SEATTLE REPERTORY THEATRE

Consolidated Financial Statements

For the Year Ended June 30, 2017
Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent Auditor’s Report</strong></td>
<td>1 - 2</td>
</tr>
<tr>
<td><strong>Financial Statements:</strong></td>
<td></td>
</tr>
<tr>
<td>Consolidated Balance Sheet</td>
<td>3</td>
</tr>
<tr>
<td>Consolidated Statement of Revenue and Expenses Without Donor Restrictions</td>
<td>4</td>
</tr>
<tr>
<td>Consolidated Statement of Changes in Net Assets</td>
<td>5</td>
</tr>
<tr>
<td>Consolidated Statement of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Consolidated Statement of Functional Expenses</td>
<td>7</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>8 - 19</td>
</tr>
<tr>
<td><strong>Supplementary Information:</strong></td>
<td></td>
</tr>
<tr>
<td>Consolidating Schedule - Balance Sheet</td>
<td>20</td>
</tr>
<tr>
<td>Consolidating Schedule - Statement of Changes in Net Assets</td>
<td>21</td>
</tr>
<tr>
<td>Consolidating Schedule - Statement of Cash Flows</td>
<td>22</td>
</tr>
</tbody>
</table>
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, 2017, 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.
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, 2017, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board’s Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities as of and for the year ended June 30, 2017. The requirements of the ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization’s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2016. As part of our audit of the 2017 financial statements, we also audited the adjustments described in Note 1 that were applied to retroactively apply the requirements of ASU 2016-14 to the 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived after adjustment for retrospective application of ASU 2016-14.

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 PS
Certified Public Accountants
November 27, 2017
## Consolidated Balance Sheet

June 30, 2017  
(With Comparative Totals for 2016)

### Assets

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Fund</strong></td>
<td><strong>Board-Designated Fund</strong></td>
</tr>
<tr>
<td>Cash</td>
<td>91,890</td>
</tr>
<tr>
<td>Cash reserves (Note 1)</td>
<td>35,688</td>
</tr>
<tr>
<td>Restricted cash (Note 1 and 8)</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net (Note 1)</td>
<td></td>
</tr>
<tr>
<td>Pledges receivable, net (Note 1 and 2)</td>
<td></td>
</tr>
<tr>
<td>Interfund receivable (payable) (964,417)</td>
<td>1,113,513</td>
</tr>
<tr>
<td>Prepaid expenses and inventory</td>
<td>428,813</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>1,276,315</td>
</tr>
<tr>
<td>Investments, long-term (Note 3)</td>
<td>10,554,037</td>
</tr>
<tr>
<td>Pledges receivable, long-term, net (Note 2)</td>
<td>18,870</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation (Note 4)</td>
<td>3,416,351</td>
</tr>
<tr>
<td>Other long-term assets (Note 1)</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,998,396</td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$5,769,675</td>
</tr>
<tr>
<td>Net assets-</td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions (Note 5)</td>
<td>$3,751,899</td>
</tr>
<tr>
<td>With donor restrictions:</td>
<td></td>
</tr>
<tr>
<td>Donor restricted fund (Note 6)</td>
<td>1,150,243</td>
</tr>
<tr>
<td>Endowment corpus (Note 6)</td>
<td>15,529,059</td>
</tr>
<tr>
<td>Endowment accumulated deficit (Note 7)</td>
<td>(4,972,314)</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>(3,751,899)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$1,998,396</td>
</tr>
</tbody>
</table>

See accompanying notes.
SEATTLE REPERTORY THEATRE

Consolidated Statement of Revenue and Expenses Without Donor Restrictions
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

Revenue

<table>
<thead>
<tr>
<th>Fund</th>
<th>Operating</th>
<th>Board-Designated</th>
<th>Capital</th>
<th>Foundation</th>
<th>2017 Total</th>
<th>2016 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Box Office Income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription revenue</td>
<td>$2,686,577</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$2,686,577</td>
<td>$2,247,960</td>
</tr>
<tr>
<td>Single ticket revenue</td>
<td>3,250,705</td>
<td>3,250,705</td>
<td></td>
<td></td>
<td>2,608,724</td>
<td></td>
</tr>
<tr>
<td>Service fees</td>
<td>423,579</td>
<td>99,117</td>
<td>522,696</td>
<td>503,966</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Box Office Income</td>
<td>6,360,861</td>
<td>99,117</td>
<td>6,459,978</td>
<td>5,360,650</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other Earned Income:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Operating</th>
<th>Board-Designated</th>
<th>Capital</th>
<th>Foundation</th>
<th>2017 Total</th>
<th>2016 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund raising – release from restriction</td>
<td>28,250</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,250</td>
<td></td>
</tr>
<tr>
<td>Government – release from restriction</td>
<td>19,300</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,300</td>
<td></td>
</tr>
<tr>
<td>Fund raising events, net of expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundations</td>
<td>394,528</td>
<td>-</td>
<td>92,496</td>
<td>487,024</td>
<td>466,455</td>
<td></td>
</tr>
<tr>
<td>National Corporate Theatre Fund</td>
<td>46,775</td>
<td>-</td>
<td>-</td>
<td>46,775</td>
<td>38,000</td>
<td></td>
</tr>
<tr>
<td>Total Interfund Transfers</td>
<td>823,232</td>
<td>(77,241)</td>
<td>42,989</td>
<td>788,980</td>
<td>873,236</td>
<td></td>
</tr>
<tr>
<td>Operating transfer for interfund borrowing</td>
<td>(4,009)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-designated transfer of support</td>
<td>77,241</td>
<td>(77,241)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets Without Donor Restrictions</td>
<td>(3,751,899)</td>
<td>34,519</td>
<td>3,998,318</td>
<td>-</td>
<td>280,938</td>
<td>3,209,866</td>
</tr>
</tbody>
</table>

Net Assets Without Donor Restrictions:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Operating</th>
<th>Board-Designated</th>
<th>Capital</th>
<th>Foundation</th>
<th>2017 Total</th>
<th>2016 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year</td>
<td>(837,240)</td>
<td>25,129</td>
<td>4,021,977</td>
<td></td>
<td>3,209,866</td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets Without Donor Restrictions</td>
<td>(2,914,659)</td>
<td>9,371</td>
<td>214,637</td>
<td>2,750</td>
<td>4,904,504</td>
<td>4,213,692</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>11,161,357</td>
<td>86,631</td>
<td>315,689</td>
<td>2,750</td>
<td>11,566,427</td>
<td>9,706,305</td>
</tr>
</tbody>
</table>

Expenses:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Operating</th>
<th>Board-Designated</th>
<th>Capital</th>
<th>Foundation</th>
<th>2017 Total</th>
<th>2016 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>6,090,450</td>
<td>262,221</td>
<td>6,352,671</td>
<td>2,446,808</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing and communications</td>
<td>3,072,217</td>
<td>19,226</td>
<td>3,091,443</td>
<td>140,590</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>840,946</td>
<td>5</td>
<td>846,854</td>
<td>688,021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>1,470,488</td>
<td>57,896</td>
<td>1,528,384</td>
<td>135,934</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>14,899,248</td>
<td>339,348</td>
<td>45,739</td>
<td>15,284,335</td>
<td>10,715,570</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
SEATTLE REPERTORY THEATRE

Consolidated Statement of Changes in Net Assets
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

See accompanying notes.

<table>
<thead>
<tr>
<th>Theatre</th>
<th>All Other Donor Restricted Fund Foundation 2017 Total 2016 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets Without Donor Restrictions</strong></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$ 11,272,486</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>291,191</td>
</tr>
<tr>
<td>Total revenue</td>
<td>11,563,677</td>
</tr>
<tr>
<td>Total expenses</td>
<td>(15,238,596)</td>
</tr>
<tr>
<td>Endowment appropriation</td>
<td>788,980</td>
</tr>
<tr>
<td>Foundation transfer of support</td>
<td>750,000</td>
</tr>
<tr>
<td>Operating transfer for interfund borrowing</td>
<td>(4,009)</td>
</tr>
<tr>
<td>Change in Net Assets Without Donor Restrictions</td>
<td>(2,928,928)</td>
</tr>
</tbody>
</table>

<p>| <strong>Net Assets With Donor Restrictions</strong> | | |
| Contributions: | | |
| Individual gifts | 455,440 | 13,915 | 469,355 | 221,467 |
| Corporate | 36,000 | | 36,000 | 5,000 |
| Foundations | 196,236 | | 196,236 |
| Government | 199,000 | | 199,000 | 219,300 |
| Fund raising events | 40,950 | | 40,950 | 28,250 |
| Total contributions | 927,626 | 13,915 | 941,541 | 474,017 |
| Investment return: | | | | |
| Investment income (loss), net | 186,408 | 186,408 | | (51,889) |
| Investment income - Reinvested in Foundation corpus | 48,766 | 48,766 | 31,003 |
| Unrealized gains (losses) | 968,464 | | 968,464 | (280,320) |
| Total investment return | | | | 1,203,638 | 1,203,638 | (301,206) |
| Total revenue | 927,626 | 1,217,553 | 2,145,179 | 172,811 |
| Endowment appropriation | (788,980) | | (788,980) | (873,236) |
| Net assets released from restriction | (291,191) | | (291,191) | (208,000) |
| Change in Net Assets With Donor Restrictions | 636,435 | 428,573 | 1,065,008 | (908,425) |
| Total Change in Net Assets | (2,928,928) | 636,435 | 428,573 | (1,863,920) | (1,044,454) |
| Net assets, beginning of year | 3,209,866 | 513,808 | 10,556,745 | 14,280,419 | 15,324,873 |
| Net Assets, End of Year | $ 280,938 | $ 1,150,243 | $ 10,985,318 | $ 12,416,499 | $ 14,280,419 |</p>
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$(1,863,920)</td>
<td>$(1,044,454)</td>
</tr>
<tr>
<td>Adjustments to reconcile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>change in net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to net cash used in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>operating activities-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>437,664</td>
<td>402,159</td>
</tr>
<tr>
<td>Net (gain) loss on</td>
<td>(1,040,175)</td>
<td>469,910</td>
</tr>
<tr>
<td>investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>(440,996)</td>
<td>(348,435)</td>
</tr>
<tr>
<td>restricted for capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and</td>
<td>(44,093)</td>
<td>(26,330)</td>
</tr>
<tr>
<td>investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>restricted for endowment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash provided (used) by</td>
<td>(758,956)</td>
<td>(60,722)</td>
</tr>
<tr>
<td>changes in operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(124,535)</td>
<td>35,235</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>(304,786)</td>
<td>10,218</td>
</tr>
<tr>
<td>Prepaid expenses and</td>
<td>(49,091)</td>
<td>(36,981)</td>
</tr>
<tr>
<td>inventory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred ticket sales</td>
<td>71,156</td>
<td>509,802</td>
</tr>
<tr>
<td>income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>accrued liabilities</td>
<td>758,956</td>
<td>(60,722)</td>
</tr>
<tr>
<td>**Net Cash Used in</td>
<td>$(2,599,820)</td>
<td>$(89,598)</td>
</tr>
<tr>
<td>Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(711,732)</td>
<td>(896,824)</td>
</tr>
<tr>
<td>Proceeds from sale of</td>
<td>$1,305,707</td>
<td>1,116,942</td>
</tr>
<tr>
<td>investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in cash</td>
<td>346,170</td>
<td>187,035</td>
</tr>
<tr>
<td>equivalents included in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in</td>
<td>61,503</td>
<td>(144,520)</td>
</tr>
<tr>
<td>restricted cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) increase in</td>
<td>(12,862)</td>
<td>106,159</td>
</tr>
<tr>
<td>cash reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of other long-</td>
<td>(450,000)</td>
<td></td>
</tr>
<tr>
<td>term assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and</td>
<td>(533,328)</td>
<td>(258,681)</td>
</tr>
<tr>
<td>equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Net Cash Provided by</td>
<td>$5,458</td>
<td>110,111</td>
</tr>
<tr>
<td>Investing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collections on contributions restricted for capital assets</td>
<td>316,496</td>
<td>139,435</td>
</tr>
<tr>
<td>Collections on contributions restricted for endowment</td>
<td>40,714</td>
<td>19,563</td>
</tr>
<tr>
<td>Investment income restricted for endowment</td>
<td>48,766</td>
<td>31,003</td>
</tr>
<tr>
<td>Draws on line of credit</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>**Net Cash Provided by</td>
<td>$2,405,976</td>
<td>190,001</td>
</tr>
<tr>
<td>Financing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Change in Cash</strong></td>
<td>$(188,386)</td>
<td>210,514</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>649,134</td>
<td>438,620</td>
</tr>
<tr>
<td><strong>Cash, End of Year</strong></td>
<td>$460,748</td>
<td>$649,134</td>
</tr>
<tr>
<td><strong>Supplementary Disclosure:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid for interest</td>
<td>$49,655</td>
<td>$20,490</td>
</tr>
</tbody>
</table>

See accompanying notes.
### SEATTLE REPERTORY THEATRE

**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2017**  
(With Comparative Totals for 2016)

See accompanying notes.

<table>
<thead>
<tr>
<th>Operating Fund Expenses</th>
<th>Artistic</th>
<th>Production</th>
<th>Marketing and Communications</th>
<th>Development</th>
<th>Administration</th>
<th>2017 Total</th>
<th>2016 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$1,133,897</td>
<td>$3,276,451</td>
<td>$1,173,608</td>
<td>$522,735</td>
<td>$752,084</td>
<td>$6,858,775</td>
<td>$5,039,664</td>
</tr>
<tr>
<td>Benefits and taxes</td>
<td>358,256</td>
<td>904,100</td>
<td>316,706</td>
<td>119,178</td>
<td>166,067</td>
<td>1,864,307</td>
<td>1,391,151</td>
</tr>
<tr>
<td>Total payroll costs</td>
<td>1,492,153</td>
<td>4,180,551</td>
<td>1,490,314</td>
<td>641,913</td>
<td>918,151</td>
<td>8,723,082</td>
<td>6,430,815</td>
</tr>
<tr>
<td>Other expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalties</td>
<td>428,194</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>428,194</td>
<td>296,161</td>
</tr>
<tr>
<td>Co-production fees</td>
<td>7,500</td>
<td>42,000</td>
<td></td>
<td></td>
<td></td>
<td>49,500</td>
<td>135,205</td>
</tr>
<tr>
<td>Production materials</td>
<td>90</td>
<td>822,380</td>
<td></td>
<td></td>
<td></td>
<td>822,470</td>
<td>193,772</td>
</tr>
<tr>
<td>Artist housing</td>
<td>50,490</td>
<td>31,217</td>
<td></td>
<td></td>
<td></td>
<td>81,707</td>
<td>94,344</td>
</tr>
<tr>
<td>Travel, housing, meetings</td>
<td>815,849</td>
<td>67,559</td>
<td>87,775</td>
<td>73,020</td>
<td>25,022</td>
<td>1,069,225</td>
<td>458,550</td>
</tr>
<tr>
<td>Advertising</td>
<td>320</td>
<td>2,266</td>
<td>877,931</td>
<td>1,075</td>
<td></td>
<td>881,592</td>
<td>530,034</td>
</tr>
<tr>
<td>Printing, publications</td>
<td>3,962</td>
<td>109,589</td>
<td>14,724</td>
<td>514</td>
<td></td>
<td>128,789</td>
<td>137,023</td>
</tr>
<tr>
<td>Professional fees</td>
<td>613,633</td>
<td>165,332</td>
<td>126,479</td>
<td>25,000</td>
<td>201,315</td>
<td>1,311,759</td>
<td>870,950</td>
</tr>
<tr>
<td>Supplies and equipment</td>
<td>8,125</td>
<td>229,376</td>
<td>9,595</td>
<td>3,476</td>
<td>101,746</td>
<td>351,553</td>
<td>190,104</td>
</tr>
<tr>
<td>Depreciation</td>
<td>412</td>
<td>29,388</td>
<td>3,123</td>
<td>12,395</td>
<td></td>
<td>45,576</td>
<td>44,294</td>
</tr>
<tr>
<td>Bank service charges,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>taxes, miscellaneous</td>
<td>575</td>
<td>189,622</td>
<td>66,659</td>
<td>70,415</td>
<td></td>
<td>327,271</td>
<td>254,282</td>
</tr>
<tr>
<td>Total other expenses</td>
<td>1,933,016</td>
<td>1,909,899</td>
<td>1,581,903</td>
<td>199,033</td>
<td>552,315</td>
<td>6,176,166</td>
<td>3,932,283</td>
</tr>
<tr>
<td>Total Operating Fund Expenses</td>
<td>3,425,169</td>
<td>6,090,450</td>
<td>3,072,217</td>
<td>840,946</td>
<td>1,470,466</td>
<td>14,899,248</td>
<td>10,363,098</td>
</tr>
</tbody>
</table>

### Capital Fund Expenses

| Travel, housing, meetings | 65 |
| Printing, publications    | 180 |
| Facilities                | (6,490) |
| Depreciation              | 268,711 |
| Total Capital Fund Expenses | 262,221 | 19,126 | 5 | 57,896 | 339,348 | 323,110 |

### Foundation Expenses

| Payroll costs:             |          |            |                             |             |               |            |            |
| Salaries                  | 5,014     | 22,308     | 27,322                      | 27,182      |               | 27,182     | 27,182     |
| Benefits and taxes        | 924       | 4,138      | 5,062                       | 4,530       |               | 4,530      | 4,530      |
| Total payroll costs       | 5,938     | 26,446     | 32,384                      | 31,712      |               | 31,712     | 31,712     |
| Travel, housing, meetings |          |            |                             |             |               |            |            |
| Printing, publications    |          |            |                             |             |               | 215        | 215        |
| Professional fees         |          |            |                             |             |               | 157        | 157        |
| Supplies and equipment    |          |            |                             |             |               | 450        | 13,100     |
| Facilities                |          |            |                             |             |               | 558        | 586        |
| Bank service charges,     | (1,200)   |            |                             |             |               | (1,125)    | (15,042)   |
| taxes, miscellaneous      | (35)      |            |                             |             |               | 13,390     | 13,355     |
| Total other expenses      |          |            |                             |             |               | (2,350)    | (2,350)    |
| Total Foundation Expenses |          |            |                             |             |               | 5,903      | 39,836     |

### Total Expenses

| 3,425,169 | 6,352,671 | 3,091,443 | 846,854 | 1,568,198 | 15,284,335 | 10,715,570 |

Plus bar & concessions, theatre rental and direct benefits to donors netted with revenue  
| 178,565 | 170,338 | 267,401 | 616,304 | 511,429 |

Total Functional Expenses  
$3,425,169 | $6,531,236 | $3,261,781 | $1,114,255 | $1,568,198 | $15,900,639 | $11,226,999 |

See accompanying notes.
Note 1 - Summary of Significant Accounting Policies

General - Seattle Repertory Theatre (the Theatre) was founded on June 13, 1963 and is led by Artistic Director Braden Abraham and Managing Director Jeffrey Herrmann. One of America’s premier not-for-profit resident theatres, Seattle Repertory Theatre has achieved international renown for its consistently high production and artistic standards, and was awarded the 1990 Tony Award for Outstanding Regional Theatre. With an emphasis on entertaining plays of true dramatic and literary worth, the Theatre produces a season of plays along with educational programs, new play workshops and special presentations.

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.

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.

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.
Note 1 - Continued

**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 and $0 valuation allowance for accounts receivable as of June 30, 2017 and 2016, 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, 2017 totaling $450,000 consists of the set and scenic structure 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 $19,380 and $20,014 at June 30, 2017 and 2016, 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.
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.

**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, 2017 and 2016, contributed services and materials totaled $168,679 and $52,518, 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, 2017 and 2016, prepaid subscription campaign expenses were $92,038 and $70,406, respectively. Advertising expense for the years ending June 30, 2017 and 2016, was $880,162 and $527,348, respectively.
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).

The accompanying summarized information from the 2016 financial statements has been restated to conform to the 2017 presentation and disclosure requirements of ASU 2016-14. As a result, previously reported net assets without donor restrictions (unrestricted net assets) have been increased by $4,972,314 and net assets with donor restrictions has been decreased by the same amount as of June 30, 2016 from the reclassification of the accumulated deficit associated with deficiency in endowment funds resulting from appropriations for programs that were deemed prudent by the Foundation’s Board of Directors that exceeded net investment returns (Note 7).

Comparative Amounts for 2016 - The consolidated financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended June 30, 2016. 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, 2016, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through November 27, 2017, 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:

<table>
<thead>
<tr>
<th>Due in less than one year</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,529,621</td>
<td>$1,139,109</td>
</tr>
<tr>
<td>Due in one to five years</td>
<td>64,232</td>
<td>107,903</td>
</tr>
</tbody>
</table>

1,593,853 1,247,012

Present value discount (1.89% - 2017; 1.01% - 2016)

<table>
<thead>
<tr>
<th>Allowance for doubtful accounts</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,189)</td>
<td>(1,037)</td>
</tr>
<tr>
<td></td>
<td>(66,182)</td>
<td>(103,392)</td>
</tr>
</tbody>
</table>

$1,526,482 $1,142,583

Foundation pledges receivable of $57,365 and $134,837 for the years ended June 30, 2017 and 2016 respectively, are included in the above totals of pledges due in less than one year. These Foundation pledges are reported as long-term on the consolidated balance sheet due to the nature of the donor restriction.

Note 3 - Investments

Investments consisted of the following at June 30:

<table>
<thead>
<tr>
<th>Cash equivalents</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$59,974</td>
<td>$359,471</td>
</tr>
</tbody>
</table>

Mutual funds-

<table>
<thead>
<tr>
<th>Fixed income</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities - international</td>
<td>2,155,408</td>
<td>2,541,400</td>
</tr>
<tr>
<td>Equities - large cap</td>
<td>2,138,109</td>
<td>1,967,748</td>
</tr>
<tr>
<td>Equities - mid/small cap</td>
<td>3,552,569</td>
<td>3,352,930</td>
</tr>
<tr>
<td></td>
<td>9,136,709</td>
<td>9,032,752</td>
</tr>
</tbody>
</table>

Total mutual funds

<table>
<thead>
<tr>
<th>Total alternative funds</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real assets</td>
<td>548,202</td>
<td>661,247</td>
</tr>
<tr>
<td>Absolute Return Assets</td>
<td>396,506</td>
<td></td>
</tr>
<tr>
<td>Equity return assets</td>
<td>412,646</td>
<td>400,537</td>
</tr>
<tr>
<td></td>
<td>1,357,354</td>
<td>1,061,784</td>
</tr>
</tbody>
</table>

Total alternative funds

$10,554,037 $10,454,007
Note 3 - Continued

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.

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, 2017 and 2016.

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:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$ 213,913</td>
<td>$ 213,060</td>
</tr>
<tr>
<td>Realized gain (loss), net of investment fees</td>
<td>$ 21,261</td>
<td>(233,946)</td>
</tr>
<tr>
<td>Unrealized gain (loss)</td>
<td>$ 968,464</td>
<td>(280,320)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,203,638</strong></td>
<td><strong>$ (301,206)</strong></td>
</tr>
</tbody>
</table>
Note 4 - Property and Equipment

Property and equipment at June 30 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and leasehold improvements</td>
<td>$ 8,018,490</td>
<td>$ 7,896,245</td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>5,289,641</td>
<td>4,920,630</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,308,131</strong></td>
<td><strong>12,816,875</strong></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(9,891,780)</td>
<td>(9,496,188)</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td><strong>$ 3,416,351</strong></td>
<td><strong>$ 3,320,687</strong></td>
</tr>
</tbody>
</table>

Note 5 - Board-Designated Net Assets

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations reserve</td>
<td>$ 10,655</td>
<td>$ 1,285</td>
</tr>
<tr>
<td>Working capital reserves</td>
<td>12,852</td>
<td>12,856</td>
</tr>
<tr>
<td>Net realized/unrealized gains reserved for operations</td>
<td>11,012</td>
<td>10,988</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 34,519</strong></td>
<td><strong>$ 25,129</strong></td>
</tr>
</tbody>
</table>
Note 6 - Net Assets With Donor Restrictions

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

<table>
<thead>
<tr>
<th>Subject to the Passage of Time or Expenditure for Specified Purpose:</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>General support for future periods</td>
<td>$673,884</td>
<td>$263,808</td>
</tr>
<tr>
<td>Support for investment in capital assets</td>
<td>476,359</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total Subject to the Passage of Time or Expenditure for Specified Purpose</strong></td>
<td>1,150,243</td>
<td>513,808</td>
</tr>
</tbody>
</table>

**Endowment Funds:**

- **Original gifts and required retained earnings (corpus):**
  - Theatre operations funds-
    - General: 4,812,507, 4,880,261
    - 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: 103,637, 100,618
    - Jim & Camille Uhlig 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: 1,517,185, 1,471,437
    - The Stuart Smailes Signature Works Fund: 109,850, 109,850
    - Henry & Nancy Ketcham Foundation: 50,000, 50,000
    - George & Carlyn Steiner Guest Artist Fund: 63,918, 50,000
    - 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: 100,000, 100,000
    - Herman & Faye Sarkowsky Commissioning Fund: 100,000, 100,000
    - Jerry Manning Fund for New Work: 50,000, 50,000
    - Playwright Commission Fund: 30,000, 30,000

**Accumulated deficit:**
- (4,538,672), (4,972,314)

**Total Endowment Funds:**
- 10,985,318, 10,556,745

**Total Net Assets With Donor Restrictions:**
- $12,135,561, $11,070,553
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, 2017 and 2016, the Theatre Board authorized the application of $43,629 and $68,746, respectively in shared expense receivables from the Foundation against the outstanding loan in lieu of a cash payment, leaving $175,195 outstanding. Future shared expense receivables will continue to be applied against the loan balance until it is fully repaid.
As market returns allow, the Foundation has made advances of its operating support to the Theatre. An operating advance of $650,000 on fiscal 2018 support was made during the year ended June 30, 2017 and an operating advance of $250,000 on fiscal 2017 support was made during the year ended June 30, 2016.

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, 2017 and 2016, are as follows:

<table>
<thead>
<tr>
<th>Endowment Net Assets, June 30, 2015</th>
<th>Endowment Corpus</th>
<th>$15,502,729</th>
<th>Accumulated Deficit</th>
<th>$(3,766,869)</th>
<th>Total</th>
<th>$11,735,860</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total endowment investment return</td>
<td></td>
<td>31,003</td>
<td></td>
<td>(332,209)</td>
<td></td>
<td>(301,206)</td>
</tr>
<tr>
<td>Adjustment to pledges receivable</td>
<td></td>
<td>(4,673)</td>
<td></td>
<td></td>
<td></td>
<td>(4,673)</td>
</tr>
<tr>
<td>Endowment related expenses</td>
<td></td>
<td>(29,361)</td>
<td></td>
<td></td>
<td></td>
<td>(29,361)</td>
</tr>
<tr>
<td>Foundation transfer of support</td>
<td></td>
<td>(850,000)</td>
<td></td>
<td></td>
<td></td>
<td>(850,000)</td>
</tr>
<tr>
<td>Operating transfer for interfund borrowing</td>
<td></td>
<td>6,125</td>
<td></td>
<td></td>
<td></td>
<td>6,125</td>
</tr>
<tr>
<td><strong>Endowment Net Assets, June 30, 2016</strong></td>
<td><strong>15,529,059</strong></td>
<td></td>
<td><strong>(4,972,314)</strong></td>
<td></td>
<td><strong>10,556,745</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Endowment Net Assets, June 30, 2017</th>
<th>Endowment Corpus</th>
<th>$15,523,990</th>
<th>Accumulated Deficit</th>
<th>$(4,538,672)</th>
<th>Total</th>
<th>$10,985,318</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td></td>
<td>48,766</td>
<td></td>
<td>1,154,872</td>
<td></td>
<td>1,203,638</td>
</tr>
<tr>
<td>Release of pledge receivable to testamentary gift</td>
<td></td>
<td>(50,000)</td>
<td></td>
<td>50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final write-off of uncollectible pledges receivable</td>
<td></td>
<td>(17,750)</td>
<td></td>
<td>17,750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment related expenses</td>
<td></td>
<td>(45,739)</td>
<td></td>
<td></td>
<td></td>
<td>(45,739)</td>
</tr>
<tr>
<td>Foundation transfer of support</td>
<td></td>
<td>(750,000)</td>
<td></td>
<td></td>
<td></td>
<td>(750,000)</td>
</tr>
<tr>
<td>Operating transfer for interfund borrowing</td>
<td></td>
<td>4,009</td>
<td></td>
<td></td>
<td></td>
<td>4,009</td>
</tr>
<tr>
<td><strong>Endowment Net Assets, June 30, 2017</strong></td>
<td><strong>15,523,990</strong></td>
<td></td>
<td><strong>(4,538,672)</strong></td>
<td></td>
<td><strong>10,985,318</strong></td>
<td></td>
</tr>
</tbody>
</table>

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.
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 Theater 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.

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 $883,711 and $942,941 as of June 30, 2017 and 2016, 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 $141,663 and $151,360 for the years ending June 30, 2017 and 2016, 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, 2017 and 2016, 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 $155,148 and $108,938 during the years ended June 30, 2017 and 2016, 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, 2018. The line carries interest at the one-month LIBOR rate plus 1.85% (a total borrowing rate of 3.073% and 2.469% at June 30, 2017 and 2016, respectively). The outstanding balance at June 30, 2017 was $2 million. There were no outstanding borrowings on the line at June 30, 2016. The line is secured by the investments held by the Foundation (at another bank).
Note 11 - Liquidity and Availability of Financial Assets

The Theater’s working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for prepaid subscriptions in the fourth quarter of the fiscal 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 Theater 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 Theater’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 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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,541,470</td>
<td>$1,778,497</td>
</tr>
<tr>
<td>Accounts receivable, net, collected in less than one year</td>
<td>212,094</td>
<td>87,559</td>
</tr>
<tr>
<td>Pledges receivable, net, collected in less than one year</td>
<td>1,461,238</td>
<td>1,017,262</td>
</tr>
<tr>
<td>Investments</td>
<td>10,554,037</td>
<td>10,454,007</td>
</tr>
<tr>
<td></td>
<td>13,768,839</td>
<td>13,337,325</td>
</tr>
</tbody>
</table>

Contractual or donor-imposed restrictions-

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash restricted by lessor and others to specific uses</td>
<td>(906,447)</td>
<td>(967,950)</td>
</tr>
<tr>
<td>Endowment fund investments</td>
<td>(10,554,037)</td>
<td>(10,454,007)</td>
</tr>
<tr>
<td>Add back: amount appropriated for following year less cash received prior to beginning of fiscal year</td>
<td>250,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Other donor restrictions</td>
<td>(1,150,243)</td>
<td>(513,808)</td>
</tr>
<tr>
<td>Add back: amounts available for donor-specified expenditures in following year, including investment in capital assets</td>
<td>1,123,808</td>
<td>419,050</td>
</tr>
<tr>
<td>Board designations- Operating reserves and other</td>
<td>(34,519)</td>
<td>(25,129)</td>
</tr>
</tbody>
</table>

Financial Assets Available to Meet Cash Needs for Expenditures Within One Year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,497,401</td>
<td>$2,295,481</td>
</tr>
</tbody>
</table>
SUPPLEMENTARY INFORMATION
## Consolidating Schedule - Balance Sheet
### June 30, 2017

### Assets

<table>
<thead>
<tr>
<th></th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 460,748</td>
<td>$</td>
<td>$ 460,748</td>
</tr>
<tr>
<td>Cash reserves</td>
<td>174,275</td>
<td></td>
<td>174,275</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>906,447</td>
<td></td>
<td>906,447</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts $12,473</td>
<td>212,094</td>
<td></td>
<td>212,094</td>
</tr>
<tr>
<td>Pledges receivable, net of allowance for doubtful accounts $28,000</td>
<td>1,461,238</td>
<td></td>
<td>1,461,238</td>
</tr>
<tr>
<td>Interfund receivable/payable</td>
<td>(355,484)</td>
<td>355,484</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and inventory</td>
<td>428,813</td>
<td></td>
<td>428,813</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>3,288,131</strong></td>
<td><strong>355,484</strong></td>
<td><strong>3,643,615</strong></td>
</tr>
<tr>
<td>Investments, long-term</td>
<td></td>
<td>10,554,037</td>
<td>10,554,037</td>
</tr>
<tr>
<td>Pledges receivable, long-term, net of allowance for doubtful accounts (Theatre - $0, Foundation - $38,182) and present value discount (Theatre - $876, Foundation - $313)</td>
<td>46,374</td>
<td>18,870</td>
<td>65,244</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation $9,481,883 (Theatre) and $14,305 (Foundation)</td>
<td>3,416,351</td>
<td></td>
<td>3,416,351</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>450,000</td>
<td>56,927</td>
<td>506,927</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 7,200,856</strong></td>
<td><strong>$ 10,985,318</strong></td>
<td><strong>$ 18,186,174</strong></td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred ticket revenue</td>
<td>$ 2,526,051</td>
<td>$</td>
<td>$ 2,526,051</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>1,243,624</td>
<td></td>
<td>1,243,624</td>
</tr>
<tr>
<td>Line of credit</td>
<td>2,000,000</td>
<td></td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>5,769,675</strong></td>
<td></td>
<td><strong>5,769,675</strong></td>
</tr>
</tbody>
</table>

### Net Assets:

<table>
<thead>
<tr>
<th></th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td>280,938</td>
<td></td>
<td>280,938</td>
</tr>
<tr>
<td>With donor restrictions-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor restricted fund</td>
<td>1,150,243</td>
<td></td>
<td>1,150,243</td>
</tr>
<tr>
<td>Endowment corpus</td>
<td>15,523,990</td>
<td>15,523,990</td>
<td></td>
</tr>
<tr>
<td>Endowment accumulated deficit</td>
<td>(4,538,672)</td>
<td></td>
<td>(4,538,672)</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>1,431,181</strong></td>
<td><strong>10,985,318</strong></td>
<td><strong>12,416,499</strong></td>
</tr>
</tbody>
</table>

### Total Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$ 7,200,856</strong></td>
<td><strong>$ 10,985,318</strong></td>
<td></td>
<td><strong>$ 18,186,174</strong></td>
</tr>
</tbody>
</table>

See independent auditor’s report.
# Consolidating Schedule - Statement of Changes in Net Assets

## For the Year Ended June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earned Income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total box office income</td>
<td>$ 6,459,978</td>
<td>-</td>
<td>$ 6,459,978</td>
</tr>
<tr>
<td>Total other earned income - Theatre, net of expenses of $348,903</td>
<td>201,945</td>
<td>235,174</td>
<td>437,119</td>
</tr>
<tr>
<td><strong>Total Earned Income</strong></td>
<td>6,661,923</td>
<td>235,174</td>
<td>6,897,097</td>
</tr>
<tr>
<td><strong>Contributions:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual gifts</td>
<td>3,168,133</td>
<td>13,915</td>
<td>3,182,048</td>
</tr>
<tr>
<td>Individuals - release from restriction</td>
<td>213,641</td>
<td>213,641</td>
<td>213,641</td>
</tr>
<tr>
<td>Corporate</td>
<td>234,050</td>
<td>-</td>
<td>234,050</td>
</tr>
<tr>
<td>Corporate - release from restriction</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>In-kind gifts</td>
<td>165,929</td>
<td>2,750</td>
<td>168,679</td>
</tr>
<tr>
<td>ArtsFund</td>
<td>132,720</td>
<td>-</td>
<td>132,720</td>
</tr>
<tr>
<td>National Corporate Theatre Fund</td>
<td>46,775</td>
<td>-</td>
<td>46,775</td>
</tr>
<tr>
<td>Foundations</td>
<td>683,260</td>
<td>-</td>
<td>683,260</td>
</tr>
<tr>
<td>Foundations - release from restriction</td>
<td>25,000</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td>Government</td>
<td>337,934</td>
<td>-</td>
<td>337,934</td>
</tr>
<tr>
<td>Government - release from restriction</td>
<td>19,300</td>
<td>-</td>
<td>19,300</td>
</tr>
<tr>
<td>Fund raising events - net of expenses of $267,401</td>
<td>741,222</td>
<td>-</td>
<td>741,222</td>
</tr>
<tr>
<td>Fund raising - release from restriction</td>
<td>28,250</td>
<td>-</td>
<td>28,250</td>
</tr>
<tr>
<td>Seattle Repertory Organization</td>
<td>28,166</td>
<td>-</td>
<td>28,166</td>
</tr>
<tr>
<td><strong>Total Contributions</strong></td>
<td>5,829,380</td>
<td>16,665</td>
<td>5,846,045</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>12,491,303</td>
<td>251,839</td>
<td>12,743,142</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>6,352,671</td>
<td>6,352,671</td>
<td>6,352,671</td>
</tr>
<tr>
<td>Marketing and communications</td>
<td>3,091,443</td>
<td>-</td>
<td>3,091,443</td>
</tr>
<tr>
<td>Development</td>
<td>840,951</td>
<td>5,903</td>
<td>846,854</td>
</tr>
<tr>
<td>Administration</td>
<td>1,528,362</td>
<td>39,836</td>
<td>1,568,198</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>15,238,596</td>
<td>45,739</td>
<td>15,284,335</td>
</tr>
<tr>
<td><strong>Change in Net Assets Before</strong></td>
<td>(2,292,493)</td>
<td>428,573</td>
<td>(1,863,920)</td>
</tr>
<tr>
<td>Unrealized Losses and Transfers</td>
<td>(2,747,293)</td>
<td>206,100</td>
<td>(2,541,193)</td>
</tr>
<tr>
<td>Unrealized gains on investments</td>
<td>-</td>
<td>968,464</td>
<td>968,464</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>(291,191)</td>
<td>-</td>
<td>(291,191)</td>
</tr>
<tr>
<td>Foundation transfer of support</td>
<td>750,000</td>
<td>(750,000)</td>
<td>750,000</td>
</tr>
<tr>
<td>Operating transfer for interfund borrowing</td>
<td>(4,009)</td>
<td>-</td>
<td>(4,009)</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>(2,292,493)</td>
<td>428,573</td>
<td>(1,863,920)</td>
</tr>
<tr>
<td><strong>Net Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>3,723,674</td>
<td>10,556,745</td>
<td>14,280,419</td>
</tr>
<tr>
<td><strong>End of Year</strong></td>
<td>$ 1,431,181</td>
<td>$ 10,985,318</td>
<td>$ 12,416,499</td>
</tr>
</tbody>
</table>

See independent auditor’s report.
### Consolidating Schedule - Statement of Cash Flows
**For the Year Ended June 30, 2017**

#### Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$(2,292,493)</td>
<td>$ 428,573</td>
<td>$(1,863,920)</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile change in net assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to net cash used in operating activities-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>437,664</td>
<td>437,664</td>
<td></td>
</tr>
<tr>
<td>Net gains on investments</td>
<td>(1,040,175)</td>
<td>(1,040,175)</td>
<td></td>
</tr>
<tr>
<td>Contributions restricted for capital assets</td>
<td>(440,996)</td>
<td>(440,996)</td>
<td></td>
</tr>
<tr>
<td>Contributions and investment income restricted for endowment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash provided (used) by changes in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(124,535)</td>
<td>(124,535)</td>
<td></td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>(285,756)</td>
<td>(19,030)</td>
<td>(304,786)</td>
</tr>
<tr>
<td>Prepaid expenses and inventory</td>
<td>(49,091)</td>
<td>(49,091)</td>
<td></td>
</tr>
<tr>
<td>Interfund receivable/payable</td>
<td>354,900</td>
<td>(354,900)</td>
<td></td>
</tr>
<tr>
<td>Deferred ticket sales income</td>
<td>71,156</td>
<td>71,156</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>758,956</td>
<td></td>
<td>758,956</td>
</tr>
<tr>
<td><strong>Net Cash Used in Operating Activities</strong></td>
<td>$(1,570,195)</td>
<td>(1,029,625)</td>
<td>$(2,599,820)</td>
</tr>
</tbody>
</table>

#### Investing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td></td>
<td>(711,732)</td>
<td>(711,732)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td></td>
<td>1,305,707</td>
<td>1,305,707</td>
</tr>
<tr>
<td>Net change in cash equivalents included in investments</td>
<td></td>
<td>346,170</td>
<td>346,170</td>
</tr>
<tr>
<td>Increase in restricted cash</td>
<td>61,503</td>
<td>61,503</td>
<td></td>
</tr>
<tr>
<td>Increase in cash reserves</td>
<td>(12,862)</td>
<td>(12,862)</td>
<td></td>
</tr>
<tr>
<td>Purchase of other long-term assets</td>
<td>(450,000)</td>
<td>(450,000)</td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(533,328)</td>
<td></td>
<td>(533,328)</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used in) Investing Activities</strong></td>
<td>(934,687)</td>
<td>940,145</td>
<td>5,458</td>
</tr>
</tbody>
</table>

#### Financing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collections on contributions restricted for capital assets</td>
<td>316,496</td>
<td>316,496</td>
<td></td>
</tr>
<tr>
<td>Collections on contributions restricted for endowment</td>
<td>40,714</td>
<td>40,714</td>
<td></td>
</tr>
<tr>
<td>Investment income restricted for endowment</td>
<td>48,766</td>
<td>48,766</td>
<td></td>
</tr>
<tr>
<td>Draws on line of credit</td>
<td>2,000,000</td>
<td></td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Financing Activities</strong></td>
<td>2,316,496</td>
<td>89,480</td>
<td>2,405,976</td>
</tr>
</tbody>
</table>

#### Net Change in Cash:

<table>
<thead>
<tr>
<th>Description</th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Change in Cash</td>
<td>$(188,386)</td>
<td>(188,386)</td>
<td></td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>649,134</td>
<td>649,134</td>
<td></td>
</tr>
<tr>
<td><strong>Cash, End of Year</strong></td>
<td>$ 460,748</td>
<td>$ -</td>
<td>$ 460,748</td>
</tr>
</tbody>
</table>

#### Supplementary Disclosure:

<table>
<thead>
<tr>
<th>Description</th>
<th>Theatre</th>
<th>Foundation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>$ 49,655</td>
<td>$ -</td>
<td>$ 49,655</td>
</tr>
<tr>
<td>See independent auditor’s report.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>