

**SEATTLE REPERTORY THEATRE**

Consolidated Financial Statements

For the Year Ended June 30, 2019

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## **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, 2019, 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.



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## **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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **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 19 through 21 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  
November 14, 2019

SEATTLE REPERTORY THEATRE

Consolidated Balance Sheet  
June 30, 2019  
(With Comparative Totals for 2018)

	Without Donor Restrictions			With Donor Restrictions			2019 Total	2018 Total	
	Operating Fund	Board-Designated Fund	Capital Fund	Total	Donor Restricted Fund	Foundation			Total
<b>Assets</b>									
<b>Current Assets:</b>									
Cash	\$ -	\$ -	\$ 138,220	\$ 138,220	\$ 63,794	\$ -	\$ 63,794	\$ 202,014	\$ 303,681
Cash reserves (Note 1)	120,034	77,481		197,515				197,515	93,770
Restricted cash (Note 1 and 8)			696,573	696,573	14,383		14,383	710,956	1,063,435
Accounts receivable, net (Note 1)	272,311			272,311				272,311	303,301
Pledges receivable, net (Note 1 and 2)	1,244,311			1,244,311				1,244,311	1,400,411
Interfund receivable (payable)	(1,174,512)	(689)	165,276	(1,009,925)	1,194,638	(184,713)	1,009,925		
Prepaid expenses and inventory	685,060			685,060				685,060	490,224
<b>Total Current Assets</b>	<b>1,147,204</b>	<b>76,792</b>	<b>1,000,069</b>	<b>2,224,065</b>	<b>1,272,815</b>	<b>(184,713)</b>	<b>1,088,102</b>	<b>3,312,167</b>	<b>3,654,822</b>
Investments, long-term (Note 3)						10,860,588	10,860,588	10,860,588	11,174,995
Pledges receivable, long-term, net (Note 2)	612,982			612,982				612,982	12,693
Property and equipment, net of accumulated depreciation (Note 4)	307,211		4,399,856	4,707,067				4,707,067	3,550,699
Other long-term assets (Note 1)	512,965			512,965		56,927	56,927	569,892	534,791
<b>Total Assets</b>	<b>\$ 2,580,362</b>	<b>\$ 76,792</b>	<b>\$ 5,399,925</b>	<b>\$ 8,057,079</b>	<b>\$ 1,272,815</b>	<b>\$ 10,732,802</b>	<b>\$ 12,005,617</b>	<b>\$ 20,062,696</b>	<b>\$ 18,928,000</b>
<b>Liabilities and Net Assets</b>									
<b>Current Liabilities:</b>									
Deferred ticket revenue (Note 1)	\$ 2,679,673	\$ -	\$ -	\$ 2,679,673	\$ -	\$ -	\$ -	\$ 2,679,673	\$ 2,934,145
Accounts payable and accrued liabilities	1,230,114			1,230,114	17,039		17,039	1,247,153	1,041,364
Line of credit (Note 10)	1,900,000			1,900,000				1,900,000	2,000,000
<b>Total Current Liabilities</b>	<b>5,809,787</b>			<b>5,809,787</b>	<b>17,039</b>		<b>17,039</b>	<b>5,826,826</b>	<b>5,975,509</b>
Net assets-									
Without donor restrictions (Note 5)	(3,229,425)	76,792	5,399,925	2,247,292				2,247,292	1,082,358
With donor restrictions:									
Donor restricted fund (Note 6)					1,255,776	14,473	1,270,249	1,270,249	1,051,183
Endowment corpus (Note 6)						15,667,729	15,667,729	15,667,729	15,625,153
Endowment accumulated deficit (Note 7)						(4,949,400)	(4,949,400)	(4,949,400)	(4,806,203)
<b>Total Net Assets</b>	<b>(3,229,425)</b>	<b>76,792</b>	<b>5,399,925</b>	<b>2,247,292</b>	<b>1,255,776</b>	<b>10,732,802</b>	<b>11,988,578</b>	<b>14,235,870</b>	<b>12,952,491</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,580,362</b>	<b>\$ 76,792</b>	<b>\$ 5,399,925</b>	<b>\$ 8,057,079</b>	<b>\$ 1,272,815</b>	<b>\$ 10,732,802</b>	<b>\$ 12,005,617</b>	<b>\$ 20,062,696</b>	<b>\$ 18,928,000</b>

See accompanying notes.

SEATTLE REPERTORY THEATRE

**Consolidated Statement of Revenue and Expenses Without Donor Restrictions  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)**

	Theatre					
	Operating Fund	Board-Designated Fund	Capital Fund	Foundation	2019 Total	2018 Total
<b>Revenue</b>						
<b>Box Office Income:</b>						
Subscription revenue	\$ 3,233,407	\$ -	\$ -	\$ -	\$ 3,233,407	\$ 2,765,944
Single ticket revenue	2,948,376				2,948,376	1,970,463
Service fees	471,969		179,807		651,776	494,169
<b>Total Box Office Income</b>	<b>6,653,752</b>		<b>179,807</b>		<b>6,833,559</b>	<b>5,230,576</b>
<b>Other Earned Income:</b>						
Investment income, net	7,890	2,128	3,065		13,083	1,522
Bar and concessions, net of expenses of \$272,511 (2018 - \$179,652)	64,053				64,053	40,511
Production fees	150,240				150,240	467,941
Theatre rental, net of expenses of \$130,913 (2018 - \$100)	19,515				19,515	660
Royalty income		1,020,213			1,020,213	683,045
Miscellaneous	16,130				16,130	18,048
<b>Total Other Earned Income</b>	<b>257,828</b>	<b>1,022,341</b>	<b>3,065</b>		<b>1,283,234</b>	<b>1,211,727</b>
<b>Total Earned Income</b>	<b>6,911,580</b>	<b>1,022,341</b>	<b>182,872</b>		<b>8,116,793</b>	<b>6,442,303</b>
<b>Contributions:</b>						
Individual gifts	2,551,905	14,643	97,100		2,663,648	2,655,099
Individuals - release from restriction	175,501		668,592		844,093	391,693
Corporate	172,767				172,767	201,000
Corporate - release from restriction			151,235		151,235	21,000
In-kind gifts	138,381				138,381	131,679
ArtsFund	123,550				123,550	140,927
National Corporate Theatre Fund	38,400				38,400	34,000
NCTF - release from restriction	20,000				20,000	15,000
Foundations	531,101				531,101	455,508
Foundations - release from restriction	22,500		165,000		187,500	130,000
Government	212,435		10,000		222,435	165,434
Government - release from restriction			199,448		199,448	449,812
Fund raising events, net of expenses of \$348,904 (2018 - \$265,865)	922,288				922,288	735,069
Fund raising - release from restriction						28,250
Seattle Repertory Organization	35,115				35,115	29,935
<b>Total Contributions</b>	<b>4,943,943</b>	<b>14,643</b>	<b>1,291,375</b>		<b>6,249,961</b>	<b>5,584,406</b>
<b>Total Revenue</b>	<b>11,855,523</b>	<b>1,036,984</b>	<b>1,474,247</b>		<b>14,366,754</b>	<b>12,026,709</b>
<b>Expenses:</b>						
Artistic	2,969,876				2,969,876	2,509,167
Production	4,341,908		309,196		4,651,104	4,501,301
Marketing and communications	3,222,556		21,584		3,244,140	2,737,434
Development	1,190,172		130	(10,385)	1,179,917	807,713
Administration	1,647,939		43,297	38,655	1,729,891	1,595,292
<b>Total Expenses</b>	<b>13,372,451</b>		<b>374,207</b>	<b>28,270</b>	<b>13,774,928</b>	<b>12,150,907</b>
<b>Change in Net Assets Without Donor Restrictions Before Interfund Transfers</b>	<b>(1,516,928)</b>	<b>1,036,984</b>	<b>1,100,040</b>	<b>(28,270)</b>	<b>591,826</b>	<b>(124,198)</b>
<b>Interfund Transfers and Endowment Appropriation:</b>						
Endowment appropriation				573,108	573,108	925,618
Foundation transfer of support	550,000			(550,000)		
Board-designated transfer of support	1,020,213	(1,020,213)				
Operating transfer for interfund borrowing	(5,162)			5,162		
<b>Total Interfund Transfers</b>	<b>1,565,051</b>	<b>(1,020,213)</b>		<b>28,270</b>	<b>573,108</b>	<b>925,618</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>48,123</b>	<b>16,771</b>	<b>1,100,040</b>		<b>1,164,934</b>	<b>801,420</b>
<b>Net Assets Without Donor Restrictions:</b>						
Beginning of year	(3,277,548)	60,021	4,299,885		1,082,358	280,938
<b>End of Year</b>	<b>\$ (3,229,425)</b>	<b>\$ 76,792</b>	<b>\$ 5,399,925</b>	<b>\$ -</b>	<b>\$ 2,247,292</b>	<b>\$ 1,082,358</b>

See accompanying notes.

SEATTLE REPERTORY THEATRE

**Consolidated Statement of Changes in Net Assets  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)**

	Theatre			2019 Total	2018 Total
	All Other Funds	Donor Restricted Fund	Foundation		
<b>Net Assets Without Donor Restrictions</b>					
Total revenues	\$ 12,964,479	\$ -	\$ -	\$ 12,964,479	\$ 10,990,952
Net assets released from restriction	1,402,275			1,402,275	1,035,757
Total revenue	14,366,754			14,366,754	12,026,709
Total expenses	(13,746,658)		(28,270)	(13,774,928)	(12,150,907)
Endowment appropriation			573,108	573,108	925,618
Foundation transfer of support	550,000		(550,000)		
Operating transfer for interfund borrowing	(5,162)		5,162		
<b>Change in Net Assets Without Donor Restrictions</b>	<b>1,164,934</b>			<b>1,164,934</b>	<b>801,420</b>
<b>Net Assets With Donor Restrictions</b>					
Contributions-					
Individual gifts		1,359,726		1,359,726	606,339
Corporate		15,000		15,000	50,000
Foundations		106,000		106,000	46,264
Government		140,000		140,000	250,260
Total contributions		1,620,726		1,620,726	952,863
Investment return-					
Investment income, net			731,451	731,451	568,331
Investment income - Reinvested in- Foundation corpus			42,576	42,576	71,139
Unspent earnings					13,858
Unrealized (losses) gains			(300,925)	(300,925)	89,756
Total investment return			473,102	473,102	743,084
Total revenue		1,620,726	473,102	2,093,828	1,695,947
Endowment appropriation			(573,108)	(573,108)	(925,618)
Net assets released from restriction		(1,402,275)		(1,402,275)	(1,035,757)
<b>Change in Net Assets With Donor Restrictions</b>		<b>218,451</b>	<b>(100,006)</b>	<b>118,445</b>	<b>(265,428)</b>
<b>Total Change in Net Assets</b>	<b>1,164,934</b>	<b>218,451</b>	<b>(100,006)</b>	<b>1,283,379</b>	<b>535,992</b>
Net assets, beginning of year	1,082,358	1,037,325	10,832,808	12,952,491	12,416,499
<b>Net Assets, End of Year</b>	<b>\$ 2,247,292</b>	<b>\$ 1,255,776</b>	<b>\$ 10,732,802</b>	<b>\$ 14,235,870</b>	<b>\$ 12,952,491</b>

See accompanying notes.

SEATTLE REPERTORY THEATRE

**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2019**  
**(With Comparative Totals for 2018)**

	2019	2018
<b>Operating Activities:</b>		
Change in net assets	\$ 1,283,379	\$ 535,992
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Depreciation	474,832	438,146
Net gain on investments	(37,921)	(595,739)
Contributions restricted for capital assets	(107,100)	(816,131)
Investment income restricted for endowment	(42,576)	(71,139)
Cash provided (used) by changes in operating assets and liabilities:		
Accounts receivable	30,990	(91,207)
Pledges receivable	(870,379)	324,244
Prepaid expenses and inventory	(194,836)	(61,411)
Deferred ticket sales income	(254,472)	408,094
Accounts payable and accrued liabilities	159,789	(356,260)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>441,706</b>	<b>(285,411)</b>
<b>Investing Activities:</b>		
Purchase of investments	(725,812)	(3,095,697)
Proceeds from sale of investments	1,499,176	2,960,113
Net change in cash equivalents included in investments	(421,036)	110,365
Increase (decrease) in restricted cash	352,479	(156,988)
(Decrease) increase in cash reserves	(103,745)	80,505
Purchase of other long-term assets	(35,101)	(27,864)
Purchase of property and equipment	(1,585,200)	(418,494)
<b>Net Cash Used in Investing Activities</b>	<b>(1,019,239)</b>	<b>(548,060)</b>
<b>Financing Activities:</b>		
Collections on contributions restricted for capital assets	533,290	556,371
Collections on contributions restricted for endowment		48,894
Investment income restricted for endowment	42,576	71,139
Payments on line of credit, net	(100,000)	
<b>Net Cash Provided by Financing Activities</b>	<b>475,866</b>	<b>676,404</b>
<b>Net Change in Cash</b>	<b>(101,667)</b>	<b>(157,067)</b>
Cash, beginning of year	303,681	460,748
<b>Cash, End of Year</b>	<b>\$ 202,014</b>	<b>\$ 303,681</b>
<b>Supplementary Disclosure:</b>		
Cash paid for interest	\$ 132,629	\$ 112,294
Property and equipment in accounts payable	\$ 46,000	\$ -

See accompanying notes.



SEATTLE REPERTORY THEATRE

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)**

	Artistic	Production	Marketing and Communications	Development	Administration	2019 Total	2018 Total
<b>Operating Fund Expenses:</b>							
Payroll costs-							
Salaries	\$ 1,038,492	\$ 2,377,803	\$ 1,289,711	\$ 602,467	\$ 732,702	\$ 6,041,175	\$ 5,575,097
Benefits and taxes	341,348	599,656	342,048	148,139	144,012	1,575,203	1,498,612
Total payroll costs	1,379,840	2,977,459	1,631,759	750,606	876,714	7,616,378	7,073,709
Other expenses-							
Royalties	716,901					716,901	357,537
Co-production fees	7,500	505,695				513,195	317,603
Production materials		248,257				248,257	275,899
Artist housing	42,217	30,289				72,506	83,170
Travel, housing, meetings	408,042	77,589	50,221	77,951	36,418	650,221	610,885
Advertising	736		885,506	3,251	7,743	897,236	704,083
Printing, publications	4,627	307	116,312	19,189	944	141,379	115,246
Professional fees	400,579	3,027	139,335	165,370	276,322	984,633	938,412
Supplies and equipment	6,105	29,342	7,024	1,487	137,580	181,538	149,156
Postage and shipping	120	9,863	36,839	7,308	1,347	55,477	86,554
Facilities	3,209	422,667	133,824	5,666	128,105	693,471	649,790
Depreciation		36,911	5,117	258	16,464	58,750	47,417
Bank service charges, taxes, miscellaneous		502	216,619	159,086	166,302	542,509	357,438
Total other expenses	1,590,036	1,364,449	1,590,797	439,566	771,225	5,756,073	4,693,190
<b>Total Operating Fund Expenses</b>	<b>2,969,876</b>	<b>4,341,908</b>	<b>3,222,556</b>	<b>1,190,172</b>	<b>1,647,939</b>	<b>13,372,451</b>	<b>11,766,899</b>
<b>Capital Fund Expenses:</b>							
Travel, housing, meetings				125		125	
Facilities					(42,000)	(42,000)	(37,501)
Depreciation		309,196	21,584	5	85,297	416,082	390,729
<b>Total Capital Fund Expenses</b>		<b>309,196</b>	<b>21,584</b>	<b>130</b>	<b>43,297</b>	<b>374,207</b>	<b>353,228</b>
<b>Foundation Expenses:</b>							
Payroll costs-							
Salaries				5,693	23,923	29,616	28,139
Benefits and taxes				920	3,968	4,888	5,809
Total payroll costs				6,613	27,891	34,504	33,948
Travel, housing, meetings							
Printing, publications				52		52	56
Professional fees				475	10,764	11,239	11,050
Supplies and equipment				44		44	141
Bank service charges, taxes, miscellaneous				(17,569)		(17,569)	(14,415)
Total other expenses				(16,998)	10,764	(6,234)	(3,168)
<b>Total Foundation Expenses</b>				<b>(10,385)</b>	<b>38,655</b>	<b>28,270</b>	<b>30,780</b>
<b>Total Expenses</b>	<b>2,969,876</b>	<b>4,651,104</b>	<b>3,244,140</b>	<b>1,179,917</b>	<b>1,729,891</b>	<b>13,774,928</b>	<b>12,150,907</b>
Plus netted expenses-							
Bar and concessions			272,511			272,511	179,652
Theatre rental		130,913				130,913	100
Special event direct donor costs				348,904		348,904	265,865
<b>Total Functional Expenses</b>	<b>\$ 2,969,876</b>	<b>\$ 4,782,017</b>	<b>\$ 3,516,651</b>	<b>\$ 1,528,821</b>	<b>\$ 1,729,891</b>	<b>\$ 14,527,256</b>	<b>\$ 12,596,524</b>

See accompanying notes.

## SEATTLE REPERTORY THEATRE

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

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#### 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 56 years, the Theatre 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 in 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, 2019 (With Comparative Totals for 2018)

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#### 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 no valuation allowance for accounts receivable as of June 30, 2019. There was a \$12,473 valuation allowance for accounts receivable as of June 30, 2018. 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, 2019 and 2018 include \$512,965 and \$477,864, respectively, 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 \$16,450 and \$18,740 at June 30, 2019 and 2018, 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, 2019 (With Comparative Totals for 2018)

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#### 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.

Pledges receivable from one individual comprised 33% of total pledges receivable at June 30, 2019. There was no concentration of pledges receivable at June 30, 2018.

**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, 2019 and 2018, contributed services and materials totaled \$138,381 and \$131,679, 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 functional expenses. 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, 2019 and 2018, prepaid subscription campaign expenses were \$129,323 and \$96,461, respectively. Advertising expense for the years ending June 30, 2019 and 2018, was \$888,514 and \$703,106 respectively.

**Subsequent Events** - The Organization has evaluated subsequent events through November 14, 2019, the date on which the financial statements were available to be issued and no additional disclosures were required.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

**Note 2 - Pledges Receivable**

Pledges receivable at June 30 were as follows:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 1,270,499	\$ 1,482,718
Due in one to five years	<u>627,535</u>	<u>13,040</u>
	1,898,034	1,495,758
Present value discount (1.76% - 2019; 2.73% - 2018)	(14,553)	(347)
Allowance for doubtful accounts	<u>(26,188)</u>	<u>(82,307)</u>
	<u><u>\$ 1,857,293</u></u>	<u><u>\$ 1,413,104</u></u>

**Note 3 - Investments**

Investments consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Cash equivalents	\$ 231,068	\$ 66,390
Mutual funds-		
Fixed income	1,879,175	1,823,852
Equities - international	2,175,578	2,195,322
Equities - U.S. large cap	3,499,927	4,047,101
Equities - U.S. mid/small cap	992,606	962,832
Equities - U.S. other	<u>427,356</u>	<u>410,437</u>
Total mutual funds	8,974,642	9,439,544
Alternative funds-		
Real assets	527,163	570,814
Absolute Return Assets	674,441	683,130
Equity return assets	<u>453,274</u>	<u>415,117</u>
Total alternative funds	<u>1,654,878</u>	<u>1,669,061</u>
	<u><u>\$ 10,860,588</u></u>	<u><u>\$ 11,174,995</u></u>

## SEATTLE REPERTORY THEATRE

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

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#### 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, 2019 and 2018.

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:

	2019	2018
Interest and dividends, net of investment fees of \$49,806 (2018 - \$52,299)	\$ 448,264	\$ 148,867
Realized gain	338,846	505,983
Unrealized (loss) gain	(300,925)	89,756
	<u>\$ 486,185</u>	<u>\$ 744,606</u>

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

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**Note 4 - Property and Equipment**

Property and equipment at June 30 was as follows:

	<u>2019</u>	<u>2018</u>
Building and leasehold improvements	\$ 9,592,284	\$ 8,503,050
Equipment and furniture	<u>5,919,569</u>	<u>5,377,591</u>
	15,511,853	13,880,641
Accumulated depreciation	<u>(10,804,786)</u>	<u>(10,329,942)</u>
	<u><b>\$ 4,707,067</b></u>	<u><b>\$ 3,550,699</b></u>

**Note 5 - Board-Designated Net Assets**

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

	<u>2019</u>	<u>2018</u>
Operations reserve	\$ 50,734	\$ 36,090
Working capital reserves	12,851	12,852
Net realized/unrealized gains reserved for operations	<u>13,207</u>	<u>11,079</u>
	<u><b>\$ 76,792</b></u>	<u><b>\$ 60,021</b></u>

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

**Note 6 - Net Assets With Donor Restrictions**

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

	<u>2019</u>	<u>2018</u>
<b>Subject to the Passage of Time or Expenditure for Specified Purpose:</b>		
Campaign	\$ 798,841	\$ -
General support for future periods	453,923	135,513
Support for investment in capital assets	3,012	901,812
George & Carlyn Steiner Guest Artist Fund	14,473	13,858
	<u>1,270,249</u>	<u>1,051,183</u>
<b>Endowment Funds:</b>		
Original gifts and required retained earnings (corpus)-		
Theatre operations funds-		
General	4,810,947	4,827,616
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	109,109	106,658
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	1,600,131	1,562,995
The Stuart Smailes Signature Works Fund	109,850	109,850
Henry & Nancy Ketcham Foundation	50,000	50,000
George & Carlyn Steiner Guest Artist Fund	119,208	99,550
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	101,591
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
	<u>15,667,729</u>	<u>15,625,153</u>
Accumulated deficit	<u>(4,949,400)</u>	<u>(4,806,203)</u>
<b>Total Endowment Funds</b>	<u><b>10,718,329</b></u>	<u><b>10,818,950</b></u>
<b>Total Net Assets With Donor Restrictions</b>	<u><b>\$ 11,988,578</b></u>	<u><b>\$ 11,870,133</b></u>



## SEATTLE REPERTORY THEATRE

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

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#### 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, 2019 and 2018, the Theatre Board authorized the application of \$49,172 and \$45,205, respectively in shared expense receivables from the Foundation against the outstanding loan in lieu of a cash payment, leaving \$80,818 outstanding at June 30, 2019. 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, 2019 (With Comparative Totals for 2018)

#### Note 7 - Continued

As market returns allow, the Foundation has made advances of its operating support to the Theatre. An operating advance of \$200,000 on fiscal 2020 support was made during the year ended June 30, 2019. There were no operating advances during the year ended June 30, 2018 for fiscal year 2019 support.

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, 2019 and 2018, are as follows:

	Endowment Corpus	Accumulated Unspent Earnings	Accumulated Deficit	Total
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
<b>Endowment Net Assets, June 30, 2018</b>	<b>15,625,153</b>	<b>13,858</b>	<b>(4,806,203)</b>	<b>10,832,808</b>
Endowment investment return	42,576	615	429,911	473,102
Endowment related expenses			(28,270)	(28,270)
Foundation transfer of support			(550,000)	(550,000)
Operating transfer for interfund borrowing			5,162	5,162
<b>Endowment Net Assets, June 30, 2019</b>	<b>\$ 15,667,729</b>	<b>\$ 14,473</b>	<b>\$ (4,949,400)</b>	<b>\$ 10,732,802</b>

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 Theatre premises by September 30, 2018 along with other required milestones related to those capital projects.

On September 27, 2019, the Theatre received a letter from the City of Seattle confirming that the required capital renovation expenditures were met by the September 30, 2018 deadline.

## SEATTLE REPERTORY THEATRE

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

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#### Note 8 - Continued

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 \$696,573 and \$1,043,966 as of June 30, 2019 and 2018, 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 \$164,280 and \$151,600 for the years ending June 30, 2019 and 2018, 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, 2019 and 2018, 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 \$109,616 and \$107,764 during the years ended June 30, 2019 and 2018, 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 29, 2020. The line carries interest at the one-month LIBOR rate plus 1.6% (a total borrowing rate of 4.002% and 3.690% at June 30, 2019 and 2018, respectively). The outstanding balance at June 30, 2019 and 2018 was \$1.9 million and \$2 million, respectively. The line is secured by the investments held by the Foundation (at another bank).

#### 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.

SEATTLE REPERTORY THEATRE

Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

Note 11 - Continued

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,110,485	\$ 1,460,886
Accounts receivable, net, collected in less than one year	272,311	303,301
Pledges receivable, net, collected in less than one year	1,244,311	1,400,411
Investments	<u>10,860,588</u>	<u>11,174,995</u>
Total financial assets, excluding noncurrent receivables	13,487,695	14,339,593
Contractual or donor-imposed restrictions-		
Cash restricted by lessor and others to specific uses	(710,956)	(1,063,435)
Endowment fund investments	(10,860,588)	(11,174,995)
Add back amounts appropriated for following year less cash received prior to beginning of fiscal year	221,528	550,000
Other donor restrictions	(1,270,249)	(1,051,183)
Add back amounts available for donor-specified expenditures in following year, including investment in capital assets	1,255,776	1,019,812
Board designations-		
Operating reserves and other	<u>(76,792)</u>	<u>(60,021)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 2,046,414</u></b>	<b><u>\$ 2,559,771</u></b>

**SUPPLEMENTARY INFORMATION**

**SEATTLE REPERTORY THEATRE**

**Consolidating Schedule - Balance Sheet  
June 30, 2019  
(With Comparative Totals for 2018)**

	<u>Theatre</u>	<u>Foundation</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>Assets</b>				
<b>Current Assets:</b>				
Cash	\$ 202,014	\$ -	\$ 202,014	\$ 303,681
Cash reserves	197,515		197,515	93,770
Restricted cash	710,956		710,956	1,063,435
Accounts receivable, net of allowance for doubtful accounts \$0	272,311		272,311	303,301
Pledges receivable, net of allowance for doubtful accounts \$20,000	1,244,311		1,244,311	1,400,411
Interfund receivable (payable)	184,713	(184,713)		
Prepaid expenses and inventory	685,060		685,060	490,224
<b>Total Current Assets</b>	<b>3,496,880</b>	<b>(184,713)</b>	<b>3,312,167</b>	<b>3,654,822</b>
Investments, long-term		10,860,588	10,860,588	11,174,995
Pledges receivable, long-term, net of allowance for doubtful accounts (Theatre - \$0, Foundation - \$6,188) and present value discount (Theatre - \$14,553, Foundation - \$0)	612,982		612,982	12,693
Property and equipment, net of accumulated depreciation \$10,790,481 (Theatre) and \$14,305 (Foundation)	4,707,067		4,707,067	3,550,699
Other long-term assets	512,965	56,927	569,892	534,791
<b>Total Assets</b>	<b>\$ 9,329,894</b>	<b>\$ 10,732,802</b>	<b>\$ 20,062,696</b>	<b>\$ 18,928,000</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Deferred ticket revenue	\$ 2,679,673	\$ -	\$ 2,679,673	\$ 2,934,145
Accounts payable and accrued liabilities	1,247,153		1,247,153	1,041,364
Line of credit	1,900,000		1,900,000	2,000,000
<b>Total Current Liabilities</b>	<b>5,826,826</b>		<b>5,826,826</b>	<b>5,975,509</b>
<b>Net Assets:</b>				
Without donor restrictions	2,247,292		2,247,292	1,082,358
With donor restrictions-				
Donor restricted fund	1,255,776	14,473	1,270,249	1,051,183
Endowment corpus		15,667,729	15,667,729	15,625,153
Endowment accumulated deficit		(4,949,400)	(4,949,400)	(4,806,203)
<b>Total Net Assets</b>	<b>3,503,068</b>	<b>10,732,802</b>	<b>14,235,870</b>	<b>12,952,491</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,329,894</b>	<b>\$ 10,732,802</b>	<b>\$ 20,062,696</b>	<b>\$ 18,928,000</b>

See independent auditor's report.

SEATTLE REPERTORY THEATRE

**Consolidating Schedule - Statement of Changes in Net Assets  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)**

	Theatre	Foundation	2019 Total	2018 Total
<b>Revenue</b>				
<b>Earned Income:</b>				
Total box office income	\$ 6,833,559	\$ -	\$ 6,833,559	\$ 5,230,576
Total other earned income-				
Theatre, net of expenses of \$272,511	1,283,234	774,027	2,057,261	1,865,055
<b>Total Earned Income</b>	<b>8,116,793</b>	<b>774,027</b>	<b>8,890,820</b>	<b>7,095,631</b>
<b>Contributions:</b>				
Individual gifts	4,023,374		4,023,374	3,261,438
Individuals - release from restriction	844,093		844,093	391,693
Corporate	187,767		187,767	251,000
Corporate - release from restriction	151,235		151,235	21,000
In-kind gifts	138,381		138,381	131,679
ArtsFund	123,550		123,550	140,927
National Corporate Theatre Fund	38,400		38,400	34,000
NCTF - release from restriction	20,000		20,000	15,000
Foundations	637,101		637,101	501,772
Foundations - release from restriction	187,500		187,500	130,000
Government	362,435		362,435	415,694
Government - release from restriction	199,448		199,448	449,812
Fund raising events - net of expenses of \$348,904	922,288		922,288	735,069
Fund raising - release from restriction				28,250
Seattle Repertory Organization	35,115		35,115	29,935
<b>Total Contributions</b>	<b>7,870,687</b>		<b>7,870,687</b>	<b>6,537,269</b>
<b>Total Revenue</b>	<b>15,987,480</b>	<b>774,027</b>	<b>16,761,507</b>	<b>13,632,900</b>
<b>Expenses:</b>				
Artistic	2,969,876		2,969,876	2,509,167
Production	4,651,104		4,651,104	4,501,301
Marketing and communications	3,244,140		3,244,140	2,737,434
Development	1,190,302	(10,385)	1,179,917	807,713
Administration	1,691,236	38,655	1,729,891	1,595,292
<b>Total Expenses</b>	<b>13,746,658</b>	<b>28,270</b>	<b>13,774,928</b>	<b>12,150,907</b>
<b>Change in Net Assets Before</b>				
<b>Unrealized Losses and Transfers</b>	<b>2,240,822</b>	<b>745,757</b>	<b>2,986,579</b>	<b>1,481,993</b>
Unrealized (losses) gains on investments		(300,925)	(300,925)	89,756
Net assets released from restriction	(1,402,275)		(1,402,275)	(1,035,757)
Foundation transfer of support	550,000	(550,000)		
Operating transfer for interfund borrowing	(5,162)	5,162		
<b>Change in Net Assets</b>	<b>1,383,385</b>	<b>(100,006)</b>	<b>1,283,379</b>	<b>535,992</b>
<b>Net Assets:</b>				
Beginning of year	2,119,683	10,832,808	12,952,491	12,416,499
<b>End of Year</b>	<b>\$ 3,503,068</b>	<b>\$ 10,732,802</b>	<b>\$ 14,235,870</b>	<b>\$ 12,952,491</b>

See independent auditor's report.

SEATTLE REPERTORY THEATRE

**Consolidating Schedule - Statement of Cash Flows  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)**

	Theatre	Foundation	2019 Total	2018 Total
<b>Operating Activities:</b>				
Change in net assets	\$ 1,383,385	\$ (100,006)	\$ 1,283,379	\$ 535,992
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-				
Depreciation	474,832		474,832	438,146
Net gains on investments		(37,921)	(37,921)	(595,739)
Contributions restricted for capital assets	(107,100)		(107,100)	(816,131)
Investment income restricted for endowment		(42,576)	(42,576)	(71,139)
Cash provided (used) by changes in operating assets and liabilities:				
Accounts receivable	30,990		30,990	(91,207)
Pledges receivable	(870,379)		(870,379)	324,244
Prepaid expenses and inventory	(194,836)		(194,836)	(61,411)
Interfund receivable/payable	214,401	(214,401)		
Deferred ticket sales income	(254,472)		(254,472)	408,094
Accounts payable and accrued liabilities	159,789		159,789	(356,260)
<b>Net Cash Provided By (Used in) Operating Activities</b>	<b>836,610</b>	<b>(394,904)</b>	<b>441,706</b>	<b>(285,411)</b>
<b>Investing Activities:</b>				
Purchase of investments		(725,812)	(725,812)	(3,095,697)
Proceeds from sale of investments		1,499,176	1,499,176	2,960,113
Net change in cash equivalents included in investments		(421,036)	(421,036)	110,365
Increase (decrease) in restricted cash	352,479		352,479	(156,988)
(Decrease) increase in cash reserves	(103,745)		(103,745)	80,505
Purchase of other long-term assets	(35,101)		(35,101)	(27,864)
Purchase of property and equipment	(1,585,200)		(1,585,200)	(418,494)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(1,371,567)</b>	<b>352,328</b>	<b>(1,019,239)</b>	<b>(548,060)</b>
<b>Financing Activities:</b>				
Collections on contributions restricted for capital assets	533,290		533,290	556,371
Collections on contributions restricted for endowment				48,894
Investment income restricted for endowment		42,576	42,576	71,139
Payments on line of credit, net	(100,000)		(100,000)	
<b>Net Cash Provided by Financing Activities</b>	<b>433,290</b>	<b>42,576</b>	<b>475,866</b>	<b>676,404</b>
<b>Net Change in Cash</b>	<b>(101,667)</b>		<b>(101,667)</b>	<b>(157,067)</b>
Cash, beginning of year	303,681		303,681	460,748
<b>Cash, End of Year</b>	<b>\$ 202,014</b>	<b>\$ -</b>	<b>\$ 202,014</b>	<b>\$ 303,681</b>
<b>Supplementary Disclosure:</b>				
Cash paid for interest	\$ 132,629	\$ -	\$ 132,629	\$ 112,294
Property and equipment in accounts payable	\$ 46,000	\$ -	\$ 46,000	\$ -

See independent auditor's report.