



Report of Independent Auditors and Financial  
Statements with Supplementary Information for

**Old Globe Theatre  
dba The Old Globe**

December 31, 2015 and 2014

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Old Globe Theatre dba The Old Globe

### **Report on Financial Statements**

We have audited the accompanying financial statements of Old Globe Theatre dba The Old Globe (“The Old Globe”), which comprise the statements of financial position as of December 31, 2015 and 2014, the statements of unrestricted revenues, expenses, and other changes in unrestricted net assets, changes in net assets, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

MOSS-ADAMS<sub>LLP</sub>

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Old Globe as of December 31, 2015 and 2014, and its changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Moss Adams LLP*

San Diego, California

April 4, 2016

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

	December 31,	
	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,021,779	\$ 7,845,695
Investments	2,908,953	2,895,213
Receivables, net	7,270,823	5,091,116
Inventories	150,900	140,805
Prepaid expenses and other assets	618,646	661,203
Property and equipment	25,753,840	27,003,091
Endowment assets:		
Investments	3,404,894	3,397,331
Pledges receivable	7,433,713	7,264,307
Total assets	<u>\$ 54,563,548</u>	<u>\$ 54,298,761</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,310,763	\$ 1,267,503
Deferred revenue	3,274,255	3,318,025
Debt	3,094,487	3,271,832
Total liabilities	<u>7,679,505</u>	<u>7,857,360</u>
<b>Commitments and Contingencies (Notes 8, 13, and 14)</b>		
<b>Net Assets</b>		
Unrestricted:		
Undesignated	310,892	253,204
Designated for property and equipment	8,344,617	8,723,907
Designated for endowment	310,413	310,413
Total unrestricted	<u>8,965,922</u>	<u>9,287,524</u>
Temporarily restricted	27,079,514	26,492,239
Permanently restricted	10,838,607	10,661,638
Total net assets	<u>46,884,043</u>	<u>46,441,401</u>
Total liabilities and net assets	<u>\$ 54,563,548</u>	<u>\$ 54,298,761</u>

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**STATEMENTS OF UNRESTRICTED REVENUES, EXPENSES, AND OTHER**  
**CHANGES IN UNRESTRICTED NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Years Ended December 31,	
	2015	2014
<b>UNRESTRICTED NET ASSETS</b>		
<b>Operating Revenue</b>		
Ticket sales	\$ 12,259,406	\$ 11,760,584
Enhancements	940,229	1,953,957
Retail	700,064	726,948
Investment income	253,277	237,534
Rental income	89,645	84,580
Other revenue	77,841	101,348
Royalties	77,643	96,692
Education	31,379	36,505
Total operating revenue	<u>14,429,484</u>	<u>14,998,148</u>
<b>Operating Expenses</b>		
Program services	18,774,597	18,724,711
Management and general	2,945,887	2,634,128
Total operating expenses	<u>21,720,484</u>	<u>21,358,839</u>
Operating (loss)	<u>(7,291,000)</u>	<u>(6,360,691)</u>
<b>Contributed Income</b>		
Contributions	4,169,183	4,244,079
Net assets released from restrictions	2,280,349	2,390,960
	<u>6,449,532</u>	<u>6,635,039</u>
Special events	1,619,900	1,520,442
Government grants	501,676	482,851
In-kind contributions	362,297	228,556
Total contributed income	<u>8,933,405</u>	<u>8,866,888</u>
<b>Expenses</b>		
Fund-raising	1,867,892	1,834,818
Special events	341,361	375,172
Total expenses	<u>2,209,253</u>	<u>2,209,990</u>
Net contributed income	<u>6,724,152</u>	<u>6,656,898</u>
<b>Change in Unrestricted Net Assets Before (Losses) Gains</b>	<u>(566,848)</u>	<u>296,207</u>
<b>(Losses) Gains</b>		
Gain (loss) on disposal of property and equipment	2,434	(4,856)
Net realized and unrealized (losses) gains on investments	(7,188)	24,372
Total (losses) gains	<u>(4,754)</u>	<u>19,516</u>
<b>Donor Redesignation of Net Assets from Permanently Restricted</b>	<u>250,000</u>	<u>-</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ (321,602)</u>	<u>\$ 315,723</u>

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>Years Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>UNRESTRICTED NET ASSETS</b>		
Total revenue, contributed income and gains	\$ 21,077,786	\$ 21,493,592
Donor redesignation of net assets from permanently restricted	250,000	
Net assets released from restrictions	2,280,349	2,390,960
Total expenses	(23,929,737)	(23,568,829)
(Decrease) increase in unrestricted net assets	(321,602)	315,723
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	2,310,588	1,217,389
Endowment earnings	44,490	255,283
Appropriated endowment earnings	(237,454)	(217,698)
Net assets released from restrictions	(2,280,349)	(2,390,960)
Donor redesignation of net assets from permanently restricted	750,000	-
Increase (decrease) in temporarily restricted net assets	587,275	(1,135,986)
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions	1,187,561	12,523
Unrealized (losses) on investments	(10,592)	(2,211)
Donor redesignation of net assets to unrestricted and temporarily restricted	(1,000,000)	-
Increase in permanently restricted net assets	176,969	10,312
<b>CHANGE IN NET ASSETS</b>	<b>442,642</b>	<b>(809,951)</b>
<b>NET ASSETS</b>		
Beginning of year	46,441,401	47,251,352
End of year	\$ 46,884,043	\$ 46,441,401

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>Years Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 442,642	\$ (809,951)
Reconciliation to net cash from operating activities:		
Depreciation	1,518,981	1,634,244
(Gain) loss on disposal of property and equipment	(2,434)	4,856
Change in allowance on pledges receivable	(100,000)	-
Change in discount on pledges receivable	(1,119,446)	28,217
Net realized and unrealized loss (gain) on investments	80,625	(141,947)
Temporarily restricted contributions - pledges receivable	(1,716,185)	(653,513)
Permanently restricted contributions - pledges receivable	-	(500)
(Increase) decrease in operating assets:		
Receivables	(275,208)	(171,888)
Inventories	(10,095)	10,420
Prepaid expenses and other assets	42,557	4,020
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	43,260	244,151
Deferred revenue	(43,770)	350,544
Net cash (used in) provided by operating activities	<u>(1,139,073)</u>	<u>498,653</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,469,964	5,916,388
Purchases of investments	(1,571,892)	(2,863,193)
Purchase of property and equipment	(102,512)	(324,226)
Additions to construction-in-progress	(174,368)	(59,707)
Proceeds from sale of equipment	9,584	-
Net cash (used in) provided by investing activities	<u>(369,224)</u>	<u>2,669,262</u>
<b>FINANCING ACTIVITIES</b>		
Collections of temporarily restricted pledges receivable	861,126	685,463
Collections of permanently restricted pledges receivable	600	500
Principal payments on debt	(177,345)	(171,614)
Net cash provided by financing activities	<u>684,381</u>	<u>514,349</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(823,916)</b>	<b>3,682,264</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>7,845,695</u>	<u>4,163,431</u>
End of year	<u>\$ 7,021,779</u>	<u>\$ 7,845,695</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 120,275</u>	<u>\$ 126,005</u>



## OLD GLOBE THEATRE DBA THE OLD GLOBE NOTES TO FINANCIAL STATEMENTS

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### **Note 1 – Nature of the Organization and Significant Accounting Policies**

**Nature of the organization** – Old Globe Theatre dba The Old Globe (“The Old Globe”) is a not-for-profit California organization located in San Diego, California. The Old Globe’s mission is to preserve, strengthen, and advance American theatre by: creating theatrical experiences of the highest professional standards; producing and presenting works of exceptional merit designed to reach current and future audiences; ensuring diversity and balance in programming; and providing an environment for the growth and education of theatre professionals, audiences, and the community at large.

**Income taxes** – The Old Globe is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Old Globe may be subject to federal or state income taxes on unrelated business income. For each of the years ended December 31, 2015 and 2014, no provision for such taxes is required. The Old Globe has no unrecognized tax benefits or liabilities as of December 31, 2015 and 2014.

The Old Globe files an exempt organization return in the United States federal jurisdiction and with the Franchise Tax Board in the state of California. The Old Globe is no longer subject to income tax examinations by taxing authorities for years before 2013 for its federal filings, and for years before 2012 for its state filings.

**Method of accounting** – The accompanying financial statements have been prepared on the accrual basis of accounting.

**Net assets** – Net assets are classified as unrestricted, temporarily restricted, or permanently restricted based upon the following criteria:

- Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before The Old Globe can spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for the purpose of generating investment income to fund current operations.

**Cash and cash equivalents** – The Old Globe considers all highly-liquid investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents held within the investment portfolio as part of The Old Globe's investment strategy are included in investments in the accompanying statements of financial position.

## **OLD GLOBE THEATRE DBA THE OLD GLOBE**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Nature of the Organization and Significant Accounting Policies (continued)**

**Restricted cash** – The Actors’ Equity Association requires The Old Globe to maintain a separate bank account to insure payments of actors’ benefits. As of December 31, 2015, approximately \$159,000 is held in a cash account in The Old Globe’s name, but is not available to The Old Globe unless a release is received from the Actors’ Equity Association.

**Investments** – The fair value of investments in equities, corporate bonds, government and government agency bonds, and money market funds is based on quoted prices in an active market.

The fair value of certificates of deposit is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

The fair value of investments held by the San Diego Foundation (“SDF”) for which quoted market prices are not available is based on the unit value of The Old Globe’s interest in the pools in which it is invested. The unit value is based on the fair value of the underlying assets in the pool. The pools in which The Old Globe has funds are invested primarily in domestic and international equities. Management of The Old Globe reviews and evaluates the values and methodology used to determine the fair value provided by the SDF quarterly. The Old Globe agrees with the valuation methods used at December 31, 2015 and 2014. The funds held at the SDF are not redeemable.

Donated investments are initially recorded at fair value at the date of the gift.

Investment income or loss (including interest and realized and unrealized gains and losses) is included in unrestricted revenues, unless restricted by donor or law.

**Receivables** – Pledges receivable that are expected to be collected in future years are recorded at fair value when the promise is made based on a discounted cash-flow model. Discounts are computed using risk-free rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions. Conditional promises to give are not recorded until the conditions are substantially met.

The Old Globe is the beneficiary of an irrevocable charitable remainder trust administered by a third party. The trust terminates upon the death of the grantor, at which time The Old Globe will receive the remaining trust assets. The fair value of the future benefits to be received by The Old Globe was determined using a discounted cash-flow model and was recorded in the statement of changes in net assets as temporarily restricted contributions in the year the trust was established. The fair value of the remainder interest at December 31, 2015 and 2014 is calculated using an interest rate of approximately 4.5 percent and the life expectancy of the donor based on applicable mortality tables. The unobservable inputs used in these calculations are evaluated and adjusted by the management of The Old Globe, as necessary, annually.

Other receivables and government grants are recorded when services are provided or as expenses are incurred.

## OLD GLOBE THEATRE DBA THE OLD GLOBE NOTES TO FINANCIAL STATEMENTS

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### **Note 1 – Nature of the Organization and Significant Accounting Policies (continued)**

An allowance for estimated uncollectible receivables is based on past experience and on an analysis of current receivable balances. Receivables are considered past due when payments are not received according to an established payment schedule. Receivables are written-off in the period deemed uncollectible. The Old Globe does not obtain collateral.

**Inventories** – Inventories, which consist of gift shop items, concession foods and beverages, and stage materials, are stated at the lower of cost (first-in, first-out) or market value.

**Property and equipment** – Property and equipment are recorded at cost if purchased or estimated fair value at the date of donation, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which is generally 5 years for furniture, fixtures, and equipment; 25 years for building and improvements; and 25 to 50 years for leasehold improvements based on associated lease terms. It is The Old Globe's policy to capitalize property and equipment costing in excess of \$10,000.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase in temporarily restricted net assets. In addition, it is The Old Globe's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. The Old Globe reclassifies temporarily restricted net assets to unrestricted net assets ratably over the donated property and equipment's estimated useful lives.

**Impairment of long-lived assets** – The Old Globe evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down is recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

### **Revenue recognition**

**Ticket sales** – Ticket sales are recorded as operating revenue on a specific performance basis. Ticket sales for future performances are initially deferred in the statements of financial position and subsequently recognized as revenue when the performances take place.

**Enhancements** – Enhancements represent funds received from others to expand budgets for specific productions. Revenue is recognized when the related production is performed.

**Retail** – Retail sales represent revenue earned at the gift shop and pub. Revenue is recognized at the time of sale.

**Rental income** – Rental income represents revenue earned from a 501(c)(3) tenant at the Market Street property and production rentals. Revenue is recognized from Market Street in the month the rental payment is applicable and at the time of rental for production rentals.

## **OLD GLOBE THEATRE DBA THE OLD GLOBE**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Nature of the Organization and Significant Accounting Policies (continued)**

**Royalties** – Royalties represent revenue earned under agreements with other performing-arts-related entities for the use of specific productions created by The Old Globe. Revenue is recognized as others perform the productions.

**Education** – Education revenue represents fees charged for educational programs and is recognized at the time the programs are offered.

**Contributions** – Contributions are recognized as revenue when received or unconditionally pledged. Contributions subject to donor-imposed restrictions for use in a future period or for a specific purpose are reported as either temporarily or permanently restricted depending on the nature of the restriction. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.

**Special events** - Special events revenue is generated from sponsorships, ticket sales, and sale of auction items at events held during the year and are recognized when the events occur.

**Government grants** – Revenue from grants is recognized to the extent of eligible costs incurred, up to the maximum grant amount.

**In-kind contributions** – The value of services, facilities, and non-capitalized equipment donated is recorded as unrestricted contributions and expensed in the year donated. These contributions are valued at the estimated fair value of similar services and materials. Donated assets are capitalized at fair value at the date of donation and recorded as permanently restricted, temporarily restricted, or unrestricted in-kind contribution support, depending on the wishes of the donor. The Old Globe receives donated services from a variety of unpaid volunteers assisting in the operations of The Old Globe which have not been recognized in the accompanying financial statements because the criteria for recognition under generally accepted accounting principles have not been satisfied.

**Marketing and production costs** – Costs of marketing (which includes advertising), scenery, costumes, and stage properties are recorded as expenses in the year the related production is first performed. Advertising costs for the years ended December 31, 2015 and 2014 were approximately \$949,000 and \$844,000, respectively. Marketing and production costs relating to future performances are deferred and included in prepaid expenses in the statements of financial position until the production is presented.

**Functional allocation of expenses** – The costs of providing the programs and other activities have been summarized on a functional basis in the statements of unrestricted revenues, expenses, and other changes in unrestricted net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## OLD GLOBE THEATRE DBA THE OLD GLOBE NOTES TO FINANCIAL STATEMENTS

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### **Note 1 – Nature of the Organization and Significant Accounting Policies (continued)**

**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 that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are issued. The Old Globe recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Old Globe's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date, and before the financial statements are available to be issued. The Old Globe has evaluated subsequent events through April 4, 2016, which is the date the financial statements were available to be issued.

### **Note 2 – Concentrations**

Financial instruments that potentially subject The Old Globe to concentrations of credit risk consist principally of cash deposits at financial institutions and investments in marketable securities. At times, balances in The Old Globe's cash and investment accounts exceed the Federal Deposit Insurance Corporation or Securities Investors Protection Corporation insurance limits. The Old Globe has not experienced any losses in such accounts.

As of December 31, 2015 and 2014, approximately 85 percent of non-endowment pledges receivable is due from 5 donors and approximately 86 percent of non-endowment pledges receivable is due from three donors, respectively. For both of the years ended December 31, 2015 and 2014, approximately 99 percent of endowment pledges receivable is due from two donors.

Investments are exposed to various risks such as interest rates, market, and credit risk. It is at least reasonably possible, given the level of risk associated with investments, that changes in the near term could materially affect the amounts reported in the financial statements. Consequently, the fair value of The Old Globe's investments is exposed to market volatility which could result in a reduction in the future fair value of certain investments from the amounts reported as of December 31, 2015.

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 3 - Investments**

Investments at December 31, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Certificate of deposit	\$ 502,280	\$ 502,155
Domestic and international equities	361,235	133,497
Money market funds	159,887	277,179
Fixed income - corporate bonds	141,712	31,281
Cash and cash equivalents	5,645	19,943
	<u>1,170,759</u>	<u>964,055</u>
Accumulated endowment earnings	1,738,194	1,931,158
	<u>1,738,194</u>	<u>1,931,158</u>
 Total	 <u>\$ 2,908,953</u>	 <u>\$ 2,895,213</u>

Endowment investments for which the corpus is restricted at December 31, 2015 and 2014 are comprised of the following:

Equities		
Domestic large cap blend	\$ 916,554	\$ 516,687
Domestic large cap growth	755,131	1,051,999
Domestic large cap value	716,221	1,041,630
International non-emerging markets	550,997	628,276
Other domestic equities	180,244	111,314
International emerging markets	68,584	92,528
Fixed income		
Corporate bonds	1,388,679	1,600,353
Government and government agency bonds	255,226	100,502
Money market funds	157,135	21,246
Cash and cash equivalents	9,158	8,203
Funds held by the San Diego Foundation	145,159	155,751
	<u>5,143,088</u>	<u>5,328,489</u>
Accumulated endowment earnings	(1,738,194)	(1,931,158)
	<u>(1,738,194)</u>	<u>(1,931,158)</u>
 Total	 <u>\$ 3,404,894</u>	 <u>\$ 3,397,331</u>

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4 – Receivables**

Receivables at December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Pledges receivable	\$ 5,885,303	\$ 3,971,641
Charitable remainder trust	682,083	652,711
	<u>6,567,386</u>	<u>4,624,352</u>
Other receivables	432,076	232,150
Government grants	271,361	234,614
	<u>271,361</u>	<u>234,614</u>
Total	<u>\$ 7,270,823</u>	<u>\$ 5,091,116</u>

Pledges receivable and charitable remainder trust included in receivables at December 31, 2015 and 2014 are due as follows:

Due in less than one year	\$ 2,318,575	\$ 799,836
Due in one to five years	1,809,255	1,435,000
Due in more than five years	3,850,000	3,850,000
Total unconditional promises to give	<u>7,977,830</u>	<u>6,084,836</u>
Less allowance for uncollectible receivables	(550,000)	(550,000)
Less discount to net present value <sup>(a)</sup>	<u>(860,444)</u>	<u>(910,484)</u>
Net unconditional promises to give	<u>\$ 6,567,386</u>	<u>\$ 4,624,352</u>

Endowment assets – pledges receivable at December 31, 2015 and 2014 are due as follows:

Due in less than one year	\$ -	\$ -
Due in one to five years	-	-
Due in more than five years	16,149,000	17,149,000
Total unconditional promises to give	<u>16,149,000</u>	<u>17,149,000</u>
Less allowance for uncollectible receivables	(1,600,000)	(1,700,000)
Less discount to net present value <sup>(a)</sup>	<u>(7,115,287)</u>	<u>(8,184,693)</u>
Net unconditional promises to give	<u>\$ 7,433,713</u>	<u>\$ 7,264,307</u>

<sup>(a)</sup> Pledges receivable due in more than one year have been discounted to their net present value using rates of 1- 4.5 percent.

# OLD GLOBE THEATRE DBA THE OLD GLOBE

## NOTES TO FINANCIAL STATEMENTS

### Note 5 - Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

**Level 1** - Quoted prices in active markets for identical assets or liabilities;

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

**Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

See Note 1 for the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position. See Note 3 for investments and endowment investments by class.

The following fair value hierarchy table presents information about each major category of The Old Globe's financial assets measured at fair value on a recurring basis as of December 31, 2015 and 2014:

	Fair Value Measurements			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	2015 Total
Investments <sup>(a)</sup>	\$ 668,479	\$ 502,280	\$ -	\$ 1,170,759
Endowment investments <sup>(a)</sup>	4,997,929	-	145,159	5,143,088
Charitable remainder trust	-	-	682,083	682,083
	<u>\$ 5,666,408</u>	<u>\$ 502,280</u>	<u>\$ 827,242</u>	<u>\$ 6,995,930</u>

  

	Fair Value Measurements			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	2014 Total
Investments <sup>(a)</sup>	\$ 461,900	\$ 502,155	\$ -	\$ 964,055
Endowment investments <sup>(a)</sup>	5,172,738	-	155,751	5,328,489
Charitable remainder trust	-	-	652,711	652,711
	<u>\$ 5,634,638</u>	<u>\$ 502,155</u>	<u>\$ 808,462</u>	<u>\$ 6,945,255</u>

<sup>(a)</sup> Investments exclude accumulated endowment earnings and endowment investments include accumulated endowment earnings in the fair value measurements table.



**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 5 – Fair Value Measurements (continued)**

Changes in the fair value of The Old Globe’s Level 3 assets for the years ended December 31, 2015 and 2014 are as follows:

	<b>Charitable Remainder Trust</b>	<b>Investments Held by SDF</b>	<b>Total</b>
<b>Balance, January 1, 2014</b>	\$ 744,852	\$ 157,962	\$ 902,814
Interest and dividends	-	5,254	5,254
Distributions	-	(5,254)	(5,254)
Unrealized (losses)	-	(2,211)	(2,211)
Change in value of charitable remainder trust	(92,141)	-	(92,141)
<b>Balance, December 31, 2014</b>	652,711	155,751	808,462
Interest and dividends	-	10,294	10,294
Distributions	-	(10,294)	(10,294)
Unrealized (losses)	-	(10,592)	(10,592)
Change in value of charitable remainder trust	29,372	-	29,372
<b>Balance, December 31, 2015</b>	<u>\$ 682,083</u>	<u>\$ 145,159</u>	<u>\$ 827,242</u>

The change in value of the charitable remainder trust is included in the statements of changes in net assets as a component of contributions. The unrealized (losses) on investments held by the SDF are included as a component of the change in permanently restricted net assets. The change in value and the unrealized (losses) for 2015 relate to Level 3 assets still held at December 31, 2015.

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 6 – Property and Equipment**

Property and equipment at December 31, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 33,904,951	\$ 33,904,951
Building and improvements	4,698,579	4,619,593
Furniture, fixtures, and equipment	4,481,001	4,410,768
Land	1,750,000	1,750,000
Construction-in-progress	174,368	59,707
	<u>45,008,899</u>	<u>44,745,019</u>
Less accumulated depreciation	<u>(19,255,059)</u>	<u>(17,741,928)</u>
Total	<u>\$ 25,753,840</u>	<u>\$ 27,003,091</u>

**Note 7 – Debt**

In August 2010, The Old Globe issued tax-exempt bonds for \$3,802,430. The bonds were purchased by a bank who is the sole bondholder. Proceeds from the bonds were used to repay existing notes payable. The bonds bear interest at 3.850 percent with monthly principal and interest payments of \$22,659. The bonds mature on September 1, 2030 and are collateralized by first deeds of trust on property. The balance outstanding as of December 31, 2015 and 2014 is \$3,043,075 and \$3,194,714, respectively. Total debt issuance costs, included in prepaid expenses and other assets on the accompanying statements of financial position, related to the bonds were \$87,900 and are amortized over the life of the bonds.

The Old Globe has an unsecured, non-interest-bearing note payable to the City of San Diego as successor agency to the Redevelopment Agency of the City of San Diego for an amount due in lieu of property taxes on a building purchased in 2007. Payments of \$25,706 are due annually through the maturity date of April 2018. The balance outstanding on this loan at December 31, 2015 and 2014 is \$51,412 and \$77,118, respectively.

Principal payments on debt are due as follows:

Years ending December 31,	
2016	\$ 182,400
2017	188,869
2018	169,557
2019	176,201
2020	182,850
Thereafter	<u>2,194,610</u>
Total	<u>\$ 3,094,487</u>

Interest expense totaled approximately \$120,000 and \$126,000 for the years ended December 31, 2015 and 2014, respectively.

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 8 – Commitments and Contingencies**

**Leases** – The Old Globe’s facilities are on land leased from the City of San Diego and The Old Globe also leases rehearsal space from the City of San Diego. The leases expire in August 2029 and 2026, respectively. In lieu of rental payments, The Old Globe is obligated to conduct a minimum number of specific theatrical performances annually. As The Old Globe is required to conduct these performances in connection with the leases, no amount is recorded in the accompanying financial statements for an estimated fair value of the leases.

**Benefit plan** – The Old Globe offers a 401(k) plan which is available to eligible employees with an employer contribution of three percent of annual eligible compensation. Contributions totaling approximately \$171,000 and \$157,000 were made by The Old Globe during the years ended December 31, 2015 and 2014, respectively.

**Legal matters** – The Old Globe is involved in legal matters in the ordinary course of business. Management is not aware of any legal matters that could have a material adverse impact on The Old Globe’s current financial position.

**Note 9 – Globe Guilders**

The Old Globe is supported, in part, by the Globe Guilders (the “Guilders”), a volunteer service organization. The Guilders raise money and provide volunteer services to The Old Globe throughout the year. The Guilders’ annual fundraising goal, which is set in conjunction with management, is included in the operating budget of The Old Globe. The Guilders contributed approximately \$264,000 and \$272,000 to The Old Globe in the years ended December 31, 2015 and 2014, respectively.

**Note 10 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2015 and 2014 are available for:

	<u>2015</u>	<u>2014</u>
Purpose restrictions:		
Capital campaign	\$ 15,105,134	\$ 15,922,678
Future seasons support	3,668,800	4,014,051
Endowment fund accumulated earnings	1,738,194	1,931,158
Time restrictions:		
Pledges receivable and charitable remainder trust	<u>6,567,386</u>	<u>4,624,352</u>
Total	<u>\$ 27,079,514</u>	<u>\$ 26,492,239</u>

## **OLD GLOBE THEATRE DBA THE OLD GLOBE**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 11 – Endowment Assets/Permanently Restricted Net Assets**

The Board of Directors of The Old Globe (the “Board”) has interpreted California’s enacted version of the Uniform Prudent Management of Institutional Funds Act (“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 Old Globe classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Old Globe in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment investments held by the SDF are managed in accordance with UPMIFA. The Old Globe classifies as permanently restricted net assets endowment investments held by the SDF consistently with (a) through (c) above and also classifies as permanently restricted net assets investment income and realized and unrealized gains and losses on these investments in excess of amounts appropriated for expenditure.

**Endowment assets managed by The Old Globe (held and administered by Goldman Sachs)** – In accordance with UPMIFA, The Old Globe considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The mission of The Old Globe and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of The Old Globe; and
- The investment policies of The Old Globe.

In order to meet its needs, the investment strategy of The Old Globe is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management of the endowment assets is to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

The Old Globe has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs. The overriding objective of this endowment is to grow the aggregate portfolio value at the rate of inflation over the endowment’s investment horizon.

Endowment earnings are undesignated, allowing The Old Globe to use it to support artistic and educational projects and general operations. Board approved a spending policy for the use of the earnings on endowment investments which states that a maximum of five percent of the trailing three-year average market value of the investments is available for use in operations, unless otherwise restricted.

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 11 – Endowment Assets/Permanently Restricted Net Assets (continued)**

**Investments held by the SDF** – The Old Globe established a charitable endowment fund with the SDF, an unrelated not-for-profit corporation. The SDF has the contractual right to make all decisions regarding the investment of the funds held and to determine the distribution rate. Endowment investments held by the SDF are invested in a “Balanced Pool” portfolio, which is structured for long-term total return. To provide diversification and to moderate risk, the investments are divided into carefully defined asset classes. The SDF’s spending policy is to disburse five percent annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the fair value of the endowment principal of any fund at the end of each month is less than the initial value of all contributions made to the endowment principal, then distributions will be limited to interest and dividends received.

At December 31, 2015 and 2014, there is approximately \$310,000 of unrestricted net assets designated by the Board for endowment.

The net asset composition of board-designated and donor-restricted endowments at December 31, 2015 and 2014 is as follows:

	<b>Board- Designated</b>	<b>Temporarily Restricted Accumulated Endowment Earnings</b>	<b>Permanently Restricted</b>	<b>2015 Total</b>
Board-designated endowment funds	\$ 310,413	\$ -	\$ -	\$ 310,413
Donor-restricted endowment funds	-	-	3,404,894	3,404,894
Endowment funds - accumulated earnings	-	1,738,194	-	1,738,194
Pledges receivable	-	-	7,433,713	7,433,713
	<u>\$ 310,413</u>	<u>\$ 1,738,194</u>	<u>\$ 10,838,607</u>	<u>\$ 12,887,214</u>

	<b>Board- Designated</b>	<b>Temporarily Restricted Accumulated Endowment Earnings</b>	<b>Permanently Restricted</b>	<b>2014 Total</b>
Board-designated endowment funds	\$ 310,413	\$ -	\$ -	\$ 310,413
Donor-restricted endowment funds	-	-	3,397,331	3,397,331
Endowment funds - accumulated earnings	-	1,931,158	-	1,931,158
Pledges receivable	-	-	7,264,307	7,264,307
	<u>\$ 310,413</u>	<u>\$ 1,931,158</u>	<u>\$ 10,661,638</u>	<u>\$ 12,903,209</u>

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 11 – Endowment Assets/Permanently Restricted Net Assets (continued)**

Changes in endowment net assets for the years ended December 31, 2015 and 2014 are as follows:

	<b>Board- Designated</b>	<b>Temporarily Restricted Accumulated Endowment Earnings</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Endowment net assets January 1, 2014</b>	\$ 198,690	\$ 1,893,573	\$ 10,651,326	\$ 12,743,589
Contributions	111,723	-	12,523	124,246
Investment income:				
Interest income	-	135,496	-	135,496
Realized and unrealized gains (losses)	-	119,787	(2,211)	117,576
Appropriated earnings	-	(217,698)	-	(217,698)
<b>Endowment net assets December 31, 2014</b>	<b>310,413</b>	<b>1,931,158</b>	<b>10,661,638</b>	<b>12,903,209</b>
Contributions		-	1,187,561	1,187,561
Donor redesignation			(1,000,000)	(1,000,000)
Investment income:				
Interest income	-	107,333	-	107,333
Realized and unrealized (losses)	-	(62,843)	(10,592)	(73,435)
Appropriated earnings	-	(237,454)	-	(237,454)
<b>Endowment net assets December 31, 2015</b>	<b>\$ 310,413</b>	<b>\$ 1,738,194</b>	<b>\$ 10,838,607</b>	<b>\$ 12,887,214</b>

As of December 31, 2014, The Old Globe had a \$15,000,000 bequest in the form of a pledge receivable included in permanently restricted net assets. In 2015, the donor amended the gift agreement to redesignate \$1,000,000 of the bequest to future seasons support including the annual Gala. As such, \$1,000,000 net of the associated allowance and discount were transferred to temporarily restricted net assets. During 2015, \$250,000 of this \$1,000,000 pledge was received and expended for its restricted purpose.

Permanently restricted net assets are restricted for investment in perpetuity, the income from which at December 31, 2015 and 2014 is expendable to support:

	<b>2015</b>	<b>2014</b>
General operating expenses, including artistic and educational projects	\$ 10,675,566	\$ 10,488,005
Theatre programs held by the San Diego Foundation	145,159	155,751
Pagliotti Fund	17,882	17,882
<b>Total</b>	<b>\$ 10,838,607</b>	<b>\$ 10,661,638</b>

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 12 – Net Assets Released from Restrictions**

During the years ended December 31, 2015 and 2014, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes and satisfying time restrictions in the amount of \$2,280,349 and \$2,390,960, respectively.

**Note 13 – Government Grants**

Income from government grants at December 31, 2015 and 2014 is comprised of the following:

	<u>2015</u>	<u>2014</u>
City of San Diego	\$ 467,176	\$ 426,351
County of San Diego	27,500	44,500
National Endowment for the Arts	<u>7,000</u>	<u>12,000</u>
	<u>\$ 501,676</u>	<u>\$ 482,851</u>

The Old Globe's grants with government agencies are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from such audits would not be material.

**Note 14 – Collective Bargaining Agreement**

Substantially, all actors employed by The Old Globe are subject to a collective bargaining agreement with the Actors' Equity Association which expires April 14, 2017.

**Note 15 – Related Parties**

Certain members of the Board are employed at banks that have provided financing to The Old Globe (Note 7) and in which The Old Globe maintains cash and investment accounts.

**SUPPLEMENTARY INFORMATION**

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**REPORT OF INDEPENDENT AUDITORS  
ON THE SUPPLEMENTARY INFORMATION**

Board of Directors  
Old Globe Theatre dba The Old Globe

We have audited the financial statements of Old Globe Theatre dba The Old Globe ("The Old Globe") as of and for the years ended December 31, 2015 and 2014, and our report thereon dated April 4, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of unrestricted net assets by net asset component is presented for purposes of supplementary 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.



San Diego, California  
April 4, 2016

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNRESTRICTED NET ASSETS BY NET ASSET COMPONENT**  
**YEAR ENDED DECEMBER 31, 2015**

	Unrestricted Net Assets			
	Undesignated	Designated for Property and Equipment	Designated for Endowment	2015 Total
<b>Operating Revenue</b>				
Ticket sales	\$ 12,259,406	\$ -	\$ -	\$ 12,259,406
Enhancements	940,229	-	-	940,229
Retail	700,064	-	-	700,064
Investment income	253,277	-	-	253,277
Rental income	89,645	-	-	89,645
Other revenue	77,841	-	-	77,841
Royalties	77,643	-	-	77,643
Education	31,379	-	-	31,379
Total operating revenue	<u>14,429,484</u>	<u>-</u>	<u>-</u>	<u>14,429,484</u>
<b>Operating Expenses</b>				
Program services	17,544,222	1,230,375	-	18,774,597
Management and general	2,657,281	288,606	-	2,945,887
Total operating expenses	<u>20,201,503</u>	<u>1,518,981</u>	<u>-</u>	<u>21,720,484</u>
Operating (loss)	<u>(5,772,019)</u>	<u>(1,518,981)</u>	<u>-</u>	<u>(7,291,000)</u>
<b>Contributed Income</b>				
Contributions	4,129,190	39,993	-	4,169,183
Net assets released from restrictions	1,481,150	799,199	-	2,280,349
	<u>5,610,340</u>	<u>839,192</u>	<u>-</u>	<u>6,449,532</u>
Special events	1,619,900	-	-	1,619,900
Government grants	501,676	-	-	501,676
In-kind contributions	362,297	-	-	362,297
Total contributed income	<u>8,094,213</u>	<u>839,192</u>	<u>-</u>	<u>8,933,405</u>
<b>Expenses</b>				
Fund-raising	1,867,892	-	-	1,867,892
Special events	341,361	-	-	341,361
Total expenses	<u>2,209,253</u>	<u>-</u>	<u>-</u>	<u>2,209,253</u>
Net contributed income	<u>5,884,960</u>	<u>839,192</u>	<u>-</u>	<u>6,724,152</u>
<b>Change in Unrestricted Net Assets</b>				
<b>Before Gains (Losses)</b>	<u>112,941</u>	<u>(679,789)</u>	<u>-</u>	<u>(566,848)</u>
<b>Gains (Losses)</b>				
Gain (loss) on disposal of property and equipment	9,584	(7,150)	-	2,434
Net realized and unrealized gains (losses)	(7,188)	-	-	(7,188)
Total gains (losses)	<u>2,396</u>	<u>(7,150)</u>	<u>-</u>	<u>(4,754)</u>
<b>Other Changes in Net Assets</b>				
Acquisition of property and equipment:				
Operations	(102,512)	102,512	-	-
Interim construction	(174,368)	174,368	-	-
Payments on long-term debt	(177,345)	177,345	-	-
Transfer to property and equipment fund	146,576	(146,576)	-	-
Total other changes	<u>(307,649)</u>	<u>307,649</u>	<u>-</u>	<u>-</u>
<b>Donor Redesignation of Net Assets from Permanently Restricted</b>	250,000	-	-	250,000
<b>Change in Unrestricted Net Assets</b>	57,688	(379,290)	-	(321,602)
<b>Unrestricted Net Assets</b>				
Beginning of year	253,204	8,723,907	310,413	9,287,524
End of year	<u>\$ 310,892</u>	<u>\$ 8,344,617</u>	<u>\$ 310,413</u>	<u>\$ 8,965,922</u>

**OLD GLOBE THEATRE DBA THE OLD GLOBE**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNRESTRICTED NET ASSETS BY NET ASSET COMPONENT**  
**YEAR ENDED DECEMBER 31, 2014**

	Unrestricted Net Assets			
	Undesignated	Designated for Property and Equipment	Designated for Endowment	2014 Total
<b>Operating Revenue</b>				
Ticket sales	\$ 11,760,584	\$ -	\$ -	\$ 11,760,584
Enhancements	1,953,957	-	-	1,953,957
Retail	726,948	-	-	726,948
Other revenue	101,348	-	-	101,348
Investment income	237,534	-	-	237,534
Rental income	84,580	-	-	84,580
Education	36,505	-	-	36,505
Royalties	96,692	-	-	96,692
Total operating revenue	<u>14,998,148</u>	<u>-</u>	<u>-</u>	<u>14,998,148</u>
<b>Operating Expenses</b>				
Program services	17,416,735	1,307,976	-	18,724,711
Management and general	2,307,861	326,267	-	2,634,128
Total operating expenses	<u>19,724,596</u>	<u>1,634,243</u>	<u>-</u>	<u>21,358,839</u>
Operating (loss)	<u>(4,726,448)</u>	<u>(1,634,243)</u>	<u>-</u>	<u>(6,360,691)</u>
<b>Contributed Income</b>				
Contributions	4,132,356	-	111,723	4,244,079
Net assets released from restrictions	1,419,847	971,113	-	2,390,960
	<u>5,552,203</u>	<u>971,113</u>	<u>111,723</u>	<u>6,635,039</u>
Special events	1,520,442	-	-	1,520,442
Government grants	482,851	-	-	482,851
In-kind contributions	228,556	-	-	228,556
Total contributed income	<u>7,784,052</u>	<u>971,113</u>	<u>111,723</u>	<u>8,866,888</u>
<b>Expenses</b>				
Fund-raising	1,834,818	-	-	1,834,818
Special events	375,172	-	-	375,172
Total expenses	<u>2,209,990</u>	<u>-</u>	<u>-</u>	<u>2,209,990</u>
Net contributed income	<u>5,574,062</u>	<u>971,113</u>	<u>111,723</u>	<u>6,656,898</u>
<b>Change in Unrestricted Net Assets Before Gains (Losses)</b>	<u>847,614</u>	<u>(663,130)</u>	<u>111,723</u>	<u>296,207</u>
<b>Gains (Losses)</b>				
Net realized and unrealized gains (losses)	24,372	(4,856)	-	19,516
Total gains (losses)	<u>24,372</u>	<u>(4,856)</u>	<u>-</u>	<u>19,516</u>
<b>Other Changes in Net Assets</b>				
Acquisition of property and equipment:				
Operations	(324,226)	324,226	-	-
Interim construction	(59,707)	59,707	-	-
Payments on long-term debt	(171,614)	171,614	-	-
Transfer to property and equipment fund	(300,000)	300,000	-	-
Total other changes	<u>(855,547)</u>	<u>855,547</u>	<u>-</u>	<u>-</u>
<b>Change in Unrestricted Net Assets</b>	<u>16,439</u>	<u>187,561</u>	<u>111,723</u>	<u>315,723</u>
<b>Unrestricted Net Assets</b>				
Beginning of year	<u>236,765</u>	<u>8,536,346</u>	<u>198,690</u>	<u>8,971,801</u>
End of year	<u>\$ 253,204</u>	<u>\$ 8,723,907</u>	<u>\$ 310,413</u>	<u>\$ 9,287,524</u>