

San Francisco Symphony

Financial Statements
and Supplemental Schedule

For the Year Ended August 31, 2015



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 27
Supplementary Information	
Schedule of Changes in Endowment Net Assets	28 - 29



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the San Francisco Symphony (the "Symphony"), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

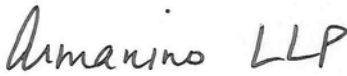
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Francisco Symphony as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the San Francisco Symphony's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 19, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional supplementary information on pages 28 - 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Armanino^{LLP}
San Ramon, California

January 27, 2016

SAN FRANCISCO SYMPHONY
Statement of Financial Position
August 31, 2015
(With Summarized Comparative Financial Information as of August 31, 2014)

ASSETS

	<u>2015</u>	<u>2014</u>
Cash	\$ 5,672,070	\$ 7,079,639
Marketable securities	322,234	196,043
Receivables		
Promises to give, net	9,528,195	8,334,815
Receivables under charitable remainder trusts	2,929,105	2,766,752
Prepaid expenses and other	9,882,976	10,173,341
Investments	276,160,873	289,129,867
Assets held in split interest agreements	5,515,510	6,121,690
Improvements, furniture, and equipment, net	<u>17,788,671</u>	<u>18,094,046</u>
 Total assets	 <u>\$ 327,799,634</u>	 <u>\$ 341,896,193</u>

LIABILITIES AND NET ASSETS

Accounts payable and other accrued liabilities	\$ 9,451,982	\$ 9,171,222
Line of credit	11,000,000	6,700,000
Advance ticket sales	12,297,407	12,718,555
Liabilities to beneficiaries of split interest agreements	2,518,689	2,731,922
Pension benefit liabilities	<u>25,167,333</u>	<u>15,257,323</u>
Total liabilities	<u>60,435,411</u>	<u>46,579,022</u>
 Net assets		
Unrestricted		
Accumulated operating deficit	(20,246,502)	(15,892,561)
Accumulated pension liability	(45,532,624)	(35,365,438)
Board designated endowment and other	<u>97,738,393</u>	<u>105,370,031</u>
Total unrestricted	31,959,267	54,112,032
Temporarily restricted	91,673,796	98,672,567
Permanently restricted	<u>143,731,160</u>	<u>142,532,572</u>
Total net assets	<u>267,364,223</u>	<u>295,317,171</u>
 Total liabilities and net assets	 <u>\$ 327,799,634</u>	 <u>\$ 341,896,193</u>

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

SAN FRANCISCO SYMPHONY
Statement of Activities
For the Year Ended August 31, 2015
(With Summarized Comparative Financial Information for the Year Ended August 31, 2014)

	2015						2014
	Operating	Unrestricted Other	Total	Temporarily Restricted	Permanently Restricted	Total	
Revenues							
Concert and related revenues	\$ 30,338,218	\$ -	\$ 30,338,218	\$ -	\$ -	\$ 30,338,218	\$ 29,661,049
SFS Media	238,735	-	238,735	-	-	238,735	259,474
Retail	1,304,200	-	1,304,200	-	-	1,304,200	1,213,011
Gifts, grants, and bequests	15,320,078	1,313,473	16,633,551	14,895,860	1,594,621	33,124,032	31,422,282
Volunteer Council	766,960	-	766,960	-	-	766,960	789,601
Investment income and net gains (losses)	10,285,525	(10,475,399)	(189,874)	(1,182,317)	(396,033)	(1,768,224)	39,335,542
Net assets released from restrictions	16,022,362	4,689,952	20,712,314	(20,712,314)	-	-	-
Other	112,895	-	112,895	-	-	112,895	171,943
Total revenues	<u>74,388,973</u>	<u>(4,471,974)</u>	<u>69,916,999</u>	<u>(6,998,771)</u>	<u>1,198,588</u>	<u>64,116,816</u>	<u>102,852,902</u>
Expenses							
Concert production	60,901,170	1,496,985	62,398,155	-	-	62,398,155	59,072,236
SFS Media	628,330	281,458	909,788	-	-	909,788	1,764,815
Retail	1,244,567	18,286	1,262,853	-	-	1,262,853	1,172,782
Education/youth projects	2,795,505	40,888	2,836,393	-	-	2,836,393	1,374,720
Volunteer Council	3,015,960	44,312	3,060,272	-	-	3,060,272	2,585,487
General and administrative	6,391,441	116,525	6,507,966	-	-	6,507,966	6,368,787
Development	3,765,941	1,161,210	4,927,151	-	-	4,927,151	5,217,217
Total expenses	<u>78,742,914</u>	<u>3,159,664</u>	<u>81,902,578</u>	<u>-</u>	<u>-</u>	<u>81,902,578</u>	<u>77,556,044</u>
Change in net assets before pension costs	<u>(4,353,941)</u>	<u>(7,631,638)</u>	<u>(11,985,579)</u>	<u>(6,998,771)</u>	<u>1,198,588</u>	<u>(17,785,762)</u>	<u>25,296,858</u>
Change in pension benefit liabilities	<u>(10,167,186)</u>	<u>-</u>	<u>(10,167,186)</u>	<u>-</u>	<u>-</u>	<u>(10,167,186)</u>	<u>(1,373,206)</u>
Change in net assets	(14,521,127)	(7,631,638)	(22,152,765)	(6,998,771)	1,198,588	(27,952,948)	23,923,652
Net assets - beginning of year	<u>(51,257,999)</u>	<u>105,370,031</u>	<u>54,112,032</u>	<u>98,672,567</u>	<u>142,532,572</u>	<u>295,317,171</u>	<u>271,393,519</u>
Net assets - end of year	<u>\$ (65,779,126)</u>	<u>\$ 97,738,393</u>	<u>\$ 31,959,267</u>	<u>\$ 91,673,796</u>	<u>\$ 143,731,160</u>	<u>\$ 267,364,223</u>	<u>\$ 295,317,171</u>

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

SAN FRANCISCO SYMPHONY
Statement of Cash Flows
For the Year Ended August 31, 2015
(With Summarized Comparative Financial Information for the Year Ended August 31, 2014)

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (27,952,948)	\$ 23,923,652
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	1,883,203	2,448,608
Net unrealized and realized losses (gains) on investments	7,260,665	(35,866,894)
Loss on disposal of improvements, furniture, and equipment	56,536	223,341
Contributions restricted for long-term purposes	(1,594,621)	(3,257,010)
Donated improvements, furniture, and equipment	(15,000)	-
Change in pension benefit liabilities	10,167,186	1,373,206
Change in operating assets and liabilities		
Receivables, net	(1,503,338)	3,555,995
Prepaid expenses and other	56,523	(2,933,956)
Accounts payable and other accrued liabilities	280,760	(541,273)
Advance ticket sales	(421,148)	(96,269)
Assets held in and liability to beneficiaries of split interest agreements	392,947	(330,638)
Net cash used in operating activities	(11,389,235)	(11,501,238)
Cash flows from investing activities		
Proceeds from sale of investments	73,220,670	57,239,669
Purchases of investments	(67,512,341)	(52,195,839)
Purchases of marketable securities	(126,191)	(51,217)
Acquisitions of improvements, furniture and equipment	(1,393,432)	(1,189,016)
Proceeds from sale of improvements, furniture and equipment	-	2,400
Payments to fund pension plan in excess of minimum requirement	(257,176)	(2,448,951)
Disbursements for loans to employees	(641,015)	(592,636)
Collection of payments on loans to employees	648,925	406,853
Net cash provided by investing activities	3,939,440	1,171,263
Cash flows from financing activities		
Receipt of contributions to permanently restricted net assets	1,742,226	8,271,404
Borrowing on line of credit	14,150,000	22,700,000
Paydown on line of credit	(9,850,000)	(18,300,000)
Net cash provided by financing activities	6,042,226	12,671,404
Net change in cash	(1,407,569)	2,341,429
Cash, beginning of year	7,079,639	4,738,210
Cash, end of year	\$ 5,672,070	\$ 7,079,639
<u>Supplemental disclosures of cash flow information</u>		
Non-cash investing and financing activities		
Donated improvements, furniture and equipment	\$ -	\$ 386,348

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

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

1. Organization and Summary of Significant Accounting Policies

Organization

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

The San Francisco Symphony sets the highest possible standard for excellence in musical performance at home and around the world; enriches, serves, and shapes cultural life throughout the spectrum of Bay Area communities; maintains financial stability, and gains public recognition as a means of ensuring its ability to fulfill its mission.

Basis of presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets, in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations.

- Board designated endowment net assets - Board designated endowment net assets represent unrestricted resources whose income have become available to support the Symphony's operations that the Board has designated to be held in the Symphony's endowment.
- Unrestricted net assets - Unrestricted net assets represent unrestricted resources available to support the Symphony's operations and temporarily restricted resources which have become available for use by the Symphony in accordance with the intentions of donors.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

- Temporarily restricted net assets - Temporarily restricted net assets represent contributions that are limited in use by the Symphony in accordance with donor imposed stipulations. These restrictions may expire with time or may be satisfied by the actions of the Symphony according to the terms of the donor stipulation. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and reported as unrestricted net assets. In accordance with the California Uniform Prudent Management of Institutional Funds Act of 2008 ("UPMIFA"), temporarily restricted net assets also include the income from donor-restricted endowment funds that are not classified as permanently restricted net assets and that have not been appropriated for expenditure by the Board of Governors (the "Board").
- Permanently restricted net assets - Permanently restricted net assets represent contributions to be held in perpetuity as directed by the donor. The income from these contributions is available to support activities of the Symphony as directed by the donors. The realized and unrealized gains on certain permanently restricted contributions are required to be reinvested, as directed by the donors.

Cash

Cash consists of demand deposits.

Marketable securities

Marketable securities, which are stated at fair value, represent the Symphony's balances that are available for operations and consist of investments in money market funds as of August 31, 2015.

Promises to give

Promises to give are recorded when deemed unconditional. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free rates adjusted for potential credit risk applicable in the years in which those promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not recorded as revenue until the conditions are substantially met. The Symphony continually monitors donor's credit worthiness and recognizes allowances for estimated bad debts on donor accounts that are no longer estimated to be collectible.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Receivables under charitable remainder trusts

Assets contributed by donors under charitable remainder trust agreements and controlled by third parties are recognized at the present value of the estimated future distributions to be received by the Symphony over the term of the agreement.

Prepaid expenses and other

Prepaid expenses consist primarily of prepaid marketing and Gala expenses. Such amounts are deferred and amortized as expenses in the period benefited.

Other assets include loans to employees, other general receivables, inventory and master recordings used to produce CD's and DVD's. The master recordings are amortized over the estimated life of the recorded performance.

Investments

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

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

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Investments (continued)

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

Investment income is reported net of custodial and investment advisory fees of \$464,822 for the year ended August 31, 2015.

Fair value measurements

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

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

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The Symphony's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Assets held in split interest agreements

Included in assets held in split interest agreements are charitable remainder trusts, pooled income funds and gift annuities controlled by the Symphony. Assets held in split interest agreements are recognized at fair value when irrevocable trusts naming the Symphony as irrevocable remainderman are executed with a corresponding liability to beneficiaries of split interest agreements. Such liability is calculated as the present value of the estimated future cash flows to be distributed to the income beneficiaries over their expected lives. The Symphony has determined such liability using investment returns consistent with the composition of investment portfolios, single or joint life expectancies from certain mortality tables for the year ended August 31, 2015 and a discount rate of 4.25%. Upon initial recognition of the agreements, contributed income (the difference between assets held in split interest agreements and liabilities to beneficiaries of split interest agreements) is recognized as temporarily restricted net assets. In subsequent periods, income from changes in value of the split interest agreements is recognized as temporarily restricted contributed income in the statement of activities.

Improvements, furniture, and equipment

Improvements, furniture, and equipment (including computers) of at least \$5,000 are capitalized and stated at cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets which range from three to thirty years. Musical instruments and artwork are not depreciated as their estimated useful lives are extraordinarily long. Contributed equipment is recorded at fair value at the date of donation. The Symphony does not imply time restrictions on the use of contributed long-lived assets received without explicit donor stipulations concerning how long the contributed assets must be used.

The carrying amount of all long-lived assets is evaluated periodically to determine if reductions to the carrying amount or adjustments to the useful lives of the undepreciated balances are warranted.

Advance ticket sales

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

Revenue recognition

Contributions are recognized as revenue when they are received or unconditionally promised. The Symphony reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Transfers of assets with a conditional promise to contribute are accounted for as a refundable advance and are included in accounts payable and other accrued liabilities until the conditions have been substantially met or have been explicitly waived by the donor. At August 31, 2015, such amounts totaled \$5,000,000 (See Note 2).

Contributed services

The Symphony recognizes contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would need to be purchased if not donated.

Joint activities

Costs of joint activities that are identifiable with a particular function are charged to that function and joint costs are allocated between development and the appropriate program or general and administrative function. Of the total joint costs incurred of \$3,243,787 for the year ended August 31, 2015, \$2,377,796 has been allocated to program; \$535,203 to development; and \$330,788 to general and administrative.

Fundraising expenses are reflected in the statement of activities as volunteer council and development expenses. For the year ended August 31, 2015 these expenses totaled \$7,987,423.

Income taxes

The Symphony has received rulings from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and from the State of California Franchise Tax Board granting exemption from income taxation.

The Symphony has evaluated its current tax positions on unrelated business income and has concluded that as of August 31, 2015, the Symphony does not have any significant uncertain tax positions for which a reserve would be necessary. For state tax purposes, the Symphony is generally no longer subject to tax examinations for years prior to 2011. For federal tax purposes, the Symphony is no longer subject to tax examinations for years prior to 2012.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Functional expense allocation

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

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations

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

As of August 31, 2015, approximately 70% of the Symphony's employees were covered by collective bargaining agreements. The collective bargaining agreement with the American Guild of Musical Artists covering San Francisco chorus members expires July 31, 2016. The Theatrical Employees Union, Local B-18, of the International Alliance of Theatrical Stage Employees, Moving Picture Machine Operators of the United States and Canada, covering ticket service employees and ushers, expires on May 31, 2016 and the collective bargaining agreement with the Local 6, American Federation of Musicians covering the musicians of the San Francisco Symphony expires on November 24, 2018. The collective bargaining agreement with the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, Local 16, covering stage employees, and Local 784 covering wardrobe employees expires on October 31, 2017 and December 31, 2017, respectively.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Subsequent events

The Symphony has evaluated events through January 27, 2016, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the Symphony's financial statements.

Comparative totals

The financial statements include certain 2014 summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Symphony's financial statements as of and for the year ended August 31, 2014, from which the summarized information was derived.

2. Promises to Give

Promises to give at August 31, 2015 are as follows:

Receivable in	
Less than one year	\$4,949,412
One to five years	2,652,617
More than five years	2,130,256
Discount	<u>(114,090)</u>
Total	9,618,195
Less allowance for uncollectible pledges	<u>(90,000)</u>
Total	<u>\$9,528,195</u>

Included in promises to give as of August 31, 2015 is \$2,010,004 from one donor and \$2,931,466 from five donors.

In March 2006, the Symphony received a conditional \$10,000,000 unrestricted challenge pledge that is held in a Board designated endowment fund. The Symphony received the payment of the pledge in full prior to August 31, 2015 and has recognized \$5,000,000 as of August 31, 2015 as revenue by obtaining qualifying matching pledges. The unearned portion of this conditional challenge pledge is included in accounts payable and other accrued liabilities as of August 31, 2015 (see Note 1).

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

3. Fair Value Measurements

Financial assets and liabilities at August 31, 2015 are classified by levels within the fair value hierarchy as follows:

<u>Item</u>	Level 1: Quoted Prices in Active Markets For Identical <u>Assets</u>	Level 2: Significant Other Observable <u>Inputs</u>	Level 3: Significant Unobservable <u>Inputs</u>	<u>Total at August 31, 2015</u>
Cash and cash equivalents	\$ 3,483,530	\$ -	\$ -	\$ 3,483,530
Fixed income	25,128,092	16,689,949	-	41,818,041
Domestic equity	97,320,804	-	-	97,320,804
International equity	66,448,657	12,315,086	-	78,763,743
Venture capital	-	-	9,369,111	9,369,111
Real estate	-	-	23,660,777	23,660,777
Hedge funds	-	-	21,744,867	21,744,867
Receivables under charitable remainder trusts	-	-	2,929,105	2,929,105
Assets held in split interest agreements	<u>5,515,510</u>	<u>-</u>	<u>-</u>	<u>5,515,510</u>
Total	<u>\$197,896,593</u>	<u>\$29,005,035</u>	<u>\$57,703,860</u>	<u>\$284,605,488</u>
Liabilities to beneficiaries of split interest agreements			<u>\$(2,518,689)</u>	<u>\$ (2,518,689)</u>

Financial assets totaling \$2,162,398 were transferred out of Level 2 and into Level 1 during the year ended August 31, 2015 due to changes in the underlying holdings of these assets.

The Symphony uses net asset value per share (NAVS) to determine the fair value of all the underlying investments that (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments at NAVS by investment strategy as of August 31, 2015.

<u>Strategy</u>	<u>NAVS in Funds</u>	<u># of funds</u>	<u>Remaining life</u>	<u>\$ Amount of Unfunded Commitments</u>	<u>Redemption Term</u>	<u>Redemption Restrictions</u>
International Equity	\$12,315,086	1	N/A	-	Monthly	Last business day preceding the 16 th day of every month and the last business day of every month, with at least 10 business days prior written notice
Fixed Income	\$16,689,949	2	N/A	-	Daily at NAVS	N/A

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

3. Fair Value Measurements (continued)

Changes in the fair value of the Symphony's Level 3 assets and liabilities for the year ended August 31, 2015:

	<u>Venture Capital</u>	<u>Real Estate</u>	<u>Hedge Funds</u>	<u>Receivables Under Charitable Remainder Trusts</u>	<u>Liabilities to Beneficiaries of Split Interest Agreements</u>	<u>Total</u>
Balance, September 1, 2014	\$8,231,367	\$20,826,420	\$21,826,944	\$2,766,752	\$(2,731,922)	\$50,919,561
Purchase, issuances and settlements, net	1,550,000	2,398,887	91,536	-	-	4,040,423
Sales proceeds	(3,233,945)	(605,709)	(302,572)	-	-	(4,142,226)
Realized and unrealized gains, net	2,821,689	1,041,179	128,959	-	-	3,991,827
Change in value	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,353</u>	<u>213,233</u>	<u>375,586</u>
Balance at August 31, 2015	<u>\$9,369,111</u>	<u>\$23,660,777</u>	<u>\$21,744,867</u>	<u>\$2,929,105</u>	<u>\$(2,518,689)</u>	<u>\$55,185,171</u>
Total gains for the period included in the change in unrestricted net assets attributable to the change in unrealized gains or losses for assets held at the end of the reporting period	<u>\$2,789,995</u>	<u>\$1,080,415</u>	<u>\$328,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,198,871</u>

4. Improvements, Furniture, and Equipment

Improvements, furniture, and equipment at August 31, 2015 are as follows:

Davies Symphony Hall renovations	\$11,031,479
Furniture and equipment	2,521,728
Computer equipment and software	3,272,368
Leasehold improvements	7,911,093
Musical instruments and artwork	10,476,477
Work in progress	<u>230,552</u>
Total	35,443,697
Accumulated depreciation and amortization	<u>(17,655,026)</u>
Improvements, furniture, and equipment, net	<u>\$17,788,671</u>

Depreciation and amortization expense for the year ended August 31, 2015 was \$1,883,203.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

5. Line of Credit

During 2015, the Symphony maintained a revolving secured line of credit in the amount of \$15,000,000 which was increased from \$12,000,000 effective July 7, 2015. The line of credit is secured with a first priority security interest in specific board designated assets maintained in the Symphony's Securities Account with a financial institution. As of August 31, 2015, interest on the line was at one-quarter percent (0.25%) above the Daily One Month LIBOR rate in effect, rounded upwards to one-eighth of a percent (0.45%). As of August 31, 2015, the Symphony's outstanding balance amounted to \$11,000,000. Interest expense incurred for the year ended August 31, 2015 was \$44,710.

Under the terms of the line of credit agreement, the Symphony is required to comply with a certain reporting covenant. At August 31, 2015, the Symphony is in compliance with that covenant..

6. Endowment

The Symphony's endowment consists of 106 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

6. Endowment (continued)

Interpretation of relevant law

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

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

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Symphony to retain as a fund of perpetual duration. There were no such deficiencies at August 31, 2015.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

6. Endowment (continued)

Return objectives and risk parameters

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

Strategies employed for achieving investment objectives

To achieve its long-term rate of return objectives, the Board has adopted the total return approach to managing the endowment. The investments will be diversified both by asset class and within asset class and shall include public equity funds, fixed income funds and alternative investment funds. The public equity and alternative investment funds together should normally represent 80% of the endowment's market value and fixed income funds should normally represent 20% of the endowment's market value. The Board may, at its discretion, change the allocations of the funds in order to achieve its long-term objectives.

Relationship of spending policy to investment objectives

The Symphony's investment policy establishes the long-term objective of its endowment funds to return an annual inflation-adjusted return of 6% net of all investment and management fees, over the long-term. For the year ended August 31, 2015, the annual distribution based on the spending policy was calculated using a hybrid approach that includes 70% of the prior fiscal year's calculated draw, adjusted for the prior year's inflation rate plus 1.5%, with the remaining 30% based on the trailing 20-quarter average market value for the period ending February 28 prior to the start of each fiscal year, multiplied by 5.5%. Collars have been set at a minimum of 3.5% and a maximum of 6.5% of the February 28 ending market value. The inflation factor used in this formula will be based on the Core CPI Index for All Urban Consumers for the year ending February 28 preceding the draw formula.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

6. Endowment (continued)

Relationship of spending policy to investment objectives (continued)

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

Endowment net assets

Endowment net asset composition by type of fund as of August 31, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$78,857,327	\$143,731,160	\$222,588,487
Board designated endowment funds	<u>74,826,519</u>	<u>-</u>	<u>-</u>	<u>74,826,519</u>
Total endowment funds	<u>\$74,826,519</u>	<u>\$78,857,327</u>	<u>\$143,731,160</u>	<u>\$297,415,006</u>

Changes in endowment net assets for the year ended August 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$82,315,357	\$87,372,614	\$142,532,572	\$312,220,543
Investment return				
Investment income, net of fees	1,606,905	3,924,455	-	5,531,360
Net appreciation (depreciation) (realized and unrealized)	<u>(1,757,860)</u>	<u>(5,106,772)</u>	<u>(396,033)</u>	<u>(7,260,665)</u>
Total investment return	(150,955)	(1,182,317)	(396,033)	(1,729,305)
Contributions	1,298,473	(27,149)	1,594,621	2,865,945
Distribution of investment income	(6,791,801)	(6,480,480)	-	(13,272,281)
Appropriation of endowment assets for expenditure	<u>(1,844,555)</u>	<u>(825,341)</u>	<u>-</u>	<u>(2,669,896)</u>
Endowment net assets, end of year	<u>\$74,826,519</u>	<u>\$78,857,327</u>	<u>\$143,731,160</u>	<u>\$297,415,006</u>

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

7. Restricted Net Assets and Net Assets Released from Restrictions

Temporarily restricted and permanently restricted net assets as of August 31, 2015 are available for the following purposes or periods:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Orchestra and artist compensation	\$ 4,825,121	\$ 31,438,946
Youth orchestra and education	12,516,666	31,386,409
Production and general activities	14,457,417	76,860,023
Remainder trusts	1,389,762	-
Community engagement	907,256	3,900,001
Improvements, furniture and equipment	5,045,623	-
Endowment funds not appropriated for expenditure	41,745,530	-
For subsequent periods	<u>10,786,421</u>	<u>145,781</u>
Total	<u>\$91,673,796</u>	<u>\$143,731,160</u>

Net assets were released from restrictions for the year ended August 31, 2015 as follows:

Orchestra and artist compensation	\$ 797,409
Youth orchestra and education	6,543,269
Production costs and general activities	7,227,963
Time restrictions satisfied	1,272,630
Fund-raising events	2,503,218
Property, plant and equipment	1,713,556
Community engagement	<u>654,269</u>
Total	<u>\$20,712,314</u>

8. Contributed Goods and Services

The Symphony recognizes contributed revenue and a related expense for certain contributed services at the fair value of those services. During the fiscal year ended August 31, 2015 contributed services recognized in the accompanying financial statements and included in contributed revenue was \$36,478 and consisted primarily of legal and consulting services, which are included in general and administrative activities. The Symphony receives many additional hours of donated services from volunteers in various capacities, which are not reflected in the accompanying financial statements, as the criteria for recognition are not met.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

8. Contributed Goods and Services (continued)

The Symphony also recognizes as revenue in-kind contributions of food, improvements, furniture and equipment and other goods at the estimated fair value at the date of donation. The estimated value of such contributions received and recognized in the statement of activities was \$738,704 for the year ended August 31, 2015.

9. Related Party Transactions

During the year ended August 31, 2015, the Symphony invested \$250,000 in a venture capital partnership which invested in a fund that had a Board member as a General Partner. The Board member left the board during the year.

10. Defined Benefit Retirement Plans

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

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

Administrative Plan - On March 31, 2010, the Administrative Defined Benefit Retirement Plan was frozen and the Symphony instituted a discretionary base contribution on behalf of the employees participating in the frozen plan in its defined contribution plan (Note 11).

Prior to that date, substantially all administrative employees who worked 1,000 or more hours per year and had one or more years of service were included in this plan. For covered participants prior to March 31, 2010, the plan provides an annual pension at age 65 equal to 1.5% of the employee's highest 60-month average salary per year of service. Actuarially reduced pensions are available upon early retirement at age 55 or later. Benefits vest after the completion of five years of service. Subject to certain conditions, the plan provides supplemental spousal benefits.

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

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

10. Defined Benefit Retirement Plans (continued)

The following sets forth the funded status of the plans as of August 31, 2015:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Plan assets at fair value	\$ 63,135,690	\$15,322,712
Accumulated benefit obligation	<u>(84,885,119)</u>	<u>(18,740,616)</u>
Funded status recognized in the statement of financial position	<u>\$(21,749,429)</u>	<u>\$(3,417,904)</u>

Included in unrestricted net assets at August 31, 2015, are the following amounts that have not yet been recognized in net periodic benefit cost for the Orchestra Plan and the Administrative Plan: net actuarial loss of \$31,636,061 and \$5,373,860, respectively, and net prior service cost of \$8,547,076 and \$0, respectively. The prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic pension cost during the fiscal year ended August 31, 2016 are \$1,111,916 and \$1,863,827, respectively, for the Orchestra Plan, and \$0 and \$365,889, respectively, for the Administrative Plan.

The following table for the year ended August 31, 2015 provides components of the net periodic pension benefit cost for the plans:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Service cost	\$1,333,923	\$ 110,000
Interest cost	3,014,389	707,928
Expected return on plan assets	(4,271,541)	(1,035,751)
Prior service amortization	829,589	-
Recognized net actuarial loss	<u>1,956,693</u>	<u>378,316</u>
Total net periodic benefit cost	<u>\$2,863,053</u>	<u>\$ 160,493</u>

Assumptions - Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the year ended August 31, 2015 were as follows:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Discount rate - net periodic benefit cost	4.25%	4.25%
Expected long-term rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	-	-
Discount rate - benefit obligation	4.25%	4.25%

The overall expected long-term rate of return on plan assets is determined by the plans' historical long-term investment performance, current asset allocation and estimate of future long-term return rates.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

10. Defined Benefit Retirement Plans (continued)

Plan assets - Weighted-average asset allocation of the Symphony's pension plans at August 31, 2015 was as follows:

	<u>Policy Allocation Target</u>	<u>Allocation of Plan Assets At August 31, 2015</u>
Orchestra Plan		
Asset classes		
Equities	62.0%	61.3%
Absolute return	20.0%	19.3%
Fixed income	10.0%	10.8%
Real estate	8.0%	7.0%
Cash	0.0%	1.6%
 Administrative Plan		
Asset classes		
Equities	62.0%	63.3%
Absolute return	15.0%	13.8%
Fixed income	9.0%	10.4%
Real estate	10.0%	8.6%
Cash	4.0%	3.9%

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

Benefits paid

The following benefits were paid during the year ended August 31, 2015:

	<u>Orchestra Plan</u>	<u>Administrative Plan</u>
Benefits paid	\$2,385,244	\$604,723

Cash flows

Contributions - During the year ended August 31, 2015, the Symphony contributed \$2,840,348 and \$464,747 to the Orchestra Plan and the Administrative Plan, respectively.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

10. Defined Benefit Retirement Plans (continued)

Cash flows (continued)

Based on the Symphony's forecast at August 31, 2015, the Symphony expects to contribute \$3,398,880 and \$162,232 to the Orchestra Plan and the Administrative Plan, respectively, by August 31, 2016.

Estimated Future Benefit Payments - The Symphony anticipates future benefit payments, which reflect future service, to be paid from the pension plans as follows:

<u>Fiscal Years Ending</u>	<u>Orchestra Plan Pension Benefits (in millions)</u>	<u>Administrative Plan Pension Benefits (in millions)</u>
2016	\$3.2	\$0.6
2017	3.7	0.7
2018	4.0	0.8
2019	4.5	0.8
2020	4.7	0.9
2021-2025	25.9	5.4

Retirement plans - multiemployer

The Symphony has contracted to make payments to multiemployer retirement plans for employees covered by various collective bargaining agreements. Contributions to such plans range from 7.7% to 10.9% of the employee's compensation and were \$620,107 for the year ended August 31, 2015.

The Symphony is a participating employer in various trustee-managed multiemployer defined benefit pension plans for employees who participate in collective bargaining agreements. The plans generally provide retirement benefits to employees based on years of service to participating employers. The multiemployer pension plans are each managed by a board of trustees. The Symphony is represented on the Board of Trustees of one multiemployer defined benefit pension plan. Contributions of \$620,107 in the year ending August 31, 2015 were charged to pension expense for ongoing participation in these plans.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

10. Defined Benefit Retirement Plans (continued)

Retirement plans - multiemployer (continued)

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

The following schedule presents information about the Symphony's multiemployer pension plans as of August 31, 2015, and the years ended August 31, 2015 and 2014:

Name of Pension Plan/Fund	EIN and Plan Number	Pension Protection Act Zone Status		Contributions for the Year Ended August 31		Expiration of Collective Bargaining Agreement
		Applicable Year	FIP/RP Status	2015	Surcharge Imposed	
American Federation of Musicians & Employers' Pension Fund	51-6120204 001	Red 3/31/15	Imple- mented	\$408,130	Yes	11/24/2018
I.A.T.S.E. Local 16 Pension Plan	94-6296420 001	Red 12/31/14	Imple- mented	\$207,432	Yes	10/31/2017

American Federation of Musicians & Employers' Pension Fund ("AFM Pension Fund") - The Symphony makes contributions to the AFM Pension Fund on behalf of employees who are members of American Federation of Musicians who meet certain conditions. The Fund was certified "red zone" status as of the most recent Fund reporting date. According to the most recently available Annual Funding Notice, as of April 1, 2014, the funded percentage was 85.7%; the Actuarial Value of Assets was \$2,105,953,369; and the Actuarial Value of Liabilities was \$2,457,710,230. The Symphony did not contribute more than 5% of total Fund contributions.

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

10. Defined Benefit Retirement Plans (continued)

Retirement plans - multiemployer (continued)

I.A.T.S.E. Local 16 Pension Plan - The Symphony makes contributions to the I.A.T.S.E. Local 16 Pension Plan on behalf of employees who are members of the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, Local 16. The Fund was certified "red zone" status as of the most recent Fund reporting date. According to the most recently available Annual Funding Notice, as of January 1, 2014, the funded percentage was 78.5%; the Actuarial Value of Assets was \$172,836,846; and the Actuarial Value of Liabilities was \$220,087,119. The Symphony did not contribute more than 5% of total Fund contributions.

11. Defined Contribution Plan

The Symphony participates in a defined contribution plan (the "Plan") covering substantially all Symphony employees. The Plan provides for discretionary contributions to be made by both orchestra and administrative participants. The Plan also provides for discretionary contributions to be made by the Symphony on behalf of administrative participants. Participants are fully vested upon entering the Plan.

The Symphony's matching contributions to participants' accounts begin after the participant has completed two years of service. The Symphony's matching contributions for the year ended August 31, 2015 were \$219,003.

The Symphony's base contributions to participants' accounts begin after the participant has completed one year of service. The Symphony's base contributions for the year ended August 31, 2015 were \$306,190. Participants are fully vested in the base contribution after five years.

12. Commitments and Contingencies

The Symphony leases facilities and equipment under noncancelable operating leases, subject to various escalation clauses, expiring through the fiscal year ending August 31, 2020. In addition, the Symphony leases the Louise M. Davies Symphony Hall. Lease arrangements for the auditorium and office space in the hall are negotiated on a periodic basis. The Symphony retains in perpetuity the right to lease space in Davies Symphony Hall at terms to be determined as long as the Orchestra continues to perform in San Francisco. Minimum future rental payments on leases and other operating contracts for the next five years as of August 31, 2015 are as follows:

SAN FRANCISCO SYMPHONY
Notes to Financial Statements
August 31, 2015

12. Commitments and Contingencies (continued)

<u>Years Ending August 31,</u>	
2016	\$ 4,554,585
2017	4,195,075
2018	4,230,724
2019	4,267,183
2020	<u>1,467,185</u>
Total	<u>\$18,714,752</u>

Rent expense was \$1,866,399 for the year ended August 31, 2015.

The Symphony has commitments under partnership and limited liability company agreements to make future capital contributions of \$12,222,260.

Occasionally, the Symphony is involved in legal actions arising from normal business activities. Management, upon advice of legal counsel handling such actions, believes that the ultimate resolution of any such actions will not have a material adverse effect on the Symphony's financial position or its changes in net assets.

SUPPLEMENTARY INFORMATION

SAN FRANCISCO SYMPHONY
Schedule of Changes in Endowment Net Assets
For the Year Ended August 31, 2015

Funds Held in Trust	Net Assets September 1, 2014	Contributions	Investment Return	Appropriation of Endowment Assets for Expenditure	Distribution of Investment Income	Net Assets August 31, 2015
San Francisco Symphony Endowment Fund	\$ 72,066,222	\$ 113,971	\$ (161,610)	\$ (865,987)	\$ (5,414,201)	\$ 65,738,395
The Edmund W. and Jeannik Mequet Littlefield Fund	22,399,882	-	(17,557)	-	(786,572)	21,595,753
Phyllis C. Wattis Endowment Fund	18,477,885	-	(472,854)	-	(682,616)	17,322,415
Louise M. Davies Guest Conductor Fund	17,062,919	100,000	(39,598)	-	-	17,123,321
Phyllis C. Wattis Fund for New Works of Music	17,343,411	-	(481,128)	-	(84,476)	16,777,807
Phyllis C. Wattis Fund for Guest Artists	15,571,676	-	(431,978)	-	(578,465)	14,561,233
Adventures in Music Fund	11,441,049	800,000	(29,116)	(89,201)	(346,389)	11,776,343
PLANNED GIVING - PERMANENT FUND	11,266,921	(41,382)	36,765	-	-	11,262,304
Osgood Hooker Permanent Endowment Fund	7,676,942	-	(4,051)	-	(316,838)	7,356,053
Ford Foundation Fund	7,767,682	-	(13,284)	(99,816)	(608,773)	7,045,809
The Hewlett Foundation Fund for Education	6,580,353	-	(14,772)	-	(288,993)	6,276,588
William and Sakurako Fisher Fund for Adventures in Music	6,064,868	-	(13,615)	-	(162,562)	5,888,691
Jacqueline Hoefer Fund for Artistic Excellence	5,390,848	-	(3,391)	-	(209,339)	5,178,118
The Barbro and Bernard Osher Fund for Staged Productions	5,182,020	-	(11,633)	(315,790)	(248,287)	4,606,310
Naoum Blinder Concertmaster's Chair Fund	4,749,494	-	(2,476)	-	(196,738)	4,550,280
San Francisco Symphony Heritage Fund	3,924,904	1,244,372	47,643	(730,513)	-	4,486,406
The Richard and Rhoda Goldman Section String Fund	4,563,551	-	(19,029)	(58,643)	(357,657)	4,128,222
William Randolph Hearst Endowment	3,960,578	-	(3,313)	-	(156,285)	3,800,980
Phyllis C. Wattis Youth Symphony Fund	3,555,275	-	(98,628)	-	(36,590)	3,420,057
Jean and Bill Lane Chair Fund	3,301,693	-	(1,979)	-	(130,583)	3,169,131
The Ann L. and Charles B. Johnson Fund	3,121,287	-	(1,793)	-	(125,304)	2,994,190
Wallace Endowment Fund	2,386,107	-	(5,357)	-	(117,201)	2,263,549
San Francisco Symphony Education Fund	2,372,765	-	(5,304)	-	(106,619)	2,260,842
Penelope Clark Second Century Chair Fund	1,748,555	497,288	1,380	-	(37,219)	2,210,004
Helen and Charles Schwab Fund	2,403,878	-	(4,111)	(30,890)	(188,397)	2,180,480
San Francisco Symphony Youth Orchestra Fund	1,904,567	-	189,033	-	(24,407)	2,069,193
Paul L. & Phyllis Wattis Endowment for the Youth Orchestra Conductor	2,068,369	-	(4,644)	-	(91,721)	1,972,004
James David Zellerbach Foundation	2,056,249	-	(1,087)	-	(84,811)	1,970,351
Paul L. & Phyllis Wattis Endowment for New Music	1,988,065	-	(4,463)	-	(92,396)	1,891,206
Robert L. Samter Principal Trombone Chair Fund	1,846,098	-	(965)	-	(76,402)	1,768,731
Agnes Albert Youth Music Education Fund	1,619,645	-	(3,636)	-	(72,414)	1,543,595
Marcia and John Goldman Timpani Chair Fund	1,691,017	-	(2,892)	(21,730)	(132,531)	1,533,864
Drs. Ben and Jess A. Shenson Young Artists Debut Fund	1,564,334	-	(3,512)	-	(58,890)	1,501,932
Wattis Special Performance Fund	1,553,336	-	(1,264)	-	(53,438)	1,498,634
Phyllis C. Wattis Fund for Wattis Room Maintenance	1,544,426	-	(42,844)	-	(30,214)	1,471,368
K Hart Smith Fund	1,530,156	-	(3,435)	-	(71,363)	1,455,358
The Paula and John Gambs Fund	1,451,977	-	(890)	-	(56,942)	1,394,145
The Harriet Heyman and Michael Moritz Endowed Fund	1,383,169	-	(3,105)	-	(46,094)	1,333,970
The Lyman and Carol Casey Endowed Fund	1,330,746	-	(743)	-	(53,937)	1,276,066
The Christine and Pierre Lamond Fund	1,327,547	-	(781)	-	(52,860)	1,273,906
Diane Miller AIM Fund	1,327,109	-	(692)	-	(54,964)	1,271,453
Nancy and Charles Geschke Fund	1,313,196	-	(729)	-	(53,330)	1,259,137
Hume Flute Chair Fund	1,289,501	-	(750)	-	(51,554)	1,237,197
Lawrence Metcalf Second Century Chair Fund	1,058,429	-	(2,376)	-	-	1,056,053
Nan Tucker McEvoy Instrument Training and Support Fund	1,073,056	4,439	(2,386)	-	(32,572)	1,042,537
Bernard and Barbro Osher Youth Orchestra Touring Fund	1,333,281	-	(3,664)	(254,813)	(74,804)	1,000,000
Carolyn H. Hume Youth Orchestra Touring Fund	1,225,759	-	(3,269)	(165,537)	(56,953)	1,000,000
Athena T. Blackburn Endowed Fund for Russian Music	1,011,974	5,633	(221)	-	(21,460)	995,926
Emanuel S. Heller Endowment	1,000,962	-	(545)	-	(40,900)	959,517
Mrs. Walter Haas Children's Concert Fund	960,606	-	(2,156)	-	(36,516)	921,934

SAN FRANCISCO SYMPHONY
Schedule of Changes in Endowment Net Assets
For the Year Ended August 31, 2015

Funds Held in Trust	Net Assets September 1, 2014	Contributions	Investment Return	Appropriation of Endowment Assets for Expenditure	Distribution of Investment Income	Net Assets August 31, 2015
The Leanne and George Roberts Endowment Fund for Community Programs	\$ 962,644	\$ -	\$ (2,161)	\$ -	\$ (51,455)	\$ 909,028
Gary and Kathleen Heidenreich Fund	881,651	-	(1,508)	(11,329)	(69,098)	799,716
Michael Tilson Thomas First Performances Fund	790,110	-	(496)	-	(30,707)	758,907
Maurice and Stella Eliazar Fund	786,632	-	(441)	-	(31,833)	754,358
May Treat Morrison Memorial Foundation	749,270	-	(51,842)	-	(17,102)	680,326
Ralph I. Dorfmann Commissioning Fund	641,205	7,955	(1,773)	-	-	647,387
William and Gretchen Kimball Education Fund	648,210	-	(1,455)	-	(29,033)	617,722
The Sandy and Paul Otellini Education Endowed Fund	628,200	-	(1,410)	-	(30,540)	596,250
Pauline C. Chickering Instrument Fund	635,788	-	(1,087)	(8,170)	(49,829)	576,702
John and Lisa Pritzker Fund for CFK	571,758	-	(1,488)	-	(16,310)	553,960
San Francisco Symphony Keyboard Music Fund	492,556	-	(271)	-	(20,069)	472,216
Katherine H. Johnson Fund	455,721	11,506	(404)	(2,384)	(14,541)	449,898
Hanrahan Violin Chair	428,727	-	(239)	-	(17,389)	411,099
Margaret Koshland Sloss Tribute Fund	426,251	-	(729)	(5,477)	(33,407)	386,638
J. Peter Cahill Guest Pianist Fund	343,396	-	(771)	-	(18,380)	324,245
Walter Edwin Dean II - Lenoir M. Dean Fund	345,701	-	(591)	(4,442)	(27,095)	313,573
Frannie & Mort Fleishhacker Endowed Touring Fund	308,087	-	(691)	-	(11,020)	296,376
Paul and Kathy Bissinger Endowed Fund	297,132	-	(156)	-	(12,294)	284,682
The Barbara and Richard Rosenberg Endowed Fund	292,954	-	(152)	-	(12,150)	280,652
The Hurlbut-Johnson Fund	276,579	-	(621)	-	(11,018)	264,940
James C. Hormel & Michael P. Nguyen Concert for Kids	273,878	-	(614)	-	(12,942)	260,322
Brayton Wilbur Jr. Endowed Fund for Touring	247,250	25,000	(645)	(413)	(12,200)	258,992
Shenson Foundation Flute Chair for Youth Orchestra	246,203	-	(72)	-	(11,544)	234,587
The Steinberg Family Education Endowed Fund	199,016	-	(447)	-	(10,158)	188,411
KPMG Fund for Community Engagement	144,171	-	(324)	-	-	143,847
Elizabeth Letts Janss Fund	158,103	-	(270)	(2,032)	(12,392)	143,409
Barbara Brookins Young Artist Fund	140,112	-	(314)	-	-	139,798
Ann and Jim Paras Endowed Fund	144,109	-	(86)	-	(5,703)	138,320
Agnes Albert Honorary Endowment Fund	140,178	-	(90)	-	(5,412)	134,676
Leonard Kingsley Endowed Fund	148,090	-	(253)	(1,903)	(11,607)	134,327
Nion McEvoy Family Fund	139,999	-	(75)	-	(5,751)	134,173
Terry Family Fund	138,721	-	(91)	-	(5,290)	133,340
John P. and Susan H. Carver Fund	132,996	-	(72)	-	(5,462)	127,462
The Jon and Linda Gruber Education Fund	126,875	-	(285)	-	(6,439)	120,151
Phyllis and Stuart Moldaw Fund for Instrument Training and Support	122,542	-	(275)	-	(3,398)	118,869
Halfmann-Yee Fund for Touring	121,253	-	(272)	-	(3,044)	117,937
Howard and Agnes Shapiro Fund for Music Education	121,253	-	(272)	-	(3,044)	117,937
Jerome and Thao Dodson Music Education Fund	121,516	-	(273)	-	(3,359)	117,884
Mrs. George John Otto Memorial Vocalist Fund	122,787	-	(276)	-	(4,731)	117,780
The Richard and Joan Madden Endowed Fund	119,624	-	(73)	-	(4,699)	114,852
Geslin Family Fund for Community Engagement	120,143	-	(270)	-	(5,456)	114,417
James J. Parker Mostly Mozart Fund	115,542	-	(66)	-	(4,641)	110,835
Jack and Fran Rominger Endowment Fund	115,100	-	(39)	-	(5,282)	109,779
Fay and Ada Tom Family Fund	114,856	-	(33)	-	(5,413)	109,410
Emma and Frederick Goltz Education Fund	109,651	-	(287)	-	(3,301)	106,063
Margaret Liu Foundation - AIM	109,234	-	(241)	-	(3,189)	105,804
Joan L. Danforth Guest Artist Fund	108,542	-	(244)	-	(4,703)	103,595
Howard Skinner Fund	102,344	-	(230)	-	-	102,114
Athena T. Blackburn Fund for Adventures in Music	98,293	-	(724)	-	-	97,569
Lisa and Douglas Goldman Fund for Adventures in Music	97,530	-	(216)	-	-	97,314
Kenneth D. & Joanne Snow Music Education	-	97,163	(432)	-	-	96,731
Agnes Albert Display Case Endowment	61,918	-	(141)	-	-	61,777
Wornick Endowment Fund	64,289	-	(109)	(826)	(5,039)	58,315
Fannie M. Irwin Endowment	53,651	-	(25)	-	(2,295)	51,331
Brian P. McCune and Darlene Vian Fund for Vocal Performance	31,842	-	(71)	-	(442)	31,329
Louisa Jean De Bretteville Living Trust	12,021	-	(7)	-	(498)	11,516
	<u>\$ 312,220,543</u>	<u>\$ 2,865,945</u>	<u>\$ (1,729,305)</u>	<u>\$ (2,669,896)</u>	<u>\$ (13,272,281)</u>	<u>\$ 297,415,006</u>