all of the individual endowment funds and total to the accumulated deficit shown above. These deficiencies resulted from appropriations for programs that were deemed prudent by the Foundation's Board of Directors that exceeded net investment returns.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 8 - Operating Leases

The Organization has a lease agreement with the City of Seattle for the Bagley Wright Theatre. The rental cost for the theatre was \$8,546 per month, adjusted for the change in All-Urban Consumer Price Index (CPI) on January 1st of each year through September 30, 2014. On September 30, 2014, rent was reduced to \$1.00 per month until the expiration of the lease in June 2026, contingent on the Theatre expending \$1,000,000 in 2010 dollars (plus an adjustment for the change in CPI) on capital renovations and improvement to the Bagley Wright Theatre premises by September 30, 2018 along with other required milestones related to those capital projects.

If the capital contingency described in the prior paragraph is not met, the Theatre will be responsible to pay a lump sum rental payment for the period October 1, 2014 through September 30, 2018, at the rental rate in existence prior to October 1, 2014, (\$8,546 per month), as adjusted annually by CPI. Additionally, commencing September 30, 2018, the Organization would pay monthly rent at a market rate as determined in accordance with the lease agreement.

As of the report date, the Theatre has incurred the required capital renovation expenditures and has submitted a detail listing of these expenditures to the City of Seattle for their approval in order to meet the September 30, 2018 deadline.

The lease also requires annual payments averaging approximately \$150,000 through the remainder of the lease term to a "maintenance reserve fund" to support the theatrical and building systems in the Bagley Wright Theatre. The balance in the fund held by the Organization was \$1,043,966 and \$883,711 as of June 30, 2018 and 2017, respectively, and is included in restricted cash on the consolidated balance sheet.

The Theatre has a lease agreement with the City of Seattle for the land on which the Leo K. Theatre was constructed. The lease requires an annual payment of \$5,515 and expires in the year 2026. Upon expiration of the lease, ownership of the Leo K Theatre will transfer to the City of Seattle.

The Theatre leases storage space and apartments under operating leases on a month-to-month basis, and leases rehearsal space as needed on a week-to-week basis.

Total rental expense under the leases was \$151,600 and \$141,663 for the years ending June 30, 2018 and 2017, respectively.

Note 9 - Employee Retirement Plan

The Theatre has a Tax Deferred Annuity Plan (the Plan) allowing all eligible employees to defer a portion of their earnings on a pre-tax basis. There were no employer contributions made to the Plan during the years ended June 30, 2018 and 2017, respectively. The Plan qualifies as a tax deferred plan under section 401(k) of the Internal Revenue Code. The Theatre made retirement related payments on behalf of its employees participating in collective bargaining units totaling \$107,764 and \$155,148 during the years ended June 30, 2018 and 2017, respectively.

Note 10 - Line of Credit

The Organization has a line of credit with a bank with an available borrowing limit of \$4.5 million that expires on February 28, 2019. The line carries interest at the one-month LIBOR rate plus 1.6% (a total borrowing rate of 3.690% and 3.073% at June 30, 2018 and 2017, respectively). The outstanding balance at June 30, 2018 and 2017 was \$2 million. The line is secured by the investments held by the Foundation (at another bank).

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

Note 11 - Liquidity and Availability of Financial Assets

The Theatre's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for prepaid subscription revenue in the fourth quarter of the fiscal year in advance of the next year and a concentration of contributions received near calendar year end and fiscal year end. Monthly cash outflows vary each year based on the specific requirements of the productions programmed that season. To manage liquidity the Theatre maintains a line of credit of \$4.5 million with a bank that is drawn upon as needed during the year to manage cash flow. See Note 10 for further description of this line.

The following reflects the Theatre's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Foundation Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Theatre or Foundation Board approves that action.

	<u>2018</u>	<u>2017</u>
Cash	\$ 1,460,886	\$ 1,541,470
Accounts receivable, net, collected in less than one year	303,301	212,094
Pledges receivable, net, collected in less than one year	1,400,411	1,461,238
Investments	<u>11,174,995</u>	<u>10,554,037</u>
Total financial assets, excluding noncurrent receivables	14,339,593	13,768,839
Contractual or donor-imposed restrictions-		
Cash restricted by lessor and others to specific uses	(1,063,435)	(906,447)
Endowment fund investments	(11,174,995)	(10,554,037)
Add back: amount appropriated for following year less cash received prior to beginning of fiscal year	550,000	250,000
Other donor restrictions	(1,051,183)	(1,150,243)
Add back: amounts available for donor-specified expenditures in following year, including investment in capital assets	1,019,812	1,123,808
Board designations-		
Operating reserves and other	<u>(60,021)</u>	<u>(34,519)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 2,559,771</u>	<u>\$ 2,497,401</u>

SUPPLEMENTARY INFORMATION

SEATTLE REPERTORY THEATRE

**Consolidating Schedule - Balance Sheet
June 30, 2018
(With Comparative Totals for 2017)**

	Theatre	Foundation	2018 Total	2017 Total
Assets				
Current Assets:				
Cash	\$ 303,681	\$ -	\$ 303,681	\$ 460,748
Cash reserves	93,770		93,770	174,275
Restricted cash	1,063,435		1,063,435	906,447
Accounts receivable, net of allowance for doubtful accounts \$12,473	303,301		303,301	212,094
Pledges receivable, net of allowance for doubtful accounts \$58,550	1,400,411		1,400,411	1,461,238
Interfund receivable/payable	399,114	(399,114)		
Prepaid expenses and inventory	490,224		490,224	428,813
Total Current Assets	4,053,936	(399,114)	3,654,822	3,643,615
Investments, long-term		11,174,995	11,174,995	10,554,037
Pledges receivable, long-term, net of allowance for doubtful accounts (Theatre - \$0, Foundation - \$23,757) and present value discount (Theatre - \$347, Foundation - \$0)	12,693		12,693	65,244
Property and equipment, net of accumulated depreciation \$10,315,188 (Theatre) and \$14,305 (Foundation)	3,550,699		3,550,699	3,416,351
Other long-term assets	477,864	56,927	534,791	506,927
Total Assets	\$ 8,095,192	\$ 10,832,808	\$ 18,928,000	\$ 18,186,174
Liabilities and Net Assets				
Current Liabilities:				
Deferred ticket revenue	\$ 2,934,145	\$ -	\$ 2,934,145	\$ 2,526,051
Accounts payable and accrued liabilities	1,041,364		1,041,364	1,243,624
Line of credit	2,000,000		2,000,000	2,000,000
Total Current Liabilities	5,975,509		5,975,509	5,769,675
Net Assets:				
Without donor restrictions	1,082,358		1,082,358	280,938
With donor restrictions-				
Donor restricted fund	1,037,325	13,858	1,051,183	1,150,243
Endowment corpus		15,625,153	15,625,153	15,523,990
Endowment accumulated deficit		(4,806,203)	(4,806,203)	(4,538,672)
Total Net Assets	2,119,683	10,832,808	12,952,491	12,416,499
Total Liabilities and Net Assets	\$ 8,095,192	\$ 10,832,808	\$ 18,928,000	\$ 18,186,174

See independent auditor's report.

SEATTLE REPERTORY THEATRE

**Consolidating Schedule - Statement of Changes in Net Assets
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

	Theatre	Foundation	2018 Total	2017 Total
Revenue				
Earned Income:				
Total box office income	\$ 5,230,576	\$ -	\$ 5,230,576	\$ 6,459,978
Total other earned income-				
Theatre, net of expenses of \$179,752	1,211,727	653,328	1,865,055	437,119
Total Earned Income	6,442,303	653,328	7,095,631	6,897,097
Contributions:				
Individual gifts	3,231,414	30,024	3,261,438	3,182,048
Individuals - release from restriction	391,693		391,693	213,641
Corporate	251,000		251,000	234,050
Corporate - release from restriction	21,000		21,000	5,000
In-kind gifts	131,679		131,679	168,679
ArtsFund	140,927		140,927	132,720
National Corporate Theatre Fund	34,000		34,000	46,775
NCTF - release from restriction	15,000		15,000	
Foundations	501,772		501,772	683,260
Foundations - release from restriction	130,000		130,000	25,000
Government	415,694		415,694	337,934
Government - release from restriction	449,812		449,812	19,300
Fund raising events - net of expenses of \$265,865	735,069		735,069	741,222
Fund raising - release from restriction	28,250		28,250	28,250
Seattle Repertory Organization	29,935		29,935	28,166
Total Contributions	6,507,245	30,024	6,537,269	5,846,045
Total Revenue	12,949,548	683,352	13,632,900	12,743,142
Expenses:				
Artistic	2,509,167		2,509,167	3,425,169
Production	4,501,301		4,501,301	6,352,671
Marketing and communications	2,737,434		2,737,434	3,091,443
Development	815,560	(7,847)	807,713	846,854
Administration	1,556,665	38,627	1,595,292	1,568,198
Total Expenses	12,120,127	30,780	12,150,907	15,284,335
Change in Net Assets Before				
Unrealized Losses and Transfers	829,421	652,572	1,481,993	(2,541,193)
Unrealized gains on investments		89,756	89,756	968,464
Net assets released from restriction	(1,035,757)		(1,035,757)	(291,191)
Foundation transfer of support	900,000	(900,000)		
Operating transfer for interfund borrowing	(5,162)	5,162		
Change in Net Assets	688,502	(152,510)	535,992	(1,863,920)
Net Assets:				
Beginning of year	1,431,181	10,985,318	12,416,499	14,280,419
End of Year	\$ 2,119,683	\$ 10,832,808	\$ 12,952,491	\$ 12,416,499

See independent auditor's report.

SEATTLE REPERTORY THEATRE

**Consolidating Schedule - Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

	Theatre	Foundation	2018 Total	2017 Total
Operating Activities:				
Change in net assets	\$ 688,502	\$ (152,510)	\$ 535,992	\$ (1,863,920)
Adjustments to reconcile change in net assets to net cash used in operating activities-				
Depreciation	438,146		438,146	437,664
Net gains on investments		(595,739)	(595,739)	(1,040,565)
Contributions restricted for capital assets	(816,131)		(816,131)	(440,996)
Contributions and investment income restricted for endowment	30,024	(101,163)	(71,139)	(44,093)
Cash provided (used) by changes in operating assets and liabilities:				
Accounts receivable	(91,207)		(91,207)	(124,535)
Pledges receivable	324,244		324,244	(304,786)
Prepaid expenses and inventory	(61,411)		(61,411)	(49,091)
Interfund receivable/payable	(754,598)	754,598		
Deferred ticket sales income	408,094		408,094	71,156
Accounts payable and accrued liabilities	(356,260)		(356,260)	758,956
Net Cash Used in Operating Activities	(190,597)	(94,814)	(285,411)	(2,600,210)
Investing Activities:				
Purchase of investments		(3,095,697)	(3,095,697)	(711,342)
Proceeds from sale of investments		2,960,113	2,960,113	1,305,707
Net change in cash equivalents included in investments		110,365	110,365	346,170
Increase in restricted cash	(156,988)		(156,988)	61,503
Increase in cash reserves	80,505		80,505	(12,862)
Purchase of other long-term assets	(27,864)		(27,864)	(450,000)
Purchase of property and equipment	(418,494)		(418,494)	(533,328)
Net Cash (Used in) Provided by Investing Activities	(522,841)	(25,219)	(548,060)	5,848
Financing Activities:				
Collections on contributions restricted for capital assets	556,371		556,371	316,496
Collections on contributions restricted for endowment		48,894	48,894	40,714
Investment income restricted for endowment		71,139	71,139	48,766
Draws on line of credit, net				2,000,000
Net Cash Provided by Financing Activities	556,371	120,033	676,404	2,405,976
Net Change in Cash	(157,067)		(157,067)	(188,386)
Cash, beginning of year	460,748		460,748	649,134
Cash, End of Year	\$ 303,681	\$ -	\$ 303,681	\$ 460,748
Supplementary Disclosure:				
Cash paid for interest	\$ 112,294	\$ -	\$ 112,294	\$ 49,655

See independent auditor's report.