

Consolidated Financial Statements, Supplemental  
Schedules and Independent Auditors' Report

**Robert W. Woodruff Arts Center, Inc. and  
Subsidiaries**

May 31, 2016 and 2015

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## INDEPENDENT AUDITORS' REPORT

### **To the Governing Board of Robert W. Woodruff Arts Center, Inc. and Subsidiaries**

We have audited the accompanying consolidated financial statements of Robert W. Woodruff Arts Center, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of May 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 the significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Robert W. Woodruff Arts Center, Inc. and Subsidiaries as of May 31, 2016 and 2015, and the 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.

*Smith + Howard*

Atlanta, Georgia  
November 1, 2016

# Consolidated statements of financial position

| <b>May 31</b>                                  | <b>2016</b>    | <b>2015</b>    |
|--|----------------|----------------|
| <b>Assets</b>                                  |                |                |
| Cash and cash equivalents                      | \$ 8,073,004   | \$ 6,871,308   |
| Pledges and other receivables, net             | 49,370,656     | 43,299,368     |
| Inventories                                    | 638,768        | 762,230        |
| Prepaid expenses                               | 2,428,416      | 3,008,599      |
| Investments                                    | 403,448,347    | 420,057,205    |
| Debt service reserve fund - restricted         | 6,115,912      | 6,340,020      |
| Investment in joint venture                    | -              | 593,500        |
| Beneficial interest in perpetual trusts        | 18,729,934     | 19,870,069     |
| Contributions receivable from remainder trusts | 905,909        | 1,155,429      |
| Construction in progress                       | 4,055,533      | 1,980,024      |
| Land, buildings and equipment, net             | 167,771,033    | 174,490,633    |
| Total assets                                   | \$ 661,537,512 | \$ 678,428,385 |
| <b>Liabilities</b>                             |                |                |
| Accounts payable and accrued expenses          | \$ 12,186,567  | \$ 13,892,262  |
| Deferred revenue                               | 2,914,735      | 3,718,947      |
| Advance ticket sales                           | 3,030,933      | 5,189,194      |
| Lines of credit                                | 8,031,858      | -              |
| Interest rate swap liability                   | 6,839,730      | 6,958,903      |
| Pension liability                              | 16,909,999     | 13,614,775     |
| Bonds payable, net                             | 169,670,411    | 175,141,612    |
| Total liabilities                              | 219,584,233    | 218,515,693    |
| <b>Net assets</b>                              |                |                |
| Unrestricted                                   | 81,652,801     | 109,136,877    |
| Temporarily restricted                         | 95,456,284     | 113,972,909    |
| Permanently restricted                         | 264,844,194    | 236,802,906    |
| Total net assets                               | 441,953,279    | 459,912,692    |
| Total liabilities and net assets               | \$ 661,537,512 | \$ 678,428,385 |

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

# Consolidated statements of activities

| <b>For the years ended May 31</b>                             | <b>2016</b>           | <b>2015</b>           |
|---|-----------------------|-----------------------|
| <b>Changes in unrestricted net assets:</b>                    |                       |                       |
| Revenues and gains:   |                       |                       |
| Operating revenues  | \$ 37,873,361         | \$ 47,210,857         |
| Contributions   | 28,018,700            | 29,691,715            |
| Investment income   | 1,576,027             | 1,122,853             |
| Realized gains on investments                                 | 917,352               | 4,912,245             |
| Unrealized losses on investments                              | (13,446,538)          | (3,075,226)           |
| Total revenues and gains                                      | 54,938,902            | 79,862,444            |
| <b>Expenses:</b>  |                       |                       |
| Operating expenses  | 85,644,318            | 92,335,176            |
| Interest expense and related fees                             | 7,682,630             | 7,940,611             |
| Depreciation and amortization                                 | 9,329,445             | 9,313,136             |
| Acquisitions of works of art                                  | 1,674,839             | 1,734,732             |
| Other   | 2,856,164             | 3,582,630             |
| Total expenses  | 107,187,396           | 114,906,285           |
| Net assets released from restrictions                         | 24,428,661            | 24,327,840            |
| Change in donor restriction                                   | (601,000)             | -                     |
| <b>Other income (expense):</b>                                |                       |                       |
| Pension related changes other than net periodic pension costs | (3,860,104)           | (5,822,634)           |
| Change in value of interest rate swap                         | 119,173               | (322,956)             |
| Gain (loss) on disposal of long-lived assets                  | 5,162,528             | (357,875)             |
| Other   | (484,840)             | (219,826)             |
| Total other income (expense)                                  | 936,757               | (6,723,291)           |
| Change in unrestricted net assets                             | (27,484,076)          | (17,439,292)          |
| <b>Changes in temporarily restricted net assets:</b>          |                       |                       |
| Contributions   | 12,408,325            | 19,430,895            |
| Investment income   | 4,798,299             | 2,420,654             |
| Realized gains on investments                                 | 6,703,782             | 10,345,775            |
| Unrealized losses on investments                              | (17,483,930)          | (646,162)             |
| Change in value of split interest agreements                  | (14,440)              | (16,317)              |
| Change in donor restriction                                   | (500,000)             | -                     |
| Net assets released from restrictions                         | (24,428,661)          | (24,327,840)          |
| Change in temporarily restricted net assets                   | (18,516,625)          | 7,207,005             |
| <b>Changes in permanently restricted net assets:</b>          |                       |                       |
| Contributions   | 28,061,349            | 28,481,677            |
| Change in donor restriction                                   | 1,101,000             | -                     |
| Change in value of split interest agreements                  | (1,121,061)           | (69,030)              |
| Change in permanently restricted net assets                   | 28,041,288            | 28,412,647            |
| Total change in net assets                                    | (17,959,413)          | 18,180,360            |
| <b>Net assets at beginning of year</b>                        | <b>459,912,692</b>    | <b>441,732,332</b>    |
| <b>Net assets at end of year</b>                              | <b>\$ 441,953,279</b> | <b>\$ 459,912,692</b> |

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

# Consolidated statements of cash flows

| <b>For the years ended May 31</b>   | <b>2016</b>         | <b>2015</b>         |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>  |                     |                     |
| Change in net assets  | \$ (17,959,413)     | \$ 18,180,360       |
| Adjustments to reconcile change in net assets to net cash used by operating activities: |                     |                     |
| Depreciation and amortization   | 9,329,445           | 9,313,136           |
| Amortization of bond premiums and discounts   | (1,090,733)         | (811,690)           |
| Amortization of unamortized debt issuance costs   | 265,508             | 625,414             |
| Provision for uncollectible receivables   | 809,266             | 1,105,730           |
| Pledge present value discount   | 467,302             | 1,354,782           |
| Goodwill impairment   | -                   | 607,506             |
| (Gain) loss on disposal of long-lived assets  | (5,162,528)         | 357,875             |
| Change in pension obligation  | 3,295,224           | 4,580,811           |
| Change in value of split interest agreements  | 1,082,218           | 10,954              |
| Change in value of interest rate swap   | 119,173             | (322,956)           |
| Permanently restricted contributions  | (29,162,348)        | (28,481,677)        |
| Net realized and unrealized (gains) losses on investments                               | 23,309,334          | (11,536,632)        |
| Undistributed gain from joint venture   | (51,740)            | (8,702)             |
| Changes in operating assets and liabilities:  |                     |                     |
| Pledges and other receivables   | (7,073,485)         | (11,606,454)        |
| Inventories   | 123,462             | 100,405             |
| Prepaid expenses  | 580,182             | 2,024,365           |
| Accounts payable and accrued expenses   | (1,901,620)         | (1,600,677)         |
| Deferred revenue  | (804,212)           | (4,168,329)         |
| Advance ticket sales  | (2,158,261)         | (2,827,412)         |
| Net cash used by operating activities   | <b>(25,983,226)</b> | <b>(23,103,191)</b> |
| <b>Cash flows from investing activities:</b>  |                     |                     |
| Acquisition of land, buildings, and equipment, net                                      | (5,014,270)         | (3,791,715)         |
| Net proceeds from sale of subsidiary  | -                   | 1,423,750           |
| Distribution from joint venture   | 383,370             | -                   |
| Proceeds from sale or maturity of investments   | 193,926,347         | 197,042,301         |
| Purchase of investments   | (200,402,715)       | (190,470,571)       |
| Net cash provided (used) by investing activities  | <b>(11,107,268)</b> | <b>4,203,765</b>    |
| <b>Cash flows from financing activities:</b>  |                     |                     |
| Proceeds from contributions restricted for:   |                     |                     |
| Investment in endowment   | 31,153,747          | 13,419,731          |
| Investment in property and equipment  | 3,752,561           | 3,759,201           |
| Payment of debt issuance costs  | (742,652)           | (238,526)           |
| Net advances (repayments) under lines of credit   | 8,031,858           | (5,450,000)         |
| Proceeds from issuance of bonds payable   | 58,931,676          | -                   |
| Principal repayment on bonds payable  | (62,835,000)        | (15,420,000)        |
| Net cash provided (used) by financing activities  | <b>38,292,190</b>   | <b>(3,929,594)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                             | <b>1,201,696</b>    | <b>(22,829,020)</b> |
| <b>Cash and cash equivalents at beginning of year</b>                                   | <b>6,871,308</b>    | <b>29,700,328</b>   |
| <b>Cash and cash equivalents at end of the year</b>                                     | <b>\$ 8,073,004</b> | <b>\$ 6,871,308</b> |
| <b>Supplemental disclosure of cash flow information:</b>                                |                     |                     |
| Cash paid for interest  | \$ 8,667,705        | \$ 8,108,784        |
| Income taxes paid   | \$ -                | \$ 508,326          |

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

## 1 Significant Accounting Policies

The consolidated financial statements of the Robert W. Woodruff Arts Center, Inc. and Subsidiaries (collectively the Arts Center) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of each of its divisions: the Alliance Theatre Company, the Atlanta Symphony Orchestra, the High Museum of Art, Arts for Learning and the Woodruff Arts Center Administration. During fiscal year 2015, Arts for Learning merged into the Alliance Theatre Company. The consolidated financial statements include the wholly owned subsidiaries SD&A Teleservices, Inc. and Encore Park for the Arts, Inc. Intercompany accounts and transactions of SD&A Teleservices, Inc. have been eliminated in consolidation. During fiscal year 2015, SD&A Teleservices, Inc. was sold by the Arts Center as described in Note 18. There are no assets or liabilities or any activity within Encore Park for the Arts, Inc. through May 31, 2016. The significant accounting policies of the Arts Center are described below.

The Arts Center classifies resources into three net asset categories depending on the existence of or absence of donor-imposed restrictions. A description of the three net asset categories is as follows:

1. Unrestricted - Net assets that are not subject to donor-imposed stipulations.
2. Temporarily restricted - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Arts Center pursuant to those stipulations or that expire by the passage of time.
3. Permanently restricted - Net assets subject to donor-imposed stipulations requiring that the corpus be maintained permanently by the Arts Center. Generally, the donors of these assets permit the Arts Center to use all or part of the investment return from these assets for general or specific purposes subject to the Arts Center's interpretation of state law. Such assets include the Arts Center's permanent endowment funds. Donors at times change the intent of their gifts and when this occurs, the Arts Center transfers funds to agree to the donor's request.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions with donor-imposed restrictions are reported as restricted support; however, donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted net assets under the principle of simultaneous release.

### **Cash and Cash Equivalents**

The Arts Center considers investments with maturities of three months or less to be cash equivalents except for highly liquid investments that are held for reinvestment. A significant portion of cash and cash equivalents are on deposit with a single financial institution. These accounts at times may exceed federally insured limits. The Arts Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. If liquidity issues arise in global credit and capital markets it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.



**Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Pledges related to future exhibitions or events, are treated as conditional promises to give until the obligations and conditions upon the pledge are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using a risk-adjusted rate appropriate for the expected term of the promise to give. Amortization of the discount is recorded as contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund-raising activity.

**Inventories**

Inventories are stated at the lower of cost or market. The first-in, first-out method is used to determine the cost of inventories. Inventories consist primarily of items held for resale at the High Museum of Art and the Atlanta Symphony Orchestra gift shops. Inventory items include books, jewelry, clothing and other exhibit-related materials.

**Investments**

The Arts Center records its investments at fair value. Fair value for investments is based on quoted market prices or dealer quotes, where available. As explained in Notes 3 and 4, the consolidated financial statements include alternative investments, whose fair values have been estimated by management in the absence of readily observable fair values. Management's estimates are based on information provided by the investment fund managers or the general partners. Accordingly, the estimated fair value of such investments is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market existed. The values assigned to these holdings do not necessarily represent amounts which might ultimately be realized upon sale or other disposition.

Net appreciation (depreciation) in the fair value of investments, which consists of the net realized gains and losses and the net unrealized appreciation (depreciation) on those investments, is presented in the accompanying consolidated statements of activities. Investment income, which represents interest and dividends, is presented net of investment expenses of approximately \$1,010,000 and \$922,000 for the years ended May 31, 2016 and 2015, respectively.

The Arts Center holds a variety of investments, the underlying securities of which are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of the investment securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

**Deferred Revenue**

Revenues received in exchange transactions are recognized as deferred revenue to the extent the earnings process has not been completed. These revenues are recorded as unrestricted revenues when the related obligations have been satisfied.

### **Operating Revenues and Expenses**

The Arts Center considers revenue from exchange transactions as increases in unrestricted net assets to the extent the earnings process is complete and reports such items as operating revenues. Operating revenues include ticket sales, admissions, memberships, special events, exhibition fees and sponsorship fees. Operating expenses include costs related to carrying out its mission of providing performing art and exhibitions for the community.

Investment income and realized net gains and change in unrealized appreciation in fair value of investments included in changes in unrestricted net assets includes amounts related to operating investments and plant fund investments. Interest expense, depreciation and amortization, and acquisitions of works of art are primarily plant fund expenditures. The musicians of the Atlanta Symphony Orchestra are covered under the terms of its collective bargaining agreement which will expire on September 8, 2018.

Museum membership income is recognized at the time the membership is sold.

### **Land, Buildings and Equipment**

Major property additions are recorded at cost. Property received as a donation is recorded at fair value at the time of donation. Buildings and equipment are stated at cost less accumulated depreciation. Depreciation of buildings and equipment is recorded using the straight-line method with a half-year convention over the estimated useful lives of the related assets.

Contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the restrictions are considered to be met when the long-lived asset is placed into service.

### **Works of Art**

The Museum's collections comprise more than 15,000 objects and works of art. The collections are maintained for public exhibition, education and research in furtherance of public service rather than for financial gain and are considered to have cultural, aesthetic or historical value worth preserving perpetually. In conformity with accounting practices generally followed by art museums, the value of the Museum's collections has been excluded from the consolidated statements of financial position. Contributions for purchases of art objects are recorded as increases in net assets and purchases of art objects are recorded as decreases in net assets in the consolidated statements of activities. Proceeds received from the deaccession of works of art are used to purchase other works of art. Proceeds from deaccessions of works of art were \$166,277 and \$61,315 for the years ended May 31, 2016 and 2015, respectively. These amounts are included in temporarily restricted contributions on the accompanying consolidated statements of activities.

### **Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, pledges and other receivables, and accounts payable and accrued expenses approximate fair value because of the relative terms and short maturity of these financial instruments.

The carrying values, which approximate fair value of investments, beneficial interests in perpetual trusts, contributions receivable from remainder trusts and the interest rate swap are based upon quoted market values when available or management's estimate in the absence of readily determinable fair values.

Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

During 2015, the Arts Center adopted Accounting Standards Update (“ASU”) 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which was approved by the FASB in May 2015. The ASU allows for early adoption and requires retrospective application. The amendments in this ASU remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share as a practical expedient. The adoption of this ASU by the Arts Center removes those investments using NAV per share from the fair value hierarchy in Note 4.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3: Securities that have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Arts Center. The Arts Center considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency or liquidity of the instrument and does not necessarily correspond to the Arts Center’s perceived risk of that instrument.

The Art Center’s notes and bonds payable are considered financial instruments that are not periodically remeasured at fair value and therefore are carried at face value on the accompanying consolidated financial statements. The carrying amounts of variable rate notes and variable rate bonds payable approximate fair value because these financial instruments bear interest at variable rates which approximate current market rates for notes with similar maturities and credit quality. The fair market value of fixed rate bonds as of May 31, 2016 and 2015, respectively, was approximately \$127,280,000 and \$131,146,000 compared to their respective carrying value of \$115,720,000 and \$123,260,000.

### **Contributed Services**

The Arts Center records contributed services as contribution revenue and as an expense if the services create or enhance a nonfinancial asset, or the services would (1) need to be purchased by the Arts Center if not provided by contribution, (2) require specialized skills and (3) be provided by individuals with those skills. Contributed services received during the years ended May 31, 2016 and 2015, totaled approximately \$698,000 and \$892,000, respectively, and consisted primarily of legal and professional services, advertising costs, certain insurance coverage costs and air travel discounts. These amounts, which have been reflected in both operating revenues and expenses in the accompanying consolidated statements of activities, represent the estimated value of services that would have normally been purchased by the Arts Center.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expenses for the years ended May 31, 2016 and 2015 were \$3,655,958 and \$3,608,325, respectively.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and any such difference could be significant.

**Reclassifications**

Certain reclassifications have been made to the 2015 consolidated financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**New Accounting Policy**

During 2016, the Arts Center adopted Accounting Standards Update ("ASU") 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. The ASU requires debt issuance costs to be presented in the consolidated statement of financial position as a direct deduction from the carrying value of the associated debt. Previously, such costs were shown as a prepaid expense, and 2015 amounts have been reclassified as deductions from debt. Accordingly, total 2015 assets and liabilities have been retroactively reduced by the same amount. The Arts Center reflects amortization of debt issuance costs as interest expense, in accordance with the new guidance. This change had no effect on previously reported net assets or changes in net assets.

**Income Tax Status**

The Arts Center is a nonprofit organization for the cultural arts, exempt from income taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Unrelated business income was generated from the sale of certain property during the year ended May 31, 2014 which was paid in fiscal year 2015. In addition, until November 4, 2014 the Arts Center had a wholly owned subsidiary, SD&A Teleservices, Inc., that paid income taxes based on reported income before income taxes. Income taxes associated with SD&A were not material to the consolidated financial statements.

ASC 740, *Accounting for Uncertainty in Income Taxes*, establishes the criterion that an individual tax position has to meet for some or all of the benefits of that position to be recognized in the Arts Center's consolidated financial statements. Under ASC 740, the Arts Center is required to determine that the relevant tax authority would more likely than not sustain its tax position following an IRS audit. The Arts Center adopted the provisions of ASC 740 effective August 1, 2007, and has applied this criterion to all tax positions for which the statute of limitations remains open. Tax years open to examination by tax authorities under the statute of limitations include fiscal 2013 through 2016. The Arts Center has determined that its material tax positions satisfy the more likely than not criterion and that no provision for income taxes was required at May 31, 2016 and 2015, for uncertain tax positions.

**Subsequent Events**

The Arts Center has considered subsequent events through the date of this report, which is the date the consolidated financial statements were available to be issued.

## 2 Pledges and Other Receivables

The present value of unconditional promises to give is included in the consolidated financial statements, net of an allowance for doubtful accounts and present value discount. The Arts Center wrote off net uncollectible receivables of approximately \$96,000 and \$398,000 during the years ending May 31, 2016 and 2015, respectively.

Unconditional promises to give are expected to be collected in the following periods:

| <b>May 31</b>                                   | <b>2016</b>          | <b>2015</b>          |
|---|----------------------|----------------------|
| In one year or less                             | \$ 12,045,109        | \$ 16,086,313        |
| Between one and five years                      | 27,732,716           | 21,621,750           |
| Over five years                                 | 350,000              | 1,250,000            |
| <b>Total pledges receivables</b>                | <b>40,127,825</b>    | <b>38,958,063</b>    |
| <b>Less:</b>                                    |                      |                      |
| Allowance for doubtful accounts                 | 1,900,109            | 1,517,632            |
| Present value discount                          | 2,009,689            | 1,542,387            |
| <b>Total allowance &amp; discounts</b>          | <b>3,909,798</b>     | <b>3,060,019</b>     |
| Total pledges receivables, net                  | 36,218,027           | 35,898,044           |
| Deferred rental income (A)                      | 5,028,385            | 4,313,163            |
| Investment in sales type lease (A)              | 5,614,183            | -                    |
| Other receivables                               | 2,510,061            | 3,088,161            |
| <b>Total pledges and other receivables, net</b> | <b>\$ 49,370,656</b> | <b>\$ 43,299,368</b> |

Contributions to be received after one year are discounted using a risk-adjusted rate appropriate for the expected term of the promise to give. Amortization of discounts is recorded as contribution revenue in accordance with donor-imposed restrictions on the respective contributions. Estimated future cash flows to be received after one year are discounted at rates ranging from 0.17% to 4.58% plus an allowance for credit risk as needed.

(A) Investment in sales type lease and deferred rental income as a result of certain leases are further described in Note 17.

In the first quarter of 2015, the Arts Center publically announced its \$100 million "Transformation Campaign," a fundraising initiative designed to transform the Arts Center in three primary areas, namely (1) growing the Arts Center's endowment by a total of \$56 million; (2) making capital improvements of \$35 million; and (3) providing greater access to the arts for families and activation of the Arts Center's campus, the fundraising goal of which is \$9 million. Pledges received through May 31, 2016 from donors to this Campaign are reflected in the pledges receivables shown in the table above and in the conditional pledges table immediately below.

### Conditional Pledges

In addition, the Arts Center received the following conditional promises to give at May 31, 2016 that are not recognized as assets in the consolidated statement of financial position:

|   |                      |
|---|----------------------|
| Conditional promises to give based upon raising \$10,500,000 in additional capital campaign promises to give and approximately \$788,000 in endowment promises to give. | \$ 15,287,700        |
| <b>Total</b>  | <b>\$ 15,287,700</b> |

### 3 Investments

The Arts Center maintains the majority of its investment portfolios in a master custody arrangement at a bank where the investments are pooled based upon investment objectives. Each investment fund subscribes to or disposes of units on the basis of the fair value at the end of the calendar month within which a transaction takes place.

Investments at carrying value were comprised of the following:

| <b>May 31</b>                      | <b>2016</b>    | <b>2015</b>    |
|------------------------------------|----------------|----------------|
| Cash and Cash Equivalents          | \$ 23,349,458  | \$ 16,514,941  |
| Equity Securities:                 |                |                |
| Domestic                           | 98,591,104     | 91,923,913     |
| International                      | 25,525,253     | 16,459,197     |
| Corporate debt securities          | 10,786,858     | 11,109,802     |
| Alternatives:                      |                |                |
| Commingled funds - debt and equity | 111,479,801    | 138,318,133    |
| Hedge Funds                        | 112,634,467    | 121,939,784    |
| Private Equity funds               | 9,378,278      | 9,969,217      |
| Distressed Opportunity funds       | 1,170,915      | 1,750,127      |
| Emerging Markets                   | 1,471,122      | 1,779,288      |
| Senior Direct Loan Funds           | 1,232,498      | 1,671,682      |
| Real Estate Funds                  | 5,652,671      | 6,705,185      |
| Real Asset Funds                   | 2,175,922      | 1,915,936      |
| Total                              | \$ 403,448,347 | \$ 420,057,205 |

The Arts Center's investment strategy is to preserve the real purchasing power of the assets by earning a total rate of return equaling or exceeding its spending rate plus inflation over full market cycles of three to five years (net of fees). Commingled funds are included in classifications below depicting how funds are principally invested. The asset allocation parameters are as follows:

| <b>As of May 31, 2016</b>                           | <b>Target Allocation</b> | <b>Actual Allocation</b> |
|---|--------------------------|--------------------------|
| U.S. Equity Large/Mid Cap                           | 20%                      | 20%                      |
| U.S. Equity Small Cap                               | 5%                       | 4%                       |
| International Equity                                | 15%                      | 15%                      |
| Fixed Income  | 14%                      | 14%                      |
| Alternative Investments (excludes commingled funds) | 39%                      | 33%                      |
| Emerging Markets Equity                             | 7%                       | 7%                       |
| Cash/Cash Equivalents                               | 0%                       | 7%                       |

Investments are expected to exceed the benchmarks listed below over a full market cycle (three to five years). Investment managers are expected to achieve the following objectives while consistently adhering to their investment style.

|                           |   |
|---------------------------|---|
| Total Fund                | CPI + 5% - Passive Investment in Optimal Asset Allocation |
| U.S. Equity Large/Mid Cap | S&P 500   |
| U.S. Equity Small Cap     | Russell 2000  |
| International Equity      | MSCI EAFE   |
| Fixed Income              | Barclays Capital Aggregate                                |
| Alternative Investments   | US Treasury bills + 5% and HFRI Fund of Funds Index       |
| Emerging Markets          | MSCI Emerging Markets                                     |

The Arts Center has investments in certain partnerships and is obligated under the related partnership agreements to invest additional capital amounts over the next five years. The Arts Center was committed to invest \$7,377,919 and \$8,413,430 in additional capital as of May 31, 2016 and 2015, respectively.

#### 4 Fair Value of Financial Instruments

The following table summarizes the fair value of financial instruments measured at fair value on a recurring basis in the statements of financial position:

| May 31, 2016                                  | Level 1               | Level 2              | Level 3              | Measured at NAV       |                       |
|---|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
|   |                       |                      |                      | (a)                   | Total                 |
| Equity securities:                            |                       |                      |                      |                       |                       |
| Domestic                                      | \$ 98,591,104         | \$ -                 | \$ -                 | \$ -                  | \$ 98,591,104         |
| International                                 | 25,525,253            | -                    | -                    | -                     | 25,525,253            |
| Corporate debt securities                     | 10,786,858            | -                    | -                    | -                     | 10,786,858            |
| Alternative investments                       |                       |                      |                      |                       |                       |
| Commingled funds - debt and equity            | -                     | 66,775,313           | -                    | 44,704,488            | 111,479,801           |
| Hedge Funds                                   | -                     | -                    | -                    | 112,634,467           | 112,634,467           |
| Private Equity funds                          | -                     | -                    | -                    | 9,378,278             | 9,378,278             |
| Distressed Opportunity funds                  | -                     | -                    | -                    | 1,170,915             | 1,170,915             |
| Emerging Markets                              | -                     | -                    | -                    | 1,471,122             | 1,471,122             |
| Senior Direct Loan Funds                      | -                     | -                    | -                    | 1,232,498             | 1,232,498             |
| Real Estate Funds                             | -                     | -                    | -                    | 5,652,671             | 5,652,671             |
| Real Asset Funds                              | -                     | -                    | -                    | 2,175,922             | 2,175,922             |
| Contributions receivable from remainder trust | -                     | -                    | 905,909              | -                     | 905,909               |
| Beneficial interest in perpetual trusts       | -                     | -                    | 18,729,934           | -                     | 18,729,934            |
| Interest rate swap                            | -                     | (6,839,730)          | -                    | -                     | (6,839,730)           |
| <b>Total</b>                                  | <b>\$ 134,903,215</b> | <b>\$ 59,935,583</b> | <b>\$ 19,635,843</b> | <b>\$ 178,420,361</b> | <b>\$ 392,895,002</b> |

| May 31, 2015                                  | Level 1               | Level 2              | Level 3              | Measured at NAV       |                       |
|---|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
|   |                       |                      |                      | (a)                   | Total                 |
| Equity securities:                            |                       |                      |                      |                       |                       |
| Domestic                                      | \$ 91,923,913         | \$ -                 | \$ -                 | \$ -                  | \$ 91,923,913         |
| International                                 | 16,459,197            | -                    | -                    | -                     | 16,459,197            |
| Corporate debt securities                     | 11,109,802            | -                    | -                    | -                     | 11,109,802            |
| Alternative investments                       |                       |                      |                      |                       |                       |
| Commingled funds - debt and equity            | -                     | 98,807,937           | -                    | 39,510,196            | 138,318,133           |
| Hedge Funds                                   | -                     | -                    | -                    | 121,939,784           | 121,939,784           |
| Private Equity funds                          | -                     | -                    | -                    | 9,969,217             | 9,969,217             |
| Distressed Opportunity funds                  | -                     | -                    | -                    | 1,750,127             | 1,750,127             |
| Emerging Markets                              | -                     | -                    | -                    | 1,779,288             | 1,779,288             |
| Senior Direct Loan Funds                      | -                     | -                    | -                    | 1,671,682             | 1,671,682             |
| Real Estate Funds                             | -                     | -                    | -                    | 6,705,185             | 6,705,185             |
| Real Asset Funds                              | -                     | -                    | -                    | 1,915,936             | 1,915,936             |
| Contributions receivable from remainder trust | -                     | -                    | 1,155,429            | -                     | 1,155,429             |
| Beneficial interest in perpetual trusts       | -                     | -                    | 19,870,069           | -                     | 19,870,069            |
| Interest rate swap                            | -                     | (6,958,903)          | -                    | -                     | (6,958,903)           |
| <b>Total</b>                                  | <b>\$ 119,492,912</b> | <b>\$ 91,849,034</b> | <b>\$ 21,025,498</b> | <b>\$ 185,241,415</b> | <b>\$ 417,608,859</b> |

- (a) In accordance with FASB ASC Topic 820-10, as amended by ASU 2015-07, certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the carrying values disclosed in Note 3. Cash and cash equivalents are not included in the above table.

The following table summarizes the changes in fair values associated with investments in level 3 assets:

|   | Balance as of<br>May 31, 2015 | Realized gain | Change in<br>Unrealized<br>Appreciation<br>(Depreciation) | Sales /<br>Distributions | Purchases   | Balance as of<br>May 31, 2016 |
|---|-------------------------------|---------------|---|--------------------------|-------------|-------------------------------|
| Contributions receivable from remainder trust | \$ 1,155,429                  | \$ -          | \$ 15,496   | \$ (265,016)             | \$ -        | \$ 905,909                    |
| Beneficial interest in perpetual trusts       | 19,870,069                    | -             | (1,140,135)   | -                        | -           | 18,729,934                    |
| <b>Balance</b>                                | <b>\$ 21,025,498</b>          | <b>\$ -</b>   | <b>\$ (1,124,639)</b>                                     | <b>\$ (265,016)</b>      | <b>\$ -</b> | <b>\$ 19,635,843</b>          |

|   | Balance as of<br>May 31, 2014 | Realized gain | Change in<br>Unrealized<br>Appreciation<br>(Depreciation) | Sales /<br>Distributions | Purchases   | Balance as of<br>May 31, 2015 |
|---|-------------------------------|---------------|---|--------------------------|-------------|-------------------------------|
| Contributions receivable from remainder trust | \$ 1,175,892                  | \$ -          | \$ (20,463)   | \$ -                     | \$ -        | \$ 1,155,429                  |
| Beneficial interest in perpetual trusts       | 19,868,822                    | -             | 1,247   | -                        | -           | 19,870,069                    |
| <b>Balance</b>                                | <b>\$ 21,044,714</b>          | <b>\$ -</b>   | <b>\$ (19,216)</b>  | <b>\$ -</b>              | <b>\$ -</b> | <b>\$ 21,025,498</b>          |

#### Investments Measured at NAV per Share or Equivalent

The Arts Center's investment advisor performs on-going due diligence of the funds which includes benchmarking and comparing the results of the fund to certain applicable indexes. The Arts Center's investment advisor also has regular calls with management of the funds and meets periodically with the Arts Center's investment committee and reports the performance of the funds. There were no changes in valuation techniques noted for these funds for 2016 and 2015.

#### Sensitivity of Fair Value Measurements and Changes in Significant Observable Inputs

The significant unobservable inputs used in the fair value measurement of the Arts Center's alternative investments are subject to market risks resulting from changes in the market value of its investments. Investments measured at NAV per share or equivalent may be sold at amounts different than the NAV per share due to various restriction and redemptive requirements as described below.



| Category                     |     | Fair Value at May 31, 2016 | Fair Value at May 31, 2015 | Unfunded Commitments | Expected Liquidity Term | Redemption Terms      | Redemption Restrictions | Redemption Restrictions at May 31, 2016 |
|------------------------------|-----|----------------------------|----------------------------|----------------------|-------------------------|-----------------------|-------------------------|---|
| Private Equity Funds         | (a) | \$ 9,378,278               | \$ 9,969,217               | \$ 1,755,741         | 10 - 15 years           | N/A *                 | N/A *                   | N/A *                                   |
| Distressed Opportunity funds | (b) | 1,170,915                  | 1,750,127                  | 210,000              | 10 - 15 years           | N/A *                 | N/A *                   | N/A *                                   |
| Emerging Markets             | (c) | 1,471,122                  | 1,779,288                  | 100,000              | 10 - 15 years           | N/A *                 | N/A *                   | N/A *                                   |
| Senior Direct Loan Funds     | (d) | 1,232,498                  | 1,671,682                  | 2,339,840            | 10 - 15 years           | N/A *                 | N/A *                   | N/A *                                   |
| Real Asset Funds             | (e) | 2,175,922                  | 1,915,936                  | 2,279,306            | 10 - 15 years           | N/A*                  | N/A*                    | N/A*                                    |
| Real Estate Funds            | (f) | 5,652,671                  | 6,705,185                  | 693,032              | 10 - 15 years           | N/A*                  | N/A*                    | N/A*                                    |
| Hedge Funds                  | (g) | 93,910,755                 | 101,391,489                | -                    | N/A                     | 90 days               | 1 - 3 year lock         | 1 - 3 year lock                         |
| Hedge Funds                  | (h) | 18,723,712                 | 20,548,295                 | -                    | N/A                     | Monthly, 30 - 90 days | None                    | None                                    |
| Commingled Funds             | (i) | 39,704,488                 | 39,510,196                 | -                    | N/A                     | 2 - 90 days           | None                    | None                                    |
| Commingled Funds             | (j) | 5,000,000                  | -                          | -                    | N/A                     | Quarterly, 180 days   | 1 year lock             | 1 year lock                             |

\* These investments have no ability to redeem with the fund.

- (a) This class includes several private equity funds that invest primarily in foreign and U.S. start-up companies and buyouts. These investments are in the form of limited partnership agreements and therefore cannot be redeemed with the funds. Rather, liquidation of the investments results in distributions from the funds to the limited partners. The fair values of the investments in this class have been estimated using the NAV of the Arts Center's ownership interest in partners' capital.
- (b) This class includes several funds which invest primarily in distressed equity and fixed income securities of foreign and U.S. companies. These investments are in the form of limited partnership agreements and therefore can never be redeemed with the funds. Distributions are received from the liquidation of the underlying investments in the funds. The fair values of the investments in this class have been estimated using the NAV of the Arts Center's ownership interest in partners' capital.
- (c) This class consists of one fund which invests in private companies in the emerging markets of Brazil, Russia, India and China. This investment is in the form of a limited partnership agreement and therefore can never be redeemed with the funds. Distributions are received from the liquidation of the underlying investments in the funds. The fair values of the investments in this class have been estimated using the NAV of the Arts Center's ownership interest in partners' capital.
- (d) This class consists on one fund which invests in privately placed senior first lien loans to both public and private companies in the U.S. This investment is in the form of a limited partnership agreement and therefore can never be redeemed with the funds. Distributions are received both in the form of current interest income and also from the liquidation of the underlying loans in the fund. Most loans have short maturities of 5 year or less. The fair values of the investments in this class have been estimated using the NAV of the Arts Center's ownership interest in partners' capital.
- (e) This class consists of one fund which invests commodities, specifically oil and gas, metals and mining and power and renewables. This investment is in the form of a limited partnership agreement. The fair values of the investments in this class have been estimated using the NAV of the Arts Center's ownership interest in partners' capital.
- (f) This class includes two private equity fund of funds that invest primarily in real estate and distressed real estate. These investments are in the form of limited partnership agreements and therefore cannot be redeemed with the funds. Rather, liquidation of the investments results in distributions from the funds to

the limited partners. The fair values of the investments in this class have been estimated using the NAV of the Arts Center's ownership interest in partners' capital.

- (g) This class consists of an investment in a fund of funds which invests in a series of investment strategies the objective of which is to provide an absolute return over long periods of time regardless of market conditions. These investment strategies include, but are not limited to, long/short equity, debt and equity arbitrage, capital structure arbitrage and equity market neutral strategies. The fair values of the investments in this class have been determined using the NAV per share of the funds.
- (h) This class of investments consists of two funds which invest primarily in long/short equity investments. One fund is a fund of funds while the other is a direct investment in a single manager. The investment strategy involved in this class is long/short foreign and U.S. equity securities. The fair values for the investments in this class have been determined using the NAV per share of the funds.
- (i) This class of investments consists of a number of commingled funds investing in U.S. equities, foreign sovereign debt, fixed income vehicles, derivatives, and bank loans. The fair values for the investments in this class have been determined using the NAV per share of the funds.
- (j) This class consists of a commingled fund investing in U.S. equities, foreign sovereign debt, fixed income vehicles, derivatives, and bank loans. The fair values for the investment in this class has been determined using the NAV per share of the fund.

#### **Beneficial Interests in Perpetual Trusts and Contributions Receivable from Remainder Trusts**

Beneficial interests in perpetual trusts and contributions receivable from remainder trusts classified within level 3 have significant unobservable inputs. Beneficial interests in perpetual trusts and contributions receivable from remainder trusts are irrevocable trusts held primarily at certain financial institutions. When observable prices are not available for the assets of these trusts, the Center uses one or more valuation techniques (e.g., the market approach, the income approach or the cost approach) for which sufficient and reliable data is available. Within level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future interest in the trusts.

#### **5 Investment in Joint Venture**

During 2016 and 2015, the Arts Center had a 50% ownership in a special purpose joint venture agreement with an independent third party (the Joint Venture). Pursuant to the requirements of the Joint Venture, the Arts Center made an initial capital contribution of \$1,000,000 to the Joint Venture. After consideration of Joint Venture operating results and net distributions, the Arts Center's investment in the Joint Venture was \$593,500 as of May 31, 2015. During 2016, the Arts Center assigned its interest in the Joint Venture to its Joint Venture partner. (See Note 17).

#### **6 Split Interest Agreements**

The Arts Center's split-interest agreements with donors consist of charitable gift annuities, charitable remainder trusts, and beneficial interests in perpetual trusts.

The Arts Center is the beneficiary of several perpetual trusts held by third parties. Under these trusts, donors have established and funded perpetual trusts whereby the Arts Center has the irrevocable right to receive its interest in the income earned on perpetual trust assets. The corpus of the trusts will be maintained by a trustee in perpetuity. The Arts Center recorded its initial beneficial interest in these trusts at the fair value of trust assets. Fair value of the trust assets totaled \$18,729,934 and \$19,870,069 as of May 31, 2016 and 2015, respectively. Changes in fair value are presented as permanently restricted changes in value of split interest agreements and totaled \$(1,140,135) and \$1,247 for the years ended May 31, 2016 and 2015, respectively.

The Arts Center is also the beneficiary under several irrevocable charitable remainder trusts. These agreements have been established by donors whereby the Arts Center will receive the fair value of trust assets upon the termination of the trusts. Trust assets are maintained by third-party trustees. The Arts Center recorded these trusts at the present value of the estimated future benefit to be received, which totaled \$905,909 and \$1,155,429 as of May 31, 2016 and 2015, respectively. The change in value of the estimated future benefit to be received is the net of distributions received and the change in the trusts' fair values. These trusts are reported in permanently restricted net assets. Annual adjustments in the trusts' fair values are recorded in the consolidated statements of activities as changes in value of split interest agreements which totaled \$15,496 and \$(20,463) for the years ended May 31, 2016 and 2015, respectively. Significant assumptions used in valuing these trusts are the discount rate under IRC Section 7520(a), ranging from 1.80% to 11.88%, and life expectancy of donors under IRS Publications 1457 Table R(2) and Table K, current ages ranging from 91 to 97 years.

Assets related to charitable gift annuities are recorded at their fair values when received and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designee. At the time of the gift, the Arts Center recognizes contribution revenue in an amount equal to the difference between these two amounts. The gross fair value of the related assets is included in investments in the consolidated statements of financial position. A liability for annuity obligations is included in accounts payable and accrued expenses equal to the present value of benefits which are due to the donor. Discount rates and actuarial assumptions used to determine the liability are those contained in mortality tables published by the Internal Revenue Service and are typically based on factors such as applicable federal interest rates and donor life expectancies. The liabilities are adjusted annually for changes in the estimates of future benefits, and the changes in the value of these agreements are included in the consolidated statements of activities. The liability balance totaled \$382,221 and \$424,642 and the change in value was \$(10,862) and \$(66,131) as of and for the years ended May 31, 2016 and 2015, respectively.

## 7 Land, Buildings and Equipment

Land, buildings and equipment, net, consisted of the following:

| <b>May 31</b>   | <b>2016</b>           | <b>2015</b>           |
|---|-----------------------|-----------------------|
| Land  | \$ 2,866,323          | \$ 10,526,166         |
| Buildings   | 214,425,376           | 243,891,929           |
| Furniture, fixtures and equipment                         | 23,468,738            | 23,795,840            |
| Land improvements   | 254,053               | 254,053               |
| Leasehold improvements                                    | -                     | 14,555                |
| Information systems                                       | 5,253,058             | 4,783,365             |
| <b>Leased Assets (See Note 17):</b>                       |                       |                       |
| Land  | 7,659,843             | -                     |
| Buildings   | 46,826,424            | 16,849,171            |
| Furniture, fixtures and equipment                         | 2,061,964             | 702,478               |
|   | <b>302,815,779</b>    | 300,817,557           |
| Accumulated depreciation and amortization                 | <b>(121,018,698)</b>  | (120,436,095)         |
| Accumulated depreciation and amortization - leased assets | <b>(14,026,048)</b>   | (5,890,829)           |
| <b>Total land, buildings, and equipment, net</b>          | <b>\$ 167,771,033</b> | <b>\$ 174,490,633</b> |

Property and equipment are stated at cost. Depreciation and amortization are provided over estimated useful lives using straight-line methods. Useful lives are as follows: building 40 years; landscape improvements 15 years; equipment 3 to 6 years; musical instruments, furniture, fixtures and equipment 5 to 10 years; vehicles 3 to 6 years; information systems 3 to 5 years and leasehold improvements utilizing the shorter of the lease term or the remaining useful life of the asset.

Construction in progress is comprised of costs capitalized for renovations to the Arts Center campus. Construction in progress totaled \$4,055,533 and \$1,980,024 as of May 31, 2016 and 2015, respectively.

Depreciation and amortization expense was \$9,329,445 and \$9,313,136 for the years ended May 31, 2016 and 2015, respectively.

## 8 Lines of Credit

Lines of credit consisted of:

| <b>May 31</b>   | <b>2016</b>         | <b>2015</b> |
|---|---------------------|-------------|
| Uncollateralized line of credit with bank (interest rate of 1.64% at May 31, 2016, based on LIBOR rate plus 1.20%) maturing March 20, 2017. * | \$ 8,031,858        | \$ -        |
|   | <b>\$ 8,031,858</b> | <b>\$ -</b> |

\* The Arts Center maintains a \$15,000,000 line of credit of which \$6,968,142 was available at May 31, 2016.

During fiscal year 2014, the Arts Center obtained another line of credit with a bank with a maximum available line of credit of \$14,000,000. The line of credit is a demand facility, accruing interest at a variable rate, with available borrowings based on 75% of the market value of the collateralized securities held at the bank. As of May 31, 2016 and 2015, there was no outstanding balance on the line of credit.

## 9 Bonds Payable

Bonds payable consisted of:

| <b>May 31</b>   | <b>2016</b>           | <b>2015</b>           |
|---|-----------------------|-----------------------|
| Development Authority of Fulton, Georgia; Series 2009A - Amended and Restated 2014 (variable interest rate of 1.30% and 1.12% at May 31, 2016 and 2015, respectively, maturing in 2039) (A) | \$ 49,580,000         | \$ 49,580,000         |
| Development Authority of DeKalb, Georgia; Series 2009A (fixed interest rate of 3.50% to 4.00% at May 31, 2015, paid off in 2016) (B)  | -                     | 5,235,000             |
| Development Authority of Fulton, Georgia; Series 2009B (fixed interest rate of 4.00% to 5.00% at May 31, 2015, refinanced in 2016) (B)  | -                     | 57,600,000            |
| Development Authority of Fulton, Georgia; Series 2009B (fixed interest rate of 4.50% to 5.25% at May 31, 2016 and 2015, maturing in 2024) (B)   | 60,425,000            | 60,425,000            |
| Development Authority of Fulton, Georgia; Series 2015A (fixed interest rate of 3.50% to 5.00% at May 31, 2016, maturing in 2024 through 2036) (C)   | 40,075,000            | -                     |
| Development Authority of Fulton, Georgia; Series 2015B (fixed interest rate of 1.84% to 3.78% at May 31, 2016, maturing 2017 through 2024) (D)  | 15,220,000            | -                     |
| Total bonds payable at face value   | 165,300,000           | 172,840,000           |
| Less unamortized discount   | (349,215)             | -                     |
| Less debt issuance costs  | (1,335,527)           | (858,381)             |
| Plus unamortized bond issuance premium  | 6,055,153             | 3,159,993             |
| Total bonds payable, net  | <b>\$ 169,670,411</b> | <b>\$ 175,141,612</b> |

- (A) The Fulton County Series 2009A bonds dated September 24, 2009 issued through the Development Authority of Fulton County, Georgia have an original face value amount of \$65,000,000 and mature in 2039. On June 24, 2014, the Arts Center paid \$15,420,000 of principal. On December 22, 2014, the outstanding \$49,580,000 principal amount of the Bonds was subsequently converted to an interest rate mode that allowed for the Bonds to be purchased and to bear interest as follows; (i) the Applicable Percentage (67%) times the sum of Adjusted LIBOR plus the Applicable Spread (1.5%), times the Margin Rate Factor (1.0 during all times when the maximum federal corporate tax rate is 35%). The bonds are required to be repaid within 20 years, requiring annual redemption payments of \$5,000,000 in 2025 ending with a final payment of \$4,580,000 in 2034. The Fulton County Series 2009A bonds contain certain restrictive covenants. As of May 31, 2016, the Arts Center was in compliance with these covenants.
- (B) The Fulton County Series 2009B bonds and DeKalb County Series 2009A bonds dated September 24, 2009 issued through the Development Authorities of Fulton County and DeKalb County have original face values of \$118,025,000 and \$5,235,000, respectively. These bonds bear interest at a fixed rate and have two different maturities. \$60,425,000 of fixed rate bonds have a maturity of March 15, 2024 and bear interest at a fixed rate of 4.50% to 5.25%, payable semi-annually on March 15 and September 15 of each year. The remaining \$62,835,000 of the fixed rate bonds had a maturity of March 15, 2016 and bore interest at a fixed rate of 3.50% to 5.00% payable semi-annually on March 15 and September 15 of each year. When the bonds matured on March 15, 2016, the Arts Center paid off \$5,235,000 on the bonds and refinanced the remaining \$57,600,000 through a bond issuance on December 30, 2015. The refinanced bonds include a tax exempt fixed rate issue Development Authority of Fulton County Revenue Bonds (Robert W. Woodruff Arts Center, Inc. Project) Series 2015A and taxable fixed rate issue Development Authority of Fulton County Taxable Revenue Bonds (Robert W. Woodruff Arts Center, Inc. Project) Series 2015B.
- (C) The Fulton County Series 2015A bonds dated December 30, 2015 issued through the Development Authority of Fulton County, Georgia consist of four tranches with a combined original face value amount of \$40,075,000 and mature between 2024 and 2036. These bonds bear interest at a fixed rate between 3.50% and 5.00%.
- (D) The Fulton County Series 2015B bonds dated December 30, 2015 issued through the Development Authority of Fulton County have original face values of \$15,220,000 and mature between 2017 and 2024. These bonds bear interest at a fixed rate between 1.84% and 3.78%. The interest is payable semi-annually on March 15 and September 15 of each year.

**Bond Maturities are as follows for the years ending May 31:**

|            |                |
|------------|----------------|
| 2017       | \$ 1,935,000   |
| 2018       | 1,975,000      |
| 2019       | 2,015,000      |
| 2020       | 2,070,000      |
| 2021       | 2,130,000      |
| Thereafter | 155,175,000    |
| Total      | \$ 165,300,000 |

A portion of the proceeds of each series of the fixed rate bonds was deposited with the Trustee to create a debt service reserve fund for the payment of principal and interest. The reserve requirement is defined as an amount equal to 5% of the original outstanding principal of the fixed rate bonds. At May 31, 2016, the balance in the debt service reserve fund was \$6,115,912.

The Fulton County Series 2009B bonds and Fulton County Series 2015A and 2015B bonds each contain covenants that require the Arts Center to meet certain financial ratios and restrict the Arts Center's ability to issue new debt. The Arts Center is in compliance with all debt covenants as of May 31, 2016.

Amortization of bond premiums, discounts and issuance costs is reported in the Consolidated Statements of Activities within interest expense.

## 10 Commitments and Contingencies

The Arts Center is subject to legal claims and other contingencies arising in the ordinary conduct of its affairs. The Arts Center accrues a liability for such claims or contingencies when a loss is probable and the amount of the liability can be estimated. Management of the Arts Center believes that the outcome of any such liabilities will not have a material adverse effect on the Arts Center's financial position.

The Arts Center has entered into several construction contracts amounting to approximately \$4,600,000 to complete various maintenance and renovation projects on its campus. At May 31, 2016, outstanding commitments related to these projects approximated \$1,200,000 that will be financed through various temporarily restricted net asset funds based on the work being performed.

The Arts Center and Encore Park for the Arts, Inc. ("EPA") are parties to an Agreement which provides that funds, subject to certain defined offsets, be set aside each calendar year by the Arts Center for the purpose of raising funds for a Performing Arts Center ("PAC"). If EPA desired to raise funds to construct a PAC, the Arts Center has the ability to satisfy the obligation through May 31, 2016. The obligation will cease upon completion of fund raising efforts for the PAC sufficient to cover its design and development costs. The Agreement provides that if construction of the PAC is not commenced by 2023 and EPA is not prioritizing the development of the PAC, the Arts Center will transfer certain real property necessary for the location of the PAC, as reasonably determined by the Arts Center, which real property currently is owned by the Arts Center, to a newly created §501(c) (3) nonprofit Georgia corporation for the purpose of building the PAC. The Arts Center has retained the right of first opportunity to operate the PAC. As May 31, 2016, there has been no determination by EPA to raise funds or build a PAC on the real property referenced in the Agreement. The Agreement may be terminated, and the transactions contemplated may be abandoned by EPA and WAC, before 2023 by mutual written consent of both parties.

## 11 Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets were available for use for the following donor-imposed purposes:

| <b>May 31</b>                                | <b>2016</b>          | <b>2015</b>           |
|--|----------------------|-----------------------|
| Performance, exhibitions or related programs | \$ 73,943,839        | \$ 98,180,444         |
| Facilities related                           | 17,709,481           | 11,568,451            |
| Passage of time and other                    | 3,802,964            | 4,224,014             |
| Total  | <b>\$ 95,456,284</b> | <b>\$ 113,972,909</b> |

Permanently restricted net assets are comprised of the corpus of investments subject to donor imposed restrictions. Income from these investments may be expended to support the following activities:

| <b>May 31</b>   | <b>2016</b>           | <b>2015</b>           |
|---|-----------------------|-----------------------|
| General activity of the Arts Center and its divisions | \$ 166,297,906        | \$ 160,460,340        |
| Art acquisition                                       | 5,438,390             | 3,660,890             |
| Performance, exhibitions or related programs          | 93,100,406            | 72,677,763            |
| Other   | 7,492                 | 3,913                 |
| Total   | <b>\$ 264,844,194</b> | <b>\$ 236,802,906</b> |

## 12 Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of other events specified by donors or by the passage of time, as follows:

| <b>May 31</b>                                | <b>2016</b>   | <b>2015</b>   |
|--|---------------|---------------|
| Performance, exhibitions or related programs | \$ 19,642,694 | \$ 16,734,881 |
| Facilities Related                           | 3,015,493     | 6,250,350     |
| Passage of time and other                    | 1,770,474     | 1,342,609     |
| Total restrictions released                  | \$ 24,428,661 | \$ 24,327,840 |

## 13 Functional Expenses

The costs of providing the various program and supporting services (operating, plant and endowment funds) have been summarized on a functional basis in the table below. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

| <b>Year ended May 31, 2016</b> | <b>Atlanta<br/>Symphony<br/>Orchestra</b> | <b>Alliance<br/>Theatre<br/>Company</b> | <b>High<br/>Museum<br/>of Art</b> | <b>Woodruff<br/>Arts<br/>Center</b> | <b>Total</b>   |
|--------------------------------|---|---|-----------------------------------|-------------------------------------|----------------|
| Program services               | \$ 31,803,613                             | \$ 10,146,089                           | \$ 22,194,176                     | \$ 20,527,411                       | \$ 84,671,289  |
| Supporting services:           |   |   |                                   |                                     |                |
| Management and general         | 1,643,519                                 | 1,425,322                               | 3,630,417                         | 7,515,695                           | 14,214,953     |
| Fundraising                    | 555,194                                   | 1,499,904                               | 3,215,946                         | 3,030,110                           | 8,301,154      |
| Total expenses                 | \$ 34,002,326                             | \$ 13,071,315                           | \$ 29,040,539                     | \$ 31,073,216                       | \$ 107,187,396 |

| <b>Year ended May 31, 2015</b> | <b>Atlanta<br/>Symphony<br/>Orchestra</b> | <b>Alliance<br/>Theatre<br/>Company</b> | <b>High<br/>Museum<br/>of Art</b> | <b>Woodruff<br/>Arts<br/>Center</b> | <b>Total</b>   |
|--------------------------------|---|---|-----------------------------------|-------------------------------------|----------------|
| Program services               | \$ 36,328,928                             | \$ 10,945,360                           | \$ 22,151,498                     | \$ 20,565,926                       | \$ 89,991,712  |
| Supporting services:           |   |   |                                   |                                     |                |
| Management and general         | 3,512,109                                 | 1,793,431                               | 3,615,027                         | 7,430,862                           | 16,351,429     |
| Fundraising                    | 1,522,530                                 | 1,742,106                               | 3,106,345                         | 2,192,163                           | 8,563,144      |
| Total expenses                 | \$ 41,363,567                             | \$ 14,480,897                           | \$ 28,872,870                     | \$ 30,188,951                       | \$ 114,906,285 |

### Program Services

The Atlanta Symphony Orchestra serves audiences across the nation by providing both musical performances and education. The Alliance Theatre serves both adults and children, producing theatre and education programming. The High Museum of Art serves audiences from across the Southeast region and around the world with its distinguished collections, dynamic schedule of special exhibitions, and engaging community-focused programming. The Woodruff Arts Center division's program services include the costs of maintaining operating facilities for divisions, and its management and general expenses include supporting services such as information services, accounting and personnel.

## 14 Spending Rate Policy

The Arts Center has a spending rate policy whereby a predetermined amount of unrestricted investment income from certain investments is established to fund current operations. The spending rate is meant to represent a reasonable return (dividends, interest and realized gains) on the fair value of the investments. The Arts Center applies this policy to the Woodruff Arts Center General, Symphony Division, Symphony Division Peevy,

Symphony Division Creative Enhancement, Museum Division, Theatre Division, Theatre Division NEA and Arts for Learning general endowments.

The Board of Trustees has authorized a spending rate of up to 5% of a 20-quarter rolling average of the fair value of the Woodruff Arts Center General endowment investments.

The Arts Center has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the purchasing power of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However under the provisions of the act, the board of trustees may appropriate expenditures of an underwater endowment fund as is deemed prudent for the use and purposes for which an endowment fund is established. As a result of this interpretation, the Arts Center classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' original gift value that excess is available for appropriation and, therefore, classified as temporarily restricted net assets until appropriated by the Arts Center for expenditure in accordance with donor instructions. In accordance with the Act, the Arts Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

| <b>Endowment Net Assets Composition<br/>by Type of Fund at May 31, 2016</b> | <b>Unrestricted</b>  | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>          |
|---|----------------------|-----------------------------------|-----------------------------------|-----------------------|
| Donor-restricted endowment funds  | \$ (7,240,514)       | \$ 63,582,770                     | \$ 245,179,585                    | \$ 301,521,841        |
| Board-designated funds  | 21,464,318           | -                                 | -                                 | 21,464,318            |
| <b>Total funds</b>  | <b>\$ 14,223,804</b> | <b>\$ 63,582,770</b>              | <b>\$ 245,179,585</b>             | <b>\$ 322,986,159</b> |

| <b>Changes in Endowment Net Assets<br/>For the year ended May 31, 2016</b>               | <b>Unrestricted</b>  | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>          |
|--|----------------------|-----------------------------------|-----------------------------------|-----------------------|
| Net assets at May 31, 2015   | \$ 24,107,934        | \$ 83,483,368                     | \$ 215,752,222                    | \$ 323,343,524        |
| <b>Investment return:</b>  |                      |                                   |                                   |                       |
| Investment income, net   | 331,815              | 4,285,243                         | -                                 | 4,617,058             |
| Realized net gains and change in unrealized<br>depreciation in fair value of investments | (8,739,146)          | (10,712,954)                      | -                                 | (19,452,100)          |
| <b>Total investment return</b>   | <b>(8,407,331)</b>   | <b>(6,427,711)</b>                | <b>-</b>                          | <b>(14,835,042)</b>   |
| New gifts  | -                    | -                                 | 28,061,349                        | 28,061,349            |
| Change in donor restriction  | -                    | -                                 | 1,101,000                         | 1,101,000             |
| Distribution from charitable remainder trust   | -                    | -                                 | 265,014                           | 265,014               |
| Appropriation of endowment assets for<br>expenditure                                     | (1,476,799)          | (13,472,887)                      | -                                 | (14,949,686)          |
| <b>Net assets, May 31, 2016</b>  | <b>\$ 14,223,804</b> | <b>\$ 63,582,770</b>              | <b>\$ 245,179,585</b>             | <b>\$ 322,986,159</b> |



| <b>Endowment Net Assets Composition<br/>by Type of Fund at May 31, 2015</b> | <b>Unrestricted</b>  | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>          |
|---|----------------------|-----------------------------------|-----------------------------------|-----------------------|
| Donor-restricted endowment funds  | \$ -                 | \$ 83,483,368                     | \$ 215,752,222                    | \$ 299,235,590        |
| Board-designated funds  | 24,107,934           | -                                 | -                                 | 24,107,934            |
| <b>Total funds</b>  | <b>\$ 24,107,934</b> | <b>\$ 83,483,368</b>              | <b>\$ 215,752,222</b>             | <b>\$ 323,343,524</b> |

  

| <b>Changes in Endowment Net Assets<br/>For the year ended May 31, 2015</b>               | <b>Unrestricted</b>  | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>          |
|--|----------------------|-----------------------------------|-----------------------------------|-----------------------|
| Net assets at May 31, 2014   | \$ 24,137,513        | \$ 84,277,206                     | \$ 187,270,545                    | \$ 295,685,264        |
| <b>Investment return:</b>  |                      |                                   |                                   |                       |
| Investment income, net   | 97,198               | 1,878,257                         | -                                 | 1,975,455             |
| Realized net gains and change in unrealized<br>depreciation in fair value of investments | 728,361              | 9,870,579                         | -                                 | 10,598,940            |
| <b>Total investment return</b>   | <b>825,559</b>       | <b>11,748,836</b>                 | <b>-</b>                          | <b>12,574,395</b>     |
| New gifts  | -                    | -                                 | 28,481,677                        | 28,481,677            |
| Appropriation of endowment assets for<br>expenditure                                     | (855,138)            | (12,542,674)                      | -                                 | (13,397,812)          |
| <b>Net assets, May 31, 2015</b>  | <b>\$ 24,107,934</b> | <b>\$ 83,483,368</b>              | <b>\$ 215,752,222</b>             | <b>\$ 323,343,524</b> |

Permanently restricted net assets disclosed above are only those from which endowment distributions are made and do not include net assets from the trusts.

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 Arts Center to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported as reduction of unrestricted net assets were \$7,240,514 as of May 31, 2016. No deficiencies of this nature existed as of May 31, 2015.

## 15 Pension Plans

### Defined Benefit Plans

The Arts Center sponsors two defined benefit pension plans. The Pension Retirement Plan for the Contract Musicians of the Atlanta Symphony Orchestra (the ASO Musicians' Plan), initially established through negotiations with the Musicians Union in 1976, covers all musicians and provides benefits defined by the terms of the union contract.

In 1997, in accordance with a new musicians' union agreement, the ASO and members of the ASO Musicians' Plan agreed to freeze the normal retirement benefit to \$25,000 per participant annually. The ASO will continue to fund the Plan as necessary until all benefits accrued by participants are paid. The musicians became members of the American Federation of Musicians and Employers' Pension Plan (the AFofM Plan) as a result of this agreement. The ASO will make contributions to the AFofM Plan pursuant to the agreement reached with the musicians.

A second defined benefit plan, The Pension Retirement Plan for the Employees of the Robert W. Woodruff Arts Center, Inc. and Subsidiaries (the Arts Center Plan), covers substantially all other employees who were employed prior to January 1, 2007, and not covered by the ASO Musicians Plan. The Arts Center Plan provides pension benefits that are based on the employees' compensation and service.

In 2007, The Board of Trustees of the Arts Center approved a plan to make changes to the Pension Retirement Plan for the Employees of the Robert W. Woodruff Arts Center, Inc. The Arts Center Plan was amended to stop participation in the defined benefit pension plan as of December 31, 2006. Any employee hired after December 31, 2006, is, upon achieving appropriate service time and age requirements, a participant in a defined contribution plan.

Prior service costs are amortized over the estimated average remaining service periods for the Arts Center plan. The Arts Center's policy is to fund the cost of benefits currently accruing and past service cost over periods not exceeding 30 years for the Arts Center Plan and 20 years for the ASO Musicians' Plan to the extent necessary to meet regulatory funding requirements.

The Board of Trustees of the Arts Center approved a plan to freeze the Arts Center Plan effective December 31, 2011 and, as a result, cease any future accrual of benefits for this plan. Existing, active participants of the Arts Center Plan participate in the defined contribution plan beginning January 1, 2012. The Board of Trustees has approved providing additional contributions to certain individuals who will be negatively impacted by the transition.

### Obligations and Funded Status

The following table sets forth the changes in benefit obligations and the fair value of plan assets for the defined benefit plans:

| For the years ending May 31                  | ASO Musicians' Plan |               | Arts Center   |               |
|--|---------------------|---------------|---------------|---------------|
|  | 2016                | 2015          | 2016          | 2015          |
| <b>Change in benefit obligation:</b>         |                     |               |               |               |
| Benefit obligation, beginning of year        | \$ 16,939,148       | \$ 16,028,411 | \$ 31,211,090 | \$ 28,339,932 |
| Service cost                                 | 80,000              | 80,000        | 190,000       | 190,000       |
| Interest cost                                | 658,129             | 629,822       | 1,299,285     | 1,203,401     |
| Benefits paid                                | (830,212)           | (824,540)     | (1,074,163)   | (1,370,804)   |
| Actuarial (gain) loss                        | (152,614)           | 1,025,455     | (197,091)     | 2,848,561     |
| Curtailments                                 | -                   | -             | -             | -             |
| Settlements                                  | -                   | -             | (5,082,839)   | -             |
| Benefit obligation, end of year              | \$ 16,694,451       | \$ 16,939,148 | \$ 26,346,282 | \$ 31,211,090 |
| <b>Change in plan assets:</b>                |                     |               |               |               |
| Fair value of plan assets, beginning of year | \$ 13,200,448       | \$ 13,650,787 | \$ 21,335,015 | \$ 21,683,592 |
| Actual return on plan assets                 | (728,468)           | 205,016       | (1,466,687)   | 119,680       |
| Employer contributions                       | -                   | 169,185       | 777,640       | 902,547       |
| Benefits paid                                | (830,212)           | (824,540)     | (1,074,163)   | (1,370,804)   |
| Settlements                                  | -                   | -             | (5,082,839)   | -             |
| Fair value of plan assets, end of year       | \$ 11,641,768       | \$ 13,200,448 | \$ 14,488,966 | \$ 21,335,015 |

In 2016, certain eligible participants were offered a one-time opportunity for lump-sum settlement. This resulted in a reduction in plan assets of \$5,082,839. The settlement reduced the benefit obligation by \$6,215,385, of which \$1,163,366 is included net in the actuarial gain component of the change in benefit obligation above.

### Funded Status

The funded status at the end of the year and the related amounts recognized on the statement of financial position follow:

| As of and for the years ending May 31                        | ASO Musicians' Plan |                 | Arts Center     |                 |
|--|---------------------|-----------------|-----------------|-----------------|
|  | 2016                | 2015            | 2016            | 2015            |
| <b>Development of Balance Sheet Asset/(Liability)</b>        |                     |                 |                 |                 |
| Projected benefit obligation (PBO)                           | \$ (16,694,451)     | \$ (16,939,148) | \$ (26,346,282) | \$ (31,211,090) |
| Fair value of assets (FVA)                                   | 11,641,768          | 13,200,448      | 14,488,966      | 21,335,015      |
| Net balance sheet asset/(liability)                          | \$ (5,052,683)      | \$ (3,738,700)  | \$ (11,857,316) | \$ (9,876,075)  |
| <b>Current and Noncurrent Allocation</b>                     |                     |                 |                 |                 |
| Noncurrent assets  | \$ -                | \$ -            | \$ -            | \$ -            |
| Current liabilities  | -                   | -               | -               | -               |
| Noncurrent liabilities                                       | (5,052,683)         | (3,738,700)     | (11,857,316)    | (9,876,075)     |
| Net balance sheet asset/(liability)                          | \$ (5,052,683)      | \$ (3,738,700)  | \$ (11,857,316) | \$ (9,876,075)  |
| <b>Reconciliation of Net Balance Sheet Asset/(Liability)</b> |                     |                 |                 |                 |
| Net balance sheet asset/(liability) and end of prior year    | \$ (3,738,700)      | \$ (2,377,624)  | \$ (9,876,075)  | \$ (6,656,340)  |
| Employer service cost  | (80,000)            | (80,000)        | (190,000)       | (190,000)       |
| Interest cost  | (658,129)           | (629,822)       | (1,299,285)     | (1,203,401)     |
| Expected return on assets                                    | 919,124             | 954,929         | 1,533,107       | 1,575,764       |
| Actuarial loss   | (1,494,978)         | (1,775,368)     | (2,802,703)     | (4,304,645)     |
| Employer contributions                                       | -                   | 169,185         | 777,640         | 902,547         |
| Net balance sheet asset/(liability) and end of year          | \$ (5,052,683)      | \$ (3,738,700)  | \$ (11,857,316) | \$ (9,876,075)  |

### Total Net Periodic Benefit Cost (Benefit)

The components of net periodic benefit cost (benefit) are as follows:

| For the years ending May 31        | ASO Musicians' Plan |              | Arts Center  |             |
|------------------------------------|---------------------|--------------|--------------|-------------|
|                                    | 2016                | 2015         | 2016         | 2015        |
| <b>Total Benefit Cost</b>          |                     |              |              |             |
| Service cost                       | \$ 80,000           | \$ 80,000    | \$ 190,000   | \$ 190,000  |
| Interest cost                      | 658,129             | 629,822      | 1,299,285    | 1,203,401   |
| Expected return on plan assets     | (919,124)           | (954,929)    | (1,533,107)  | (1,575,764) |
| Subtotal                           | (180,995)           | (245,107)    | (43,822)     | (182,363)   |
| Net loss amortization              | 145,047             | 81,790       | 292,530      | 175,589     |
| Net periodic benefit cost/(income) | (35,948)            | (163,317)    | 248,708      | (6,774)     |
| Settlements                        | -                   | -            | 2,320,377    | -           |
| Disclosed benefit cost             | \$ (35,948)         | \$ (163,317) | \$ 2,569,085 | \$ (6,774)  |

Cumulative amounts recognized as nonoperating changes in unrestricted net assets in the statement of activities:

| For the years ending May 31  | ASO Musicians' Plan |              | Arts Center          |               |
|--|---------------------|--------------|----------------------|---------------|
|  | 2016                | 2015         | 2016                 | 2015          |
| <b>Components of benefit obligation that have not been recognized as periodic benefit cost:</b>                |                     |              |                      |               |
| Net transition obligation/(asset)  | \$ -                | \$ -         | \$ -                 | \$ -          |
| Net prior service cost/(credit)  | -                   | -            | -                    | -             |
| Net loss/(gain)  | <b>6,355,114</b>    | 5,005,183    | <b>12,027,735</b>    | 11,837,939    |
| Cumulative amounts recognized as nonoperating changes in unrestricted net assets                               | <b>\$ 6,355,114</b> | \$ 5,005,183 | <b>\$ 12,027,735</b> | \$ 11,837,939 |
| <b>Development of components of benefit obligation that have not been recognized as periodic benefit cost:</b> |                     |              |                      |               |
| Beginning balance  | \$ 5,005,183        | \$ 3,311,605 | \$ 11,837,939        | \$ 7,708,883  |
| Less amounts amortized during the year   |                     |              |                      |               |
| Net prior service cost/(credit)  | -                   | -            | -                    | -             |
| Net loss   | <b>145,047</b>      | 81,790       | <b>292,530</b>       | 175,589       |
| Occurring during the year  |                     |              |                      |               |
| Net loss/(gain)  | <b>1,494,978</b>    | 1,775,368    | <b>2,802,703</b>     | 4,304,645     |
| Settlement   | -                   | -            | <b>(2,320,377)</b>   | -             |
| Ending balance   | <b>\$ 6,355,114</b> | \$ 5,005,183 | <b>\$ 12,027,735</b> | \$ 11,837,939 |

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic pension cost for the year ended May 31, 2017 for the ASO Musicians' Plan and Arts Center Plan is \$145,047 and \$292,530, respectively.

### Expected Cash Flows

Expected future employer contributions and benefits payments are as follows:

| For the years ending May 31              | ASO Musicians' Plan | Arts Center      |
|--|---------------------|------------------|
| <b>Expected employer contributions:*</b> |                     |                  |
| 2017                                     | \$ -                | \$ 654,823       |
| <b>Expected benefit payments:</b>        |                     |                  |
| 2017                                     | 1,109,136           | 1,192,086        |
| 2018                                     | 1,108,205           | 1,243,521        |
| 2019                                     | 1,082,795           | 1,305,201        |
| 2020                                     | 1,057,352           | 1,355,852        |
| 2021                                     | 1,048,551           | 1,379,254        |
| 2022 to 2026                             | <b>5,075,681</b>    | <b>7,324,066</b> |

\* These amounts have been determined assuming there are no special events, plan amendments, assumption changes, or actuarial losses/(gains) during the upcoming fiscal year.

### Assumptions

In determining the projected benefit obligation and the net pension cost (benefit), the following significant weighted-average assumptions were used:

| May 31, 2016  | ASO Musicians'<br>Plan | Arts Center |
|---|------------------------|-------------|
| Discount rate used for determining projected benefit obligation as of May 31, 2016                          | 3.70%                  | 3.86%       |
| Discount rate used for determining projected benefit obligation as of May 31, 2015                          | 4.01%                  | 4.24%       |
| Discount rate in effect for determining net periodic pension cost (benefit) for the year ended May 31, 2016 | 4.01%                  | 4.24%       |
| Discount rate in effect for determining net periodic pension cost (benefit) for the year ended May 31, 2015 | 4.06%                  | 4.32%       |
| Long-term expected rate of return on plan assets  | 7.25%                  | 7.25%       |
| Rate of future compensation increase  | *                      | **          |

\*Not applicable to the plan as benefits are defined under terms of the union contract and not salary related.

\*\*Not applicable since the plan was frozen December 31, 2012.

The expected long term rates of return for the Plans are based on many factors that include, but are not limited to, historical returns on plan assets, current market information on long-term returns (e.g., long-term bond rates) and current and target asset allocations between asset categories.

### Pension Plan Assets

The pension plan assets are invested according to the following asset allocation:

| May 31,                             | ASO Musicians' Plan |      | Arts Center |      |
|-------------------------------------|---------------------|------|-------------|------|
|                                     | 2016                | 2015 | 2016        | 2015 |
| Common Stocks                       | 0%                  | 57%  | 0%          | 57%  |
| Mutual Funds/ETFs                   | 99%                 | 5%   | 99%         | 5%   |
| Investments in Limited Partnerships | 0%                  | 17%  | 0%          | 17%  |
| Fixed income                        | 0%                  | 15%  | 0%          | 15%  |
| Cash Equivalents                    | 1%                  | 4%   | 1%          | 4%   |
| Other                               | 0%                  | 2%   | 0%          | 2%   |
| Total                               | 100%                | 100% | 100%        | 100% |

During 2016 the Plans' assets are invested in a money market fund and several mutual funds representing different asset classes including public equity, government and corporate bonds, real estate, commodities and resource-related stocks. The principal investment objectives are to ensure the availability of funds to pay pension benefits as they become due under a broad range of future economic scenarios, to maximize long-term investment return with an acceptable level of risk based on pension obligations and to be broadly diversified across and within capital markets to insulate asset values against adverse experience in any one market.

As of May 31, 2016 the investments in money market funds and mutual funds are valued at cost, which approximate fair value, and therefore are considered within Level 1.

During 2015 the Plans' assets are invested in a money market fund and a single comingled fund that has allocations to assets classes consisting primarily of private and public equity, government and corporate bonds, real estate, commodities and resource-related stocks. The principal investment objectives are to ensure the availability of funds to pay pension benefits as they become due under a broad range of future economic scenarios, to maximize long-term investment return with an acceptable level of risk based on pension obligations and to be broadly diversified across and within capital markets to insulate asset values against adverse experience in any one market.

As of May 31, 2015 the investments in money market funds are valued at cost, which approximates fair value, and therefore are considered within Level 1. The investments in shares of mutual funds are valued at the net asset value (NAV) of shares held by the Plan at year end. These investment values are determined using observable market based inputs, and therefore are considered within Level 2.

| ASO Musicians' Plan | Fair value measurements at May 31, 2016 |               |         |         |
|---------------------|---|---------------|---------|---------|
|                     | Total                                   | Level 1       | Level 2 | Level 3 |
| Money market funds  | \$ 80,143                               | \$ 80,143     | \$ -    | \$ -    |
| Mutual funds        | 11,561,625                              | 11,561,625    | -       | -       |
| Total               | \$ 11,641,768                           | \$ 11,641,768 | \$ -    | \$ -    |

| Arts Center Employees' Plan | Fair value measurements at May 31, 2016 |               |         |         |
|-----------------------------|---|---------------|---------|---------|
|                             | Total                                   | Level 1       | Level 2 | Level 3 |
| Money market funds          | \$ 187,625                              | \$ 187,625    | \$ -    | \$ -    |
| Mutual funds                | 14,301,341                              | 14,301,341    | -       | -       |
| Total                       | \$ 14,488,966                           | \$ 14,488,966 | \$ -    | \$ -    |

| ASO Musicians' Plan | Fair value measurements at May 31, 2015 |            |               |         |
|---------------------|---|------------|---------------|---------|
|                     | Total                                   | Level 1    | Level 2       | Level 3 |
| Money market funds  | \$ 228,543                              | \$ 228,543 | \$ -          | \$ -    |
| Mutual funds        | 12,971,905                              | -          | 12,971,905    | -       |
| Total               | \$ 13,200,448                           | \$ 228,543 | \$ 12,971,905 | \$ -    |

| Arts Center Employees' Plan | Fair value measurements at May 31, 2015 |           |               |         |
|-----------------------------|---|-----------|---------------|---------|
|                             | Total                                   | Level 1   | Level 2       | Level 3 |
| Money market funds          | \$ 79,621                               | \$ 79,621 | \$ -          | \$ -    |
| Mutual funds                | 21,255,394                              | -         | 21,255,394    | -       |
| Total                       | \$ 21,335,015                           | \$ 79,621 | \$ 21,255,394 | \$ -    |

### **Defined Contribution Benefit Plan**

The Arts Center also sponsors a defined contribution pension plan that operates under Section 403(b) of the Internal Revenue Code.

The plan has two components. The first of these components is contributory in nature (i.e. requires the employee to make a contribution to the plan). Established in 1972, it was initially known as the Atlanta College of Art Defined Contribution Plan and participation was limited to certain employees of the Atlanta College of Art. Effective January 1, 2002, participation was extended to certain other eligible employees of the Arts Center. Currently eligible employees are all employees of the Arts Center, other than employees included in a unit covered by a collective bargaining agreement, who have completed one year of service, including an hours worked requirement, and attained 21 years of age. The Arts Center's policy in 2016 and 2015 is to match employee contributions to the Plan up to 6% of gross salary. In fiscal year 2015 and through January 31, 2016 contributions were matched at a rate of 50%. The plan was amended to increase the matching rate on contributions to 100% beginning on February 1, 2016.

The second component of the defined contribution plan is non-contributory in nature (i.e. all contributions are made by the employer). Eligibility requirements for this part of the plan are the same as those of the contributory component with the additional requirement that eligible employees were hired after December 31, 2006. Upon achieving the appropriate service time and age requirements, the Arts Center will contribute 4% of each participating employees' compensation into the plan depending on their hire dates, ages and lengths of service.

Upon freezing of the Arts Center Plan, participants of this plan became eligible for the non-contributory component of the defined contribution plan. The Arts Center will contribute an enhanced contribution ranging from .5% to 4.5% through 2026 in addition to the 4% of each participating employees' compensation into the plan depending on their hire dates, ages and lengths of service.

The non-contributory components of the defined contribution plan were removed on February 1, 2016 and replaced with the increased matching rate for the contributory component of the plan disclosed above.

Pension expense related to the Arts Center's defined contribution plan totaled approximately \$1,183,884 and \$1,299,191 for years ending May 31, 2016 and 2015, respectively.

### **Multiemployer Plan**

The Arts Center contributes to a multiemployer defined benefit pension plan, American Federation of Musicians' and Employers' Pension Plan (EIN 51-6120204, Plan 001), hereafter "AFofM Plan", under the terms of its collective bargaining agreement with union-represented musicians of its Atlanta Symphony Orchestra division.

The AFofM Plan is overseen by a board of trustees, consisting of members appointed by the union and employers contributing to the plan. The plan's trustees' responsibilities include determining the level of benefits provided to participants, the investment of plan assets, and the administration of the plan. The benefits provided by the AFofM Plan to the participating employees are based on a scale of benefits defined by each \$100 contributions and the time period in which those contributions were made to the plan. The Arts Center's contract covering the union-represented employees will expire September 8, 2018. The agreement specifies that the contributions to the AFofM Plan should be determined on the basis of 6.25% the employees' minimum weekly salary as defined by the collective bargaining agreement.

As of March 31, 2016, the AFofM Plan was underfunded, which was determined in accordance with Employer Retirement Income Security Act of 1974 calculations, with the actuarial value of its assets and liabilities totaling \$2,066,699,976 and \$2,531,797,223, respectively. On April 30, 2010, the Arts Center received a notice from the trustees of AFofM Plan stating that the plan is considered to be in critical status (as defined by the Pension Protection Act of 2006). The most recent notice was received on July 29, 2016 stated that the AFofM Plan remains in critical status for the plan year beginning April 1, 2016 and is projected to have an accumulated funding deficiency.

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, adjustable benefits as part of the rehabilitation plan. On April 30, 2010 the Arts Center also received notices of adoption of a rehabilitation plan and benefit changes from the AFofM Plan trustees.

The rehabilitation plan calls for additional employer contributions, changes in benefits and application to IRS for an automatic 5-year extension of amortization of unfunded liability. Employers by law are required to pay a surcharge to the plan that is based on contributions. The surcharges does not result in additional benefit accruals to the plan. Effective June 1, 2010 the surcharge was 5% of contributions. Effective June 1, 2011 the surcharge increased to 10% of contributions. Employers may avoid the surcharges by agreeing to increase the amount of the employer contributions to the plan as set forth in the rehabilitation plan. The rehabilitation plan increased the contribution rate by 4% for contributions earned on or after June 1, 2010, but before April 1, 2011. The contribution rate increased to 9% of contributions earned on April 1, 2011. The Arts Center adopted the increased employer contributions, thereby avoiding surcharges that would otherwise be applicable.

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

- 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 borne by the remaining participating employers.
- c. If the Arts Center chooses to stop participating in its multiemployer plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

In 2016, the Arts Center's contribution to the AFofM Plan was less than 1% of total contributions to the Plan. Participants in the AFofM Plan are covered by the Pension Benefit Guaranty Corp Insurance which provides financial assistance to the plans which continue to pay retirees should the plan sponsors be unable to fund the plan. For the years ended May 31, 2016 and 2015, total contributions to AFofM Plan were \$474,678 and \$359,197, respectively. As of May 31, 2016, the Arts Center expects its contributions to AFofM Plan for the year ending May 31, 2017 to be approximately \$475,000.

## 16 Interest Rate Swap Agreement

The Arts Center utilizes interest rate swaps to manage interest rate market exposure of the underlying debt. Interest rate swaps generally involve the exchange of fixed and floating rate interest payment obligations without the exchange of underlying principal amounts. The Arts Center entered into a swap agreement with a financial institution effective October 25, 2002, which terminates on February 1, 2023. Under the terms of the swap agreement, the Arts Center will pay the financial institution a fixed rate of 4.56% on the contractual notional amount. The financial institution will pay the Arts Center a variable rate based on the benchmark of the Securities Industry and Financial Markets Association Municipal Swap Index, formerly the Bond Market Association Municipal Swap Index, (0.40% at May 31, 2016 and 0.10% at May 31, 2015). At inception, the swap agreement had a contractual notional amount of \$30,000,000. The notional amount is used to express the volume of this transaction; however, it does not represent cash flows.

At May 31, 2016 and 2015, respectively, the Arts Center had approximately \$1.9 million and \$2.5 million included within cash and cash equivalents on the consolidated statement of financial position which represents collateral as specified under the swap agreement.



## 17 Leasing Arrangements

**Operating Leases**

The Arts Center has two noncancelable operating leases with third parties to lease facilities owned by the Arts Center. The remaining lease terms range from 17 to 20 years. Under the terms of the agreements, the Arts Center recognizes rent revenues straight line over the course of the leases. The difference is a deferred asset included in pledges and other receivables as described in Note 2.

The following is a schedule by years of expected minimum future rental payments to be received under operating leases as of May 31, 2016:

| <b>For the year ending May 31:</b> | <b>Amount</b> |
|------------------------------------|---------------|
| 2017                               | \$ 2,808,389  |
| 2018                               | 2,808,389     |
| 2019                               | 2,808,389     |
| 2020                               | 3,628,649     |
| 2021                               | 3,626,751     |
| Thereafter                         | 51,573,063    |
| Total                              | \$ 67,253,630 |

**Sales Type Lease**

During 2016, the Arts Center relinquished its interest in the Joint Venture discussed in Note 5 and entered into a sales type lease arrangement with its former Joint Venture partner. The lease term is 20 years and the balance of minimum lease payments and unearned income (present-valued interest component) decrease by the interest method using an implicit borrowing rate. The following is a schedule of the net investment in the sales type lease as of May 31, 2016:

|   |                     |
|---|---------------------|
| Total minimum lease payments to be received | \$ 10,566,980       |
| Less: unearned income                       | 4,952,797           |
| <b>Net Investment in sales type lease</b>   | <b>\$ 5,614,183</b> |

The investment in the sales type lease is included in pledges and other receivables, net (see Note 2) in the Consolidated Statements of Financial Position.

The following is a schedule by years of expected minimum future rental payments to be received under the sales type lease as of May 31, 2016:

| <b>For the year ending May 31:</b> | <b>Amount</b> |
|------------------------------------|---------------|
| 2017                               | \$ 500,000    |
| 2018                               | 500,000       |
| 2019                               | 500,000       |
| 2020                               | 500,000       |
| 2021                               | 510,417       |
| Thereafter                         | 8,056,563     |
| Total                              | \$ 10,566,980 |

## 18 Sale Of Wholly Owned Subsidiary

On November 4, 2014, the Robert W. Woodruff Arts Center, Inc. (the “Center”) sold its wholly owned subsidiary, SD&A Teleservices, Inc. (“SD&A”). The Center made customary representations and received proceeds from the transaction of cash totaling approximately \$1,423,750 and a receivable of \$251,250. No gain or loss was recognized on the sale. During 2015, the net sales and expenses of SD&A through the date of the sale were approximately \$6,411,500 and \$6,037,100, respectively. During 2015, an additional impairment of goodwill associated with SD&A of \$607,506 was also taken prior to the sale. Net sales and expenses of SD&A through the date of the sale and the goodwill impairment are included in other expenses in the accompanying consolidated financial statements of activities for the year ending May 31, 2015 due to the discontinuance of the operations given the sale of SD&A.

# Supplementary information

## Independent Auditors' Report on Supplementary Information

**To the Board of Trustees of  
Robert W. Woodruff Arts Center, Inc. and Subsidiaries:**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information as of and for the years ended May 31, 2016 and 2015 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Smith + Howard*

Atlanta, Georgia  
November 1, 2016

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\*

| May 31, 2016  | Total                 | Symphony<br>Division<br>Endowment | Symphony<br>Division<br>Peevy<br>Endowment | Symphony<br>Division<br>Creative<br>Enhancement | Symphony<br>Division<br>AYSO Chair | Symphony<br>Division<br>Troutman/<br>Encore Youth<br>Education<br>Endowment | Symphony<br>Division<br>Livingston<br>Christmas | Symphony<br>Division<br>Goizueta<br>Foundation<br>Outreach Youth<br>Education<br>Endowment |
|---|-----------------------|-----------------------------------|--|---|------------------------------------|---|---|--|
| <b>Schedules of financial position information:</b>             |                       |                                   |  |   |                                    |   |   |  |
| Investments   | \$ 298,189,029        | \$ 48,597,972                     | \$ 581,572                                 | \$ 2,098,150                                    | \$ 7,832,715                       | \$ 1,877  | \$ 1,577,399                                    | \$ 577,952   |
| Pledges and other receivables, net                              | 14,462,265            | -                                 | -  | -   | -                                  | -   | -   | -  |
| Contributions receivable from remainder trusts                  | 905,909               | 101,595                           | -  | -   | -                                  | -   | -   | -  |
| Beneficial interest in perpetual trusts                         | 18,729,934            | -                                 | -  | -   | -                                  | -   | -   | -  |
| Due from (to) other funds                                       | 10,728,543            | 34,650                            | -  | -   | (38,100)                           | -   | -   | -  |
| <b>Total assets</b>   | <b>\$ 343,015,680</b> | <b>\$ 48,734,217</b>              | <b>\$ 581,572</b>                          | <b>\$ 2,098,150</b>                             | <b>\$ 7,794,615</b>                | <b>\$ 1,877</b>   | <b>\$ 1,577,399</b>                             | <b>\$ 577,952</b>  |
| <b>Liabilities and net assets:</b>                              |                       |                                   |  |   |                                    |   |   |  |
| Charitable gift liability                                       | \$ 298,609            | \$ -                              | \$ -                                       | \$ -  | \$ -                               | \$ -  | \$ -  | \$ -   |
| Deferred Revenue  | 200,000               | -                                 | -  | -   | -                                  | -   | -   | -  |
| <b>Total liabilities</b>  | <b>\$ 498,609</b>     | <b>\$ -</b>                       | <b>\$ -</b>                                | <b>\$ -</b>                                     | <b>\$ -</b>                        | <b>\$ -</b>   | <b>\$ -</b>                                     | <b>\$ -</b>  |
| <b>Schedules of activities information:</b>                     |                       |                                   |  |   |                                    |   |   |  |
| Net assets at beginning of year                                 | \$ 344,294,629        | \$ 55,264,549                     | \$ 656,814                                 | \$ 2,362,851                                    | \$ 7,919,017                       | \$ 1,997  | \$ 1,776,142                                    | \$ 647,720   |
| Contributions and changes in value of split interest agreements | 28,225,870            | 15,013                            | -  | -   | -                                  | -   | -   | -  |
| Transfers from (to) operating/plant                             | (637,966)             | -                                 | -  | -   | -                                  | -   | -   | -  |
| Dividends, interest and other income                            | 4,624,798             | 808,915                           | 8,816                                      | 31,993  | -                                  | 30  | 24,101  | 9,180  |
| Net realized and unrealized gains (losses) on investments       | (19,493,802)          | (4,110,250)                       | (49,893)                                   | (179,141)                                       | (114,885)                          | (150)   | (134,623)                                       | (49,119)   |
| Distributions to operating funds                                | (13,436,974)          | (3,244,010)                       | (34,165)                                   | (117,553)                                       | -                                  | -   | (88,221)  | (29,829)   |
| Expenditures  | (1,059,484)           | -                                 | -  | -   | (9,517)                            | -   | -   | -  |
| <b>Increase (decrease) in net assets</b>                        | <b>(1,777,558)</b>    | <b>(6,530,332)</b>                | <b>(75,242)</b>                            | <b>(264,701)</b>                                | <b>(124,402)</b>                   | <b>(120)</b>  | <b>(198,743)</b>                                | <b>(69,768)</b>  |
| <b>Net assets at end of year</b>                                | <b>342,517,071</b>    | <b>48,734,217</b>                 | <b>581,572</b>                             | <b>2,098,150</b>                                | <b>7,794,615</b>                   | <b>1,877</b>  | <b>1,577,399</b>                                | <b>577,952</b>   |
| <b>Total liabilities and net assets</b>                         | <b>\$ 343,015,680</b> | <b>\$ 48,734,217</b>              | <b>\$ 581,572</b>                          | <b>\$ 2,098,150</b>                             | <b>\$ 7,794,615</b>                | <b>\$ 1,877</b>   | <b>\$ 1,577,399</b>                             | <b>\$ 577,952</b>  |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information.

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

|   | Symphony<br>Division Azira<br>Hill Scholarship<br>Endowment | Symphony<br>Division Mable<br>Dorn Reeder<br>Honorary Chair<br>Endowment | Division Asst.<br>Principal<br>Chair in Memory<br>of William H.<br>Schwartz<br>Endowment | Symphony<br>Division<br>Florance Kopleff<br>Endowment | Symphony<br>Division Board<br>Endowment | Symphony<br>Division William<br>L. Pulgram Gift<br>Annuity | Symphony<br>Division Dr. &<br>Mrs. B.H. Palay<br>Gift Annuity | Symphony<br>Division Martin<br>H. Sauser Gift<br>Annuity |
|---|---|--|--|---|---|--|---|--|
| <b>May 31, 2016</b>   |   |  |  |   |   |  |   |  |
| <b>Schedules of financial position information:</b>             |   |  |  |   |   |  |   |  |
| Investments   | \$ 1,165,193  | \$ 1,854,695   | \$ 282,864   | \$ 234,909  | \$ -                                    | \$ 3,057   | \$ 38,263   | \$ 18,501  |
| Pledges and other receivables, net                              | -   | -  | -  | -   | -                                       | -  | -   | -  |
| Contributions receivable from remainder trusts                  | -   | -  | -  | -   | -                                       | -  | -   | -  |
| Beneficial interest in perpetual trusts                         | -   | -  | -  | -   | -                                       | -  | -   | -  |
| Due from (to) other funds                                       | (46,507)  | -  | -  | -   | 966,925                                 | (352)  | (870)   | (463)  |
| <b>Total assets</b>   | <b>\$ 1,118,686</b>   | <b>\$ 1,854,695</b>  | <b>\$ 282,864</b>  | <b>\$ 234,909</b>                                     | <b>\$ 966,925</b>                       | <b>\$ 2,705</b>  | <b>\$ 37,393</b>  | <b>\$ 18,038</b>   |
| <b>Liabilities and net assets:</b>                              |   |  |  |   |   |  |   |  |
| Charitable gift liability                                       | \$ -  | \$ -   | \$ -   | \$ -  | \$ -                                    | \$ 4,283   | \$ 24,965   | \$ 9,089   |
| Deferred Revenue  | -   | -  | -  | -   | -                                       | -  | -   | -  |
| <b>Total liabilities</b>  | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>                             | <b>\$ 4,283</b>  | <b>\$ 24,965</b>  | <b>\$ 9,089</b>  |
| <b>Schedules of activities information:</b>                     |   |  |  |   |   |  |   |  |
| Net assets at beginning of year                                 | \$ 1,088,881  | \$ 2,093,765   | \$ 318,833   | \$ 264,424  | \$ 1,543,125                            | \$ (88)  | \$ 17,412   | \$ 11,632  |
| Contributions and changes in value of split interest agreements | -   | -  | -  | -   | -                                       | (1,118)  | (2,094)   | (1,266)  |
| Transfers from (to) operating/plant                             | 144,118   | -  | -  | -   | (350,000)                               | -  | -   | -  |
| Dividends, interest and other income                            | 17,906  | 29,806   | 4,626  | 3,858   | -                                       | 66   | 653   | 318  |
| Net realized and unrealized gains (losses) on investments       | (85,712)  | (155,766)  | (23,479)   | (19,101)  | -                                       | (438)  | (3,543)   | (1,735)  |
| Distributions to operating funds                                | (46,507)  | (113,110)  | (17,116)   | (14,272)  | -                                       | -  | -   | -  |
| Expenditures  | -   | -  | -  | -   | (226,200)                               | -  | -   | -  |
| Increase (decrease) in net assets                               | 29,805  | (239,070)  | (35,969)   | (29,515)  | (576,200)                               | (1,490)  | (4,984)   | (2,683)  |
| <b>Net assets at end of year</b>                                | <b>1,118,686</b>  | <b>1,854,695</b>   | <b>282,864</b>   | <b>234,909</b>  | <b>966,925</b>                          | <b>(1,578)</b>   | <b>12,428</b>   | <b>8,949</b>   |
| <b>Total liabilities and net assets</b>                         | <b>\$ 1,118,686</b>   | <b>\$ 1,854,695</b>  | <b>\$ 282,864</b>  | <b>\$ 234,909</b>                                     | <b>\$ 966,925</b>                       | <b>\$ 2,705</b>  | <b>\$ 37,393</b>  | <b>\$ 18,038</b>   |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.  
See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016  | Symphony<br>Division Jane<br>Little Gift<br>Annuity | ASO Musician's<br>Endowment | ASO Board<br>Stabilization<br>Fund | Gable Principle<br>Harp Fund | Katz Musician's<br>Endowment | Fuller Musician's<br>Endowment | Kendeda<br>Principle Oboe<br>Chair |
|---|---|-----------------------------|------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------------|
| <b>Schedules of financial position information:</b>             |   |                             |                                    |                              |                              |                                |                                    |
| Investments   | \$ 33,887   | \$ 369,155                  | \$ -                               | \$ 1,673,718                 | \$ 1,416,679                 | \$ 1,962,708                   | \$ 1,989,437                       |
| Pledges and other receivables, net                              | -   | 196,878                     | -                                  | 570,469                      | 888,159                      | -                              | -                                  |
| Contributions receivable from remainder trusts                  | -   | -                           | -                                  | -                            | -                            | -                              | -                                  |
| Beneficial interest in perpetual trusts                         | -   | -                           | -                                  | -                            | -                            | -                              | -                                  |
| Due from (to) other funds                                       | (1,014)   | 190,951                     | 521,638                            | (9,534)                      | -                            | -                              | -                                  |
| <b>Total assets</b>   | <b>\$ 32,873</b>                                    | <b>\$ 756,984</b>           | <b>\$ 521,638</b>                  | <b>\$ 2,234,653</b>          | <b>\$ 2,304,838</b>          | <b>\$ 1,962,708</b>            | <b>\$ 1,989,437</b>                |
| <b>Liabilities and net assets:</b>                              |   |                             |                                    |                              |                              |                                |                                    |
| Charitable gift liability                                       | \$ 20,555   | \$ -                        | \$ -                               | \$ -                         | \$ -                         | \$ -                           | \$ -                               |
| Deferred Revenue  | -   | -                           | -                                  | -                            | -                            | -                              | -                                  |
| <b>Total liabilities</b>  | <b>\$ 20,555</b>                                    | <b>\$ -</b>                 | <b>\$ -</b>                        | <b>\$ -</b>                  | <b>\$ -</b>                  | <b>\$ -</b>                    | <b>\$ -</b>                        |
| <b>Schedules of activities information:</b>                     |   |                             |                                    |                              |                              |                                |                                    |
| Net assets at beginning of year                                 | \$ 17,771   | \$ 37,848                   | \$ 400,000                         | \$ 2,423,195                 | \$ 2,369,628                 | \$ 2,003,746                   | \$ -                               |
| Contributions and changes in value of split interest agreements | (2,773)   | 692,073                     | -                                  | 5,392                        | 12,883                       | 1                              | 2,000,000                          |
| Transfers from (to) operating/plant                             | -   | -                           | 121,638                            | -                            | -                            | -                              | -                                  |
| Dividends, interest and other income                            | 590   | 2,201                       | -                                  | 33,392                       | 25,614                       | 14,858                         | 12,850                             |
| Net realized and unrealized gains (losses) on investments       | (3,270)   | 51,453                      | -                                  | (143,392)                    | (103,287)                    | (55,897)                       | (23,413)                           |
| Distributions to operating funds                                | -   | (26,591)                    | -                                  | (83,934)                     | -                            | -                              | -                                  |
| Expenditures  | -   | -                           | -                                  | -                            | -                            | -                              | -                                  |
| <b>Increase (decrease) in net assets</b>                        | <b>(5,453)</b>                                      | <b>719,136</b>              | <b>121,638</b>                     | <b>(188,542)</b>             | <b>(64,790)</b>              | <b>(41,038)</b>                | <b>1,989,437</b>                   |
| <b>Net assets at end of year</b>                                | <b>12,318</b>                                       | <b>756,984</b>              | <b>521,638</b>                     | <b>2,234,653</b>             | <b>2,304,838</b>             | <b>1,962,708</b>               | <b>1,989,437</b>                   |
| <b>Total liabilities and net assets</b>                         | <b>\$ 32,873</b>                                    | <b>\$ 756,984</b>           | <b>\$ 521,638</b>                  | <b>\$ 2,234,653</b>          | <b>\$ 2,304,838</b>          | <b>\$ 1,962,708</b>            | <b>\$ 1,989,437</b>                |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016  | Connie & Merrell<br>Calhoun Lucy & Gary Lee |                     | Terence Neal<br>Principle<br>Trombone | Brad C<br>Musician's<br>Endowment | Imlay Musician's<br>Endowment | Jane Little<br>Musician's<br>Endowment | Musician's<br>Endowment |
|---|---|---------------------|---------------------------------------|-----------------------------------|-------------------------------|--|-------------------------|
| <b>Schedules of financial position information:</b>             |   |                     |                                       |                                   |                               |  |                         |
| Investments   | \$ 1,325,501                                | \$ 1,175,602        | \$ -                                  | \$ -                              | \$ -                          | \$ -                                   | \$ -                    |
| Pledges and other receivables, net                              | 648,519                                     | 645,570             | 1,215,798                             | -                                 | -                             | 250                                    | 96,546                  |
| Contributions receivable from remainder trusts                  | -   | -                   | -                                     | -                                 | -                             | -                                      | -                       |
| Beneficial interest in perpetual trusts                         | -   | -                   | -                                     | -                                 | -                             | -                                      | -                       |
| Due from (to) other funds                                       | -   | 150,935             | 1,187,500                             | 401,000                           | 200,000                       | 4,003                                  | 100,000                 |
| <b>Total assets</b>   | <b>\$ 1,974,020</b>                         | <b>\$ 1,972,107</b> | <b>\$ 2,403,298</b>                   | <b>\$ 401,000</b>                 | <b>\$ 200,000</b>             | <b>\$ 4,253</b>                        | <b>\$ 196,546</b>       |
| <b>Liabilities and net assets:</b>                              |   |                     |                                       |                                   |                               |  |                         |
| Charitable gift liability                                       | \$ -  | \$ -                | \$ -                                  | \$ -                              | \$ -                          | \$ -                                   | \$ -                    |
| Deferred Revenue  | -   | -                   | -                                     | -                                 | -                             | -                                      | -                       |
| <b>Total liabilities</b>  | <b>\$ -</b>                                 | <b>\$ -</b>         | <b>\$ -</b>                           | <b>\$ -</b>                       | <b>\$ -</b>                   | <b>\$ -</b>                            | <b>\$ -</b>             |
| <b>Schedules of activities information:</b>                     |   |                     |                                       |                                   |                               |  |                         |
| Net assets at beginning of year                                 | \$ -  | \$ -                | \$ -                                  | \$ -                              | \$ -                          | \$ -                                   | \$ -                    |
| Contributions and changes in value of split interest agreements | 1,982,519                                   | 1,982,582           | 2,465,798                             | 401,000                           | 200,000                       | 4,253                                  | 196,546                 |
| Transfers from (to) operating/plant                             | -   | -                   | -                                     | -                                 | -                             | -                                      | -                       |
| Dividends, interest and other income                            | 1,452                                       | 1,482               | -                                     | -                                 | -                             | -                                      | -                       |
| Net realized and unrealized gains (losses) on investments       | (9,951)                                     | (11,957)            | -                                     | -                                 | -                             | -                                      | -                       |
| Distributions to operating funds                                | -   | -                   | (62,500)                              | -                                 | -                             | -                                      | -                       |
| Expenditures  | -   | -                   | -                                     | -                                 | -                             | -                                      | -                       |
| <b>Increase (decrease) in net assets</b>                        | <b>1,974,020</b>                            | <b>1,972,107</b>    | <b>2,403,298</b>                      | <b>401,000</b>                    | <b>200,000</b>                | <b>4,253</b>                           | <b>196,546</b>          |
| <b>Net assets at end of year</b>                                | <b>1,974,020</b>                            | <b>1,972,107</b>    | <b>2,403,298</b>                      | <b>401,000</b>                    | <b>200,000</b>                | <b>4,253</b>                           | <b>196,546</b>          |
| <b>Total liabilities and net assets</b>                         | <b>\$ 1,974,020</b>                         | <b>\$ 1,972,107</b> | <b>\$ 2,403,298</b>                   | <b>\$ 401,000</b>                 | <b>\$ 200,000</b>             | <b>\$ 4,253</b>                        | <b>\$ 196,546</b>       |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information



## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016  | Jackson<br>Musician's<br>Endowment | Cora Miller<br>Musician's<br>Endowment | Reid Musician's<br>Endowment | Kendeda Stage<br>Fund | Theatre Division<br>Endowment | Theatre Division<br>Hesler Award | Theatre Division<br>NEA Endowment |
|---|------------------------------------|--|------------------------------|-----------------------|-------------------------------|----------------------------------|-----------------------------------|
| <b>Schedules of financial position information:</b>             |                                    |  |                              |                       |                               |                                  |                                   |
| Investments   | \$ 190,512                         | \$ 584,840                             | \$ 190,600                   | \$ 2,961,119          | \$ 2,026,089                  | \$ 58,020                        | \$ 4,560,068                      |
| Pledges and other receivables, net                              | 92                                 | -                                      | 48,142                       | 3,000,000             | 21,100                        | -                                | -                                 |
| Contributions receivable from remainder trusts                  | -                                  | -                                      | -                            | -                     | -                             | -                                | -                                 |
| Beneficial interest in perpetual trusts                         | -                                  | -                                      | -                            | -                     | -                             | -                                | -                                 |
| Due from (to) other funds                                       | -                                  | (30,684)                               | -                            | -                     | (548,100)                     | (2,500)                          | -                                 |
| <b>Total assets</b>   | <b>\$ 190,604</b>                  | <b>\$ 554,156</b>                      | <b>\$ 238,742</b>            | <b>\$ 5,961,119</b>   | <b>\$ 1,499,089</b>           | <b>\$ 55,520</b>                 | <b>\$ 4,560,068</b>               |
| <b>Liabilities and net assets:</b>                              |                                    |  |                              |                       |                               |                                  |                                   |
| Charitable gift liability                                       | \$ -                               | \$ -                                   | \$ -                         | \$ -                  | \$ -                          | \$ -                             | \$ -                              |
| Deferred Revenue  | -                                  | -                                      | -                            | -                     | -                             | -                                | -                                 |
| <b>Total liabilities</b>  | <b>\$ -</b>                        | <b>\$ -</b>                            | <b>\$ -</b>                  | <b>\$ -</b>           | <b>\$ -</b>                   | <b>\$ -</b>                      | <b>\$ -</b>                       |
| <b>Schedules of activities information:</b>                     |                                    |  |                              |                       |                               |                                  |                                   |
| Net assets at beginning of year                                 | \$ -                               | \$ -                                   | \$ -                         | \$ -                  | \$ 1,615,039                  | \$ 61,759                        | \$ 5,101,127                      |
| Contributions and changes in value of split interest agreements | 200,000                            | 613,683                                | 248,142                      | 6,000,000             | 73,000                        | -                                | -                                 |
| Transfers from (to) operating/plant                             | -                                  | -                                      | -                            | -                     | -                             | -                                | -                                 |
| Dividends, interest and other income                            | -                                  | -                                      | -                            | 4,558                 | 22,926                        | 927                              | 79,572                            |
| Net realized and unrealized gains (losses) on investments       | (9,396)                            | (28,843)                               | (9,400)                      | (43,439)              | (131,026)                     | (4,666)                          | (363,086)                         |
| Distributions to operating funds                                | -                                  | (30,684)                               | -                            | -                     | (80,850)                      | (2,500)                          | (257,545)                         |
| Expenditures  | -                                  | -                                      | -                            | -                     | -                             | -                                | -                                 |
| <b>Increase (decrease) in net assets</b>                        | <b>190,604</b>                     | <b>554,156</b>                         | <b>238,742</b>               | <b>5,961,119</b>      | <b>(115,950)</b>              | <b>(6,239)</b>                   | <b>(541,059)</b>                  |
| <b>Net assets at end of year</b>                                | <b>190,604</b>                     | <b>554,156</b>                         | <b>238,742</b>               | <b>5,961,119</b>      | <b>1,499,089</b>              | <b>55,520</b>                    | <b>4,560,068</b>                  |
| <b>Total liabilities and net assets</b>                         | <b>\$ 190,604</b>                  | <b>\$ 554,156</b>                      | <b>\$ 238,742</b>            | <b>\$ 5,961,119</b>   | <b>\$ 1,499,089</b>           | <b>\$ 55,520</b>                 | <b>\$ 4,560,068</b>               |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

|   | Theatre Division  |                  | Theatre Division  |                     | Theatre Division    |                   | Theatre Division |             |
|---|-------------------|------------------|-------------------|---------------------|---------------------|-------------------|------------------|-------------|
|   | NEA Cash          | Kenny Leon       | Studio            | Goizueta            | 40th Anniversary    | Goizueta          | Education        | Education   |
| May 31, 2016  | Reserve           | Artistic Fellow  | Endowment         | Foundation          | Endowment           | Endowment         | Institute for    | Education   |
|   |                   | Endowment        | Endowment         | Education           | Endowment           | Endowment         | Education        | Endowment   |
| <b>Schedules of financial position information:</b>             |                   |                  |                   |                     |                     |                   |                  |             |
| Investments   | \$ 181,970        | \$ 53,669        | \$ 605,316        | \$ 1,105,161        | \$ 1,020,973        | \$ 569,114        | \$ -             | \$ -        |
| Pledges and other receivables, net                              | 259,305           | -                | -                 | -                   | -                   | -                 | 45,000           | -           |
| Contributions receivable from remainder trusts                  | -                 | -                | -                 | -                   | -                   | -                 | -                | -           |
| Beneficial interest in perpetual trusts                         | -                 | -                | -                 | -                   | -                   | -                 | -                | -           |
| Due from (to) other funds                                       | -                 | (2,500)          | -                 | -                   | -                   | -                 | 45,000           | -           |
| <b>Total assets</b>   | <b>\$ 441,275</b> | <b>\$ 51,169</b> | <b>\$ 605,316</b> | <b>\$ 1,105,161</b> | <b>\$ 1,020,973</b> | <b>\$ 569,114</b> | <b>\$ 90,000</b> | <b>\$ -</b> |
| <b>Liabilities and net assets:</b>                              |                   |                  |                   |                     |                     |                   |                  |             |
| Charitable gift liability                                       | \$ -              | \$ -             | \$ -              | \$ -                | \$ -                | \$ -              | \$ -             | \$ -        |
| Deferred Revenue  | -                 | -                | -                 | -                   | -                   | -                 | -                | -           |
| <b>Total liabilities</b>  | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b> |
| <b>Schedules of activities information:</b>                     |                   |                  |                   |                     |                     |                   |                  |             |
| Net assets at beginning of year                                 | \$ 452,605        | \$ 57,135        | \$ 681,834        | \$ 1,236,504        | \$ 1,144,656        | \$ 639,179        | \$ 965,726       | \$ -        |
| Contributions and changes in value of split interest agreements | -                 | -                | -                 | -                   | -                   | -                 | (876,898)        | -           |
| Transfers from (to) operating/plant                             | -                 | -                | -                 | -                   | -                   | -                 | -                | -           |
| Dividends, interest and other income                            | 2,939             | 857              | 9,287             | 17,721              | 16,070              | 9,099             | 11,721           | -           |
| Net realized and unrealized gains (losses) on investments       | (14,269)          | (4,323)          | (51,652)          | (92,670)            | (86,432)            | (48,561)          | (10,549)         | -           |
| Distributions to operating funds                                | -                 | (2,500)          | (34,153)          | (56,394)            | (53,321)            | (30,603)          | -                | -           |
| Expenditures  | -                 | -                | -                 | -                   | -                   | -                 | -                | -           |
| <b>Increase (decrease) in net assets</b>                        | <b>(11,330)</b>   | <b>(5,966)</b>   | <b>(76,518)</b>   | <b>(131,343)</b>    | <b>(123,683)</b>    | <b>(70,065)</b>   | <b>(875,726)</b> | <b>-</b>    |
| <b>Net assets at end of year</b>                                | <b>441,275</b>    | <b>51,169</b>    | <b>605,316</b>    | <b>1,105,161</b>    | <b>1,020,973</b>    | <b>569,114</b>    | <b>90,000</b>    | <b>-</b>    |
| <b>Total liabilities and net assets</b>                         | <b>\$ 441,275</b> | <b>\$ 51,169</b> | <b>\$ 605,316</b> | <b>\$ 1,105,161</b> | <b>\$ 1,020,973</b> | <b>\$ 569,114</b> | <b>\$ 90,000</b> | <b>\$ -</b> |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016   | Theatre Palefsky<br>Collision<br>Endowment | Theatre Reiser<br>Artist Lab<br>Endowment | Bernhard<br>Theatre for The<br>Very Young | Dan Reardon<br>Endowmet | Patty & Doug<br>Reid<br>Endowment | Carla & Leonard<br>Wood<br>Endowment | Howard<br>Feinsand<br>Endowment |
|--|--|---|---|-------------------------|-----------------------------------|--------------------------------------|---------------------------------|
| <b>Schedules of financial position information:</b>                |  |   |   |                         |                                   |                                      |                                 |
| Investments  | \$ 284,548                                 | \$ 659,721                                | \$ 493,520                                | \$ 543,868              | \$ -                              | \$ 351,285                           | \$ -                            |
| Pledges and other receivables, net                                 | 184,046                                    | 175,896                                   | 367,730                                   | 366,898                 | 178,902                           | 619,083                              | 61,908                          |
| Contributions receivable from remainder trusts                     | -  | -   | -   | -                       | -                                 | -                                    | -                               |
| Beneficial interest in perpetual trusts                            | -  | -   | -   | -                       | -                                 | -                                    | -                               |
| Due from (to) other funds  | -  | 100,000                                   | 75,000                                    | -                       | 800,000                           | 1,000,000                            | 133,333                         |
| <b>Total assets</b>  | <b>\$ 468,594</b>                          | <b>\$ 935,617</b>                         | <b>\$ 936,250</b>                         | <b>\$ 910,766</b>       | <b>\$ 978,902</b>                 | <b>\$ 1,970,368</b>                  | <b>\$ 195,241</b>               |
| <b>Liabilities and net assets:</b>                                 |  |   |   |                         |                                   |                                      |                                 |
| Charitable gift liability  | \$ -                                       | \$ -                                      | \$ -                                      | \$ -                    | \$ -                              | \$ -                                 | \$ -                            |
| Deferred Revenue   | -  | -   | -   | -                       | -                                 | -                                    | -                               |
| <b>Total liabilities</b>   | <b>\$ -</b>                                | <b>\$ -</b>                               | <b>\$ -</b>                               | <b>\$ -</b>             | <b>\$ -</b>                       | <b>\$ -</b>                          | <b>\$ -</b>                     |
| <b>Schedules of activities information:</b>                        |  |   |   |                         |                                   |                                      |                                 |
| Net assets at beginning of year                                    | \$ 484,864                                 | \$ 969,868                                | \$ -                                      | \$ -                    | \$ -                              | \$ -                                 | \$ -                            |
| Contributions and changes in value of split<br>interest agreements | 1,209                                      | 7,723                                     | 942,730                                   | 966,898                 | 978,902                           | 1,952,414                            | 195,241                         |
| Transfers from (to) operating/plant                                | -  | -   | -   | -                       | -                                 | -                                    | -                               |
| Dividends, interest and other income                               | 4,327                                      | 17,728                                    | 760                                       | -                       | -                                 | -                                    | -                               |
| Net realized and unrealized gains (losses) on<br>investments       | (21,806)                                   | (59,702)                                  | (7,240)                                   | (56,132)                | -                                 | 17,954                               | -                               |
| Distributions to operating funds                                   | -  | -   | -   | -                       | -                                 | -                                    | -                               |
| Expenditures   | -  | -   | -   | -                       | -                                 | -                                    | -                               |
| <b>Increase (decrease) in net assets</b>                           | <b>(16,270)</b>                            | <b>(34,251)</b>                           | <b>936,250</b>                            | <b>910,766</b>          | <b>978,902</b>                    | <b>1,970,368</b>                     | <b>195,241</b>                  |
| <b>Net assets at end of year</b>                                   | <b>468,594</b>                             | <b>935,617</b>                            | <b>936,250</b>                            | <b>910,766</b>          | <b>978,902</b>                    | <b>1,970,368</b>                     | <b>195,241</b>                  |
| <b>Total liabilities and net assets</b>                            | <b>\$ 468,594</b>                          | <b>\$ 935,617</b>                         | <b>\$ 936,250</b>                         | <b>\$ 910,766</b>       | <b>\$ 978,902</b>                 | <b>\$ 1,970,368</b>                  | <b>\$ 195,241</b>               |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016   | Rich Foundation<br>Endowment | Museum<br>Division<br>Endowment | Museum<br>Division<br>Decorative Arts<br>Endowment | Museum<br>Division<br>Bunzl<br>Family Chair<br>Endowment | Museum<br>Division<br>Walter<br>Clay Hill<br>Auditorium<br>Endowment | Museum<br>Division<br>Anonymous<br>Exhibition<br>Endowment | Museum<br>Division<br>Crawford<br>Collection<br>Endowment |
|--|------------------------------|---------------------------------|--|--|--|--|---|
| <b>Schedules of financial position information:</b>                |                              |                                 |  |  |  |  |   |
| Investments  | \$ -                         | \$ 21,228,638                   | \$ 1,315,184                                       | \$ 1,639,524   | \$ 1,073,828   | \$ 3,723,339   | \$ 236,190  |
| Pledges and other receivables, net                                 | 310,407                      | 248,628                         | -  | -  | -  | -  | -   |
| Contributions receivable from remainder trusts                     | -                            | 804,314                         | -  | -  | -  | -  | -   |
| Beneficial interest in perpetual trusts                            | -                            | 18,578,201                      | -  | -  | -  | -  | -   |
| Due from (to) other funds  | 667,000                      | 384,517                         | -  | -  | -  | -  | -   |
| <b>Total assets</b>  | <b>\$ 977,407</b>            | <b>\$ 41,244,298</b>            | <b>\$ 1,315,184</b>                                | <b>\$ 1,639,524</b>                                      | <b>\$ 1,073,828</b>  | <b>\$ 3,723,339</b>  | <b>\$ 236,190</b>   |
| <b>Liabilities and net assets:</b>                                 |                              |                                 |  |  |  |  |   |
| Charitable gift liability  | \$ -                         | \$ -                            | \$ -   | \$ -   | \$ -   | \$ -   | \$ -  |
| Deferred Revenue   | -                            | -                               | -  | -  | -  | -  | -   |
| <b>Total liabilities</b>   | <b>\$ -</b>                  | <b>\$ -</b>                     | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>   |
| <b>Schedules of activities information:</b>                        |                              |                                 |  |  |  |  |   |
| Net assets at beginning of year                                    | \$ -                         | \$ 46,959,548                   | \$ 1,472,259                                       | \$ 1,837,868   | \$ 1,202,924   | \$ 4,177,701   | \$ 251,879  |
| Contributions and changes in value of split<br>interest agreements | 977,407                      | (190,084)                       | -  | -  | -  | -  | -   |
| Transfers from (to) operating/plant                                | -                            | (2,974,117)                     | (67,218)   | -  | -  | -  | -   |
| Dividends, interest and other income                               | -                            | 373,785                         | 22,110   | 25,059   | 16,597   | 57,650   | 3,503   |
| Net realized and unrealized gains (losses) on<br>investments       | -                            | (1,722,571)                     | (111,967)  | (139,324)  | (91,034)   | (316,396)  | (19,192)  |
| Distributions to operating funds                                   | -                            | (1,050,214)                     | -  | (84,079)   | (54,659)   | (195,616)  | -   |
| Expenditures   | -                            | (152,049)                       | -  | -  | -  | -  | -   |
| <b>Increase (decrease) in net assets</b>                           | <b>977,407</b>               | <b>(5,715,250)</b>              | <b>(157,075)</b>                                   | <b>(198,344)</b>   | <b>(129,096)</b>   | <b>(454,362)</b>   | <b>(15,689)</b>   |
| <b>Net assets at end of year</b>                                   | <b>977,407</b>               | <b>41,244,298</b>               | <b>1,315,184</b>                                   | <b>1,639,524</b>   | <b>1,073,828</b>   | <b>3,723,339</b>   | <b>236,190</b>  |
| <b>Total liabilities and net assets</b>                            | <b>\$ 977,407</b>            | <b>\$ 41,244,298</b>            | <b>\$ 1,315,184</b>                                | <b>\$ 1,639,524</b>                                      | <b>\$ 1,073,828</b>  | <b>\$ 3,723,339</b>  | <b>\$ 236,190</b>   |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016  | Museum<br>Division Alfred &<br>Adel Davis<br>Exhibition<br>Endowment | Museum<br>Division Laura<br>Hill Boland<br>Endowment | Museum<br>Division Dorothy<br>Smith Hopkins<br>Exhibition<br>Endowment | Museum<br>Division<br>Anonymous<br>Curatorial Chair<br>for Decorative<br>Arts Endowment | Museum<br>Division Nancy<br>& Holcombe T.<br>Green, JR.<br>Director's Chair<br>Endowment | Museum<br>Division<br>Livingston<br>Children's Fund<br>Endowment | Museum<br>Division<br>Enhancement<br>Endowment |
|---|--|--|--|---|--|--|--|
| <b>Schedules of financial position information:</b>             |  |  |  |   |  |  |  |
| Investments   | \$ 2,630,018   | \$ 622,923   | \$ 3,258,728   | \$ 2,190,161  | \$ 2,709,459   | \$ 766,161   | \$ -   |
| Pledges and other receivables, net                              | -  | -  | -  | -   | 729,809  | -  | -  |
| Contributions receivable from remainder trusts                  | -  | -  | -  | -   | -  | -  | -  |
| Beneficial interest in perpetual trusts                         | -  | -  | -  | -   | -  | -  | -  |
| Due from (to) other funds                                       | -  | -  | -  | -   | -  | (62,275)   | 600,000  |
| <b>Total assets</b>   | <b>\$ 2,630,018</b>  | <b>\$ 622,923</b>                                    | <b>\$ 3,258,728</b>  | <b>\$ 2,190,161</b>   | <b>\$ 3,439,268</b>  | <b>\$ 703,886</b>  | <b>\$ 600,000</b>                              |
| <b>Liabilities and net assets:</b>                              |  |  |  |   |  |  |  |
| Charitable gift liability                                       | \$ -   | \$ -   | \$ -   | \$ -  | \$ -   | \$ -   | \$ -   |
| Deferred Revenue  | -  | -  | -  | -   | -  | -  | -  |
| <b>Total liabilities</b>  | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>                                    |
| <b>Schedules of activities information:</b>                     |  |  |  |   |  |  |  |
| Net assets at beginning of year                                 | \$ 2,946,338   | \$ 698,197   | \$ 3,650,740   | \$ 2,454,822  | \$ 3,909,308   | \$ 818,238   | \$ 600,000                                     |
| Contributions and changes in value of split interest agreements | -  | -  | -  | -   | -  | -  | -  |
| Transfers from (to) operating/plant                             | -  | -  | -  | -   | -  | -  | -  |
| Dividends, interest and other income                            | 40,659   | 9,532  | 50,377   | 33,513  | 42,237   | 10,575   | -  |
| Net realized and unrealized gains (losses) on investments       | (223,084)  | (52,903)   | (276,421)  | (186,003)   | (222,348)  | (62,652)   | -  |
| Distributions to operating funds                                | (133,895)  | (31,903)   | (165,968)  | (112,171)   | (89,929)   | (62,275)   | -  |
| Expenditures  | -  | -  | -  | -   | (200,000)  | -  | -  |
| <b>Increase (decrease) in net assets</b>                        | <b>(316,320)</b>   | <b>(75,274)</b>                                      | <b>(392,012)</b>   | <b>(264,661)</b>  | <b>(470,040)</b>   | <b>(114,352)</b>   | <b>-</b>                                       |
| <b>Net assets at end of year</b>                                | <b>2,630,018</b>   | <b>622,923</b>                                       | <b>3,258,728</b>   | <b>2,190,161</b>  | <b>3,439,268</b>   | <b>703,886</b>   | <b>600,000</b>                                 |
| <b>Total liabilities and net assets</b>                         | <b>\$ 2,630,018</b>  | <b>\$ 622,923</b>                                    | <b>\$ 3,258,728</b>  | <b>\$ 2,190,161</b>   | <b>\$ 3,439,268</b>  | <b>\$ 703,886</b>  | <b>\$ 600,000</b>                              |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

|   | Museum<br>Division General<br>Exhibition<br>Endowment | Museum<br>Division Nita &<br>J. Mack<br>Robinson Atrium<br>Endowment | Museum<br>Division Eleanor<br>McDonald Storza<br>Chair of<br>Education<br>Endowment | Museum<br>Division General<br>Exhibition<br>Endowment | Museum<br>Division<br>Richman Family<br>Foundation<br>Curator of<br>African Art<br>Endowment | Museum<br>Division The<br>Goizueta<br>Foundation -<br>Teacher Institute<br>for Visual Arts &<br>Learning<br>Endowment | Museum<br>Division<br>Richman African<br>Art Endowment |
|---|---|--|---|---|--|---|--|
| <b>May 31, 2016</b>   |   |  |   |   |  |   |  |
| <b>Schedules of financial position information:</b>             |   |  |   |   |  |   |  |
| Investments   | \$ 2,251,307  | \$ 3,223,777   | \$ 2,539,250  | \$ 4,422,868  | \$ 1,322,142   | \$ 1,707,022  | \$ 935,332   |
| Pledges and other receivables, net                              | -   | -  | -   | -   | 94,510   | -   | -  |
| Contributions receivable from remainder trusts                  | -   | -  | -   | -   | -  | -   | -  |
| Beneficial interest in perpetual trusts                         | -   | -  | -   | -   | -  | -   | -  |
| Due from (to) other funds                                       | -   | -  | -   | -   | 300,000  | -   | -  |
| <b>Total assets</b>   | <b>\$ 2,251,307</b>                                   | <b>\$ 3,223,777</b>  | <b>\$ 2,539,250</b>   | <b>\$ 4,422,868</b>                                   | <b>\$ 1,716,652</b>  | <b>\$ 1,707,022</b>   | <b>\$ 935,332</b>                                      |
| <b>Liabilities and net assets:</b>                              |   |  |   |   |  |   |  |
| Charitable gift liability                                       | \$ -  | \$ -   | \$ -  | \$ -  | \$ -   | \$ -  | \$ -   |
| Deferred Revenue  | -   | -  | -   | -   | -  | -   | -  |
| <b>Total liabilities</b>  | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>  |
| <b>Schedules of activities information:</b>                     |   |  |   |   |  |   |  |
| Net assets at beginning of year                                 | \$ 2,521,982  | \$ 3,609,857   | \$ 2,843,751  | \$ 4,954,034  | \$ 1,481,779   | \$ 1,913,227  | \$ 1,046,466   |
| Contributions and changes in value of split interest agreements | -   | -  | -   | -   | 394,510  | -   | -  |
| Transfers from (to) operating/plant                             | -   | -  | -   | -   | -  | -   | (47,460)   |
| Dividends, interest and other income                            | 34,785  | 50,028   | 39,540  | 68,866  | 20,257   | 26,138  | 14,880   |
| Net realized and unrealized gains (losses) on investments       | (190,838)   | (273,235)  | (215,257)   | (374,994)   | (112,257)  | (144,956)   | (78,554)   |
| Distributions to operating funds                                | (114,622)   | (162,873)  | (128,784)   | (219,260)   | (67,637)   | (87,387)  | -  |
| Expenditures  | -   | -  | -   | (5,778)   | -  | -   | -  |
| <b>Increase (decrease) in net assets</b>                        | <b>(270,675)</b>                                      | <b>(386,080)</b>   | <b>(304,501)</b>  | <b>(531,166)</b>                                      | <b>234,873</b>   | <b>(206,205)</b>  | <b>(111,134)</b>                                       |
| <b>Net assets at end of year</b>                                | <b>2,251,307</b>                                      | <b>3,223,777</b>   | <b>2,539,250</b>  | <b>4,422,868</b>                                      | <b>1,716,652</b>   | <b>1,707,022</b>  | <b>935,332</b>   |
| <b>Total liabilities and net assets</b>                         | <b>\$ 2,251,307</b>                                   | <b>\$ 3,223,777</b>  | <b>\$ 2,539,250</b>   | <b>\$ 4,422,868</b>                                   | <b>\$ 1,716,652</b>  | <b>\$ 1,707,022</b>   | <b>\$ 935,332</b>                                      |

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

|   | Museum<br>Division Wieland<br>Family Curator<br>of Modern &<br>Contemporary<br>Art Endowment | Museum<br>Division David C.<br>Driskell African<br>American Art<br>Acquisition<br>Endowment | Museum<br>Division<br>Keneda Art<br>Access<br>Endowment | Museum<br>Division M & L<br>Shapiro<br>Acquisitions<br>Endowment | Museum<br>Division Harriet<br>& Edus Warren<br>Gallery<br>Endowment | Museum<br>Division Greene<br>Family Learning<br>Gallery<br>Endowment | Cooper &<br>Mukharji<br>Workshop<br>Endowment |
|---|--|---|---|--|---|--|---|
| <b>May 31, 2016</b>   |  |   |   |  |   |  |   |
| <b>Schedules of financial position information:</b>             |  |   |   |  |   |  |   |
| Investments   | \$ 1,013,141   | \$ 967,997  | \$ 2,839,776  | \$ 581,967   | \$ 1,200,428  | \$ 2,053,096   | \$ 165,602                                    |
| Pledges and other receivables, net                              | -  | -   | -   | 80,000   | -   | -  | 79,255  |
| Contributions receivable from remainder trusts                  | -  | -   | -   | -  | -   | -  | -   |
| Beneficial interest in perpetual trusts                         | -  | -   | -   | -  | -   | -  | -   |
| Due from (to) other funds                                       | -  | 13,750  | -   | 50,000   | 6,675   | -  | -   |
| <b>Total assets</b>   | <b>\$ 1,013,141</b>  | <b>\$ 981,747</b>   | <b>\$ 2,839,776</b>                                     | <b>\$ 711,967</b>  | <b>\$ 1,207,103</b>   | <b>\$ 2,053,096</b>  | <b>\$ 244,857</b>                             |
| <b>Liabilities and net assets:</b>                              |  |   |   |  |   |  |   |
| Charitable gift liability                                       | \$ -   | \$ -  | \$ -  | \$ -   | \$ -  | \$ -   | \$ -  |
| Deferred Revenue  | -  | -   | -   | -  | -   | -  | -   |
| <b>Total liabilities</b>  | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>                                   |
| <b>Schedules of activities information:</b>                     |  |   |   |  |   |  |   |
| Net assets at beginning of year                                 | \$ 1,129,733   | \$ 1,069,885  | \$ 3,166,339  | \$ 725,000   | \$ 1,200,000  | \$ 2,052,355   | \$ -  |
| Contributions and changes in value of split interest agreements | -  | 13,750  | -   | 1,000  | 13,351  | 335  | 245,921                                       |
| Transfers from (to) operating/plant                             | -  | (39,886)  | -   | -  | -   | -  | -   |
| Dividends, interest and other income                            | 16,018   | 15,395  | 44,933  | 1,699  | 7,709   | 1,352  | 181   |
| Net realized and unrealized gains (losses) on investments       | (85,083)   | (77,397)  | (238,999)   | 4,268  | (13,957)  | (946)  | (1,245)                                       |
| Distributions to operating funds                                | (47,527)   | -   | (132,497)   | -  | -   | -  | -   |
| Expenditures  | -  | -   | -   | (20,000)   | -   | -  | -   |
| <b>Increase (decrease) in net assets</b>                        | <b>(116,592)</b>   | <b>(88,138)</b>   | <b>(326,563)</b>  | <b>(13,033)</b>  | <b>7,103</b>  | <b>741</b>   | <b>244,857</b>                                |
| <b>Net assets at end of year</b>                                | <b>1,013,141</b>   | <b>981,747</b>  | <b>2,839,776</b>  | <b>711,967</b>   | <b>1,207,103</b>  | <b>2,053,096</b>   | <b>244,857</b>                                |
| <b>Total liabilities and net assets</b>                         | <b>\$ 1,013,141</b>  | <b>\$ 981,747</b>   | <b>\$ 2,839,776</b>                                     | <b>\$ 711,967</b>  | <b>\$ 1,207,103</b>   | <b>\$ 2,053,096</b>  | <b>\$ 244,857</b>                             |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016   | Free Days at the<br>High<br>Endowment | D Keough &<br>Keough Family<br>Endowments | Griffith<br>Collection Care<br>Endowment | Museum<br>Division Elson<br>Contemporary<br>Glass<br>Endowment | Museum<br>Division<br>Expansion<br>Endowment | Museum<br>Division<br>Margaret & Terry<br>Stent Curatorial<br>Chair for<br>American Art<br>Endowment | Museum<br>Division<br>General<br>Exhibition<br>Endowment | Museum<br>Division<br>Margaret & Terry<br>Stent Permanent<br>Collection for<br>American Art<br>Endowment |
|--|---------------------------------------|---|--|--|--|--|--|--|
| <b>Schedules of financial position information:</b>                |                                       |   |  |  |  |  |  |  |
| Investments  | \$ 328,359                            | \$ 1,520,033                              | \$ 48,664                                | \$ 268,379   | \$ 1,444,969                                 | \$ 1,314,651   | \$ 331,965   | \$ 1,751,858   |
| Pledges and other receivables, net                                 | 615,096                               | -   | 192,415                                  | -  | -  | -  | -  | -  |
| Contributions receivable from remainder trusts                     | -                                     | -   | -  | -  | -  | -  | -  | -  |
| Beneficial interest in perpetual trusts                            | -                                     | -   | -  | -  | -  | -  | -  | -  |
| Due from (to) other funds  | 1,000,000                             | 289,000                                   | 346,333                                  | -  | -  | -  | -  | -  |
| Total assets   | \$ 1,943,455                          | \$ 1,809,033                              | \$ 587,412                               | \$ 268,379   | \$ 1,444,969                                 | \$ 1,314,651   | \$ 331,965   | \$ 1,751,858   |
| <b>Liabilities and net assets:</b>                                 |                                       |   |  |  |  |  |  |  |
| Charitable gift liability  | \$ -                                  | \$ -                                      | \$ -                                     | \$ -   | \$ -   | \$ -   | \$ -   | \$ -   |
| Deferred Revenue   | -                                     | -   | -  | -  | -  | -  | -  | -  |
| Total liabilities  | \$ -                                  | \$ -                                      | \$ -                                     | \$ -   | \$ -   | \$ -   | \$ -   | \$ -   |
| <b>Schedules of activities information:</b>                        |                                       |   |  |  |  |  |  |  |
| Net assets at beginning of year                                    | \$ -                                  | \$ -                                      | \$ -                                     | \$ 300,142   | \$ 1,609,882                                 | \$ 1,473,909   | \$ 371,328   | \$ 1,962,135   |
| Contributions and changes in value of split<br>interest agreements | 1,965,096                             | 1,500,000                                 | 589,748                                  | -  | -  | -  | -  | -  |
| Transfers from (to) operating/plant                                | -                                     | 289,000                                   | -  | (13,440)   | -  | -  | -  | (90,534)   |
| Dividends, interest and other income                               | 1,651                                 | (303)                                     | -  | 4,504  | 23,158                                       | 20,061   | 5,005  | 29,453   |
| Net realized and unrealized gains (losses) on<br>investments       | (23,292)                              | 20,336                                    | (2,336)                                  | (22,827)   | (120,673)                                    | (111,670)  | (28,651)   | (149,196)  |
| Distributions to operating funds                                   | -                                     | -   | -  | -  | (67,398)                                     | (67,649)   | (15,717)   | -  |
| Expenditures   | -                                     | -   | -  | -  | -  | -  | -  | -  |
| Increase (decrease) in net assets                                  | 1,943,455                             | 1,809,033                                 | 587,412                                  | (31,763)   | (164,913)                                    | (159,258)  | (39,363)   | (210,277)  |
| Net assets at end of year  | 1,943,455                             | 1,809,033                                 | 587,412                                  | 268,379  | 1,444,969                                    | 1,314,651  | 331,965  | 1,751,858  |
| Total liabilities and net assets                                   | \$ 1,943,455                          | \$ 1,809,033                              | \$ 587,412                               | \$ 268,379   | \$ 1,444,969                                 | \$ 1,314,651   | \$ 331,965   | \$ 1,751,858   |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information



## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

|  | Museum<br>Division William<br>L. Pulgram Gift<br>Annuity | Museum<br>Division Ruth T.<br>Healy Gift<br>Annuity | Conversations<br>with<br>Contemporary<br>Artists<br>Endowment | Museum<br>Division<br>Gudmund Vigtel<br>Fund for Works<br>on Paper<br>Endowment | Museum<br>Division<br>Goizueta<br>Education<br>Endowment | Museum<br>Division D.<br>Lurton Masee,<br>Jr.<br>Contemporary<br>Art Acquisitions<br>Endowment | Museum<br>Division Stent<br>Distinguished<br>Lecture Series<br>Endowment |
|--|--|---|---|---|--|--|--|
| <b>May 31, 2016</b>  |  |   |   |   |  |  |  |
| <b>Schedules of financial position information:</b>                |  |   |   |   |  |  |  |
| Investments  | \$ 2,988   | \$ 16,020   | \$ 199,908  | \$ 614,566  | \$ 740,731   | \$ 1,066,300   | \$ 312,525   |
| Pledges and other receivables, net                                 | -  | -   | 89  | -   | -  | 276,500  | -  |
| Contributions receivable from remainder trusts                     | -  | -   | -   | -   | -  | -  | -  |
| Beneficial interest in perpetual trusts                            | -  | -   | -   | -   | -  | -  | -  |
| Due from (to) other funds  | (352)  | (463)   | -   | -   | -  | -  | -  |
| <b>Total assets</b>  | <b>\$ 2,636</b>  | <b>\$ 15,557</b>                                    | <b>\$ 199,997</b>   | <b>\$ 614,566</b>   | <b>\$ 740,731</b>  | <b>\$ 1,342,800</b>  | <b>\$ 312,525</b>  |
| <b>Liabilities and net assets:</b>                                 |  |   |   |   |  |  |  |
| Charitable gift liability  | \$ 4,283   | \$ 9,376  | \$ -  | \$ -  | \$ -   | \$ -   | \$ -   |
| Deferred Revenue   | -  | -   | -   | -   | -  | -  | -  |
| <b>Total liabilities</b>   | <b>\$ 4,283</b>  | <b>\$ 9,376</b>                                     | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ -</b>  |
| <b>Schedules of activities information:</b>                        |  |   |   |   |  |  |  |
| Net assets at beginning of year                                    | \$ (152)   | \$ 8,736  | \$ -  | \$ 686,197  | \$ 823,493   | \$ 1,191,499   | \$ 343,917   |
| Contributions and changes in value of split<br>interest agreements | (1,118)  | (1,265)   | 199,997   | -   | -  | 276,500  | -  |
| Transfers from (to) operating/plant                                | -  | -   | -   | -   | -  | (52,434)   | -  |
| Dividends, interest and other income                               | 58   | 311   | -   | 9,935   | 11,890   | 17,869   | 4,948  |
| Net realized and unrealized gains (losses) on<br>investments       | (435)  | (1,601)   | -   | (51,496)  | (63,258)   | (90,634)   | (22,995)   |
| Distributions to operating funds                                   | -  | -   | -   | (30,070)  | (31,394)   | -  | (13,345)   |
| Expenditures   | -  | -   | -   | -   | -  | -  | -  |
| <b>Increase (decrease) in net assets</b>                           | <b>(1,495)</b>   | <b>(2,555)</b>                                      | <b>199,997</b>  | <b>(71,631)</b>   | <b>(82,762)</b>  | <b>151,301</b>   | <b>(31,392)</b>  |
| <b>Net assets at end of year</b>                                   | <b>(1,647)</b>   | <b>6,181</b>  | <b>199,997</b>  | <b>614,566</b>  | <b>740,731</b>   | <b>1,342,800</b>   | <b>312,525</b>   |
| <b>Total liabilities and net assets</b>                            | <b>\$ 2,636</b>  | <b>\$ 15,557</b>                                    | <b>\$ 199,997</b>   | <b>\$ 614,566</b>   | <b>\$ 740,731</b>  | <b>\$ 1,342,800</b>  | <b>\$ 312,525</b>  |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016   | Museum<br>Division Mrs.<br>Howard P.<br>Lawrence Gift<br>Annuity | Museum<br>Division Head of<br>Museum<br>Interpretation<br>Endowment | Museum<br>Division Howell<br>Exhibition<br>Endowment | Museum<br>Division General<br>Art Acquisitions<br>Endowment | Museum<br>Division<br>Barbara<br>Stewart<br>Exhibition Taylor<br>Endowment | Museum<br>Division<br>Margaretta<br>Exhibition<br>Endowment | Museum<br>Division Anne<br>Cox Chambers<br>Exhibition<br>Endowment |
|--|--|---|--|---|--|---|--|
| <b>Schedules of financial position information:</b>                |  |   |  |   |  |   |  |
| Investments  | \$ 20,926  | \$ 1,796,074  | \$ 1,050,970   | \$ 14,146   | \$ 478,758   | \$ 275,830  | \$ 1,961,348   |
| Pledges and other receivables, net                                 | -  | -   | 89,451   | -   | -  | -   | -  |
| Contributions receivable from remainder trusts                     | -  | -   | -  | -   | -  | -   | -  |
| Beneficial interest in perpetual trusts                            | -  | -   | -  | -   | -  | -   | -  |
| Due from (to) other funds  | -  | -   | -  | -   | -  | -   | (1)  |
| <b>Total assets</b>  | <b>\$ 20,926</b>   | <b>\$ 1,796,074</b>   | <b>\$ 1,140,421</b>                                  | <b>\$ 14,146</b>  | <b>\$ 478,758</b>  | <b>\$ 275,830</b>   | <b>\$ 1,961,347</b>  |
| <b>Liabilities and net assets:</b>                                 |  |   |  |   |  |   |  |
| Charitable gift liability  | \$ 7,251   | \$ -  | \$ -   | \$ -  | \$ -   | \$ -  | \$ -   |
| Deferred Revenue   | -  | -   | -  | -   | -  | -   | -  |
| <b>Total liabilities</b>   | <b>\$ 7,251</b>  | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>  |
| <b>Schedules of activities information:</b>                        |  |   |  |   |  |   |  |
| Net assets at beginning of year                                    | \$ 2,823   | \$ 1,953,007  | \$ 1,241,524   | \$ 14,663   | \$ 537,002   | \$ 305,798  | \$ 2,145,418   |
| Contributions and changes in value of split<br>interest agreements | (2,055)  | 6,152   | 6,002  | -   | -  | -   | -  |
| Transfers from (to) operating/plant                                | -  | -   | -  | -   | -  | -   | -  |
| Dividends, interest and other income                               | 200  | 26,923  | 14,564   | 195   | 8,163  | 12,441  | 29,687   |
| Net realized and unrealized gains (losses) on<br>investments       | (1,080)  | (130,384)   | (75,913)   | (712)   | (39,516)   | (30,243)  | (129,168)  |
| Distributions to operating funds                                   | 13,787   | (59,624)  | (45,756)   | -   | (26,891)   | (12,166)  | (84,590)   |
| Expenditures   | -  | -   | -  | -   | -  | -   | -  |
| <b>Increase (decrease) in net assets</b>                           | <b>10,852</b>  | <b>(156,933)</b>  | <b>(101,103)</b>                                     | <b>(517)</b>  | <b>(58,244)</b>  | <b>(29,968)</b>   | <b>(184,071)</b>   |
| <b>Net assets at end of year</b>                                   | <b>13,675</b>  | <b>1,796,074</b>  | <b>1,140,421</b>                                     | <b>14,146</b>   | <b>478,758</b>   | <b>275,830</b>  | <b>1,961,347</b>   |
| <b>Total liabilities and net assets</b>                            | <b>\$ 20,926</b>   | <b>\$ 1,796,074</b>   | <b>\$ 1,140,421</b>                                  | <b>\$ 14,146</b>  | <b>\$ 478,758</b>  | <b>\$ 275,830</b>   | <b>\$ 1,961,347</b>  |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016  | Museum<br>Division<br>Gudmund Vigtel<br>Memorial Art<br>Acquisitions<br>Endowment | Lucinda Bunnen<br>Endowment | Museum<br>Division Anne<br>Cox Chambers<br>Wing<br>Maintenance<br>Endowment | Sams & Grillhot<br>Endowment | Patty & Doug<br>Reid<br>Endowment | Sara Giles<br>Moore Wish Foundation<br>Endowment | Wish Foundation<br>Endowment |
|---|---|-----------------------------|---|------------------------------|-----------------------------------|--|------------------------------|
| <b>Schedules of financial position information:</b>             |   |                             |   |                              |                                   |  |                              |
| Investments   | \$ 272,807  | \$ 47,010                   | \$ 6,060,270  | \$ 479,838                   | \$ 166,775                        | \$ 142,950                                       | \$ 953,000                   |
| Pledges and other receivables, net                              | -   | 92,925                      | -   | -                            | 22,997                            | -  | -                            |
| Contributions receivable from remainder trusts                  | -   | -                           | -   | -                            | -                                 | -  | -                            |
| Beneficial interest in perpetual trusts                         | -   | -                           | -   | -                            | -                                 | -  | -                            |
| Due from (to) other funds                                       | 2,000   | -                           | -   | 3,503                        | 50,000                            | 150,000  | -                            |
| <b>Total assets</b>   | <b>\$ 274,807</b>   | <b>\$ 139,935</b>           | <b>\$ 6,060,270</b>   | <b>\$ 483,341</b>            | <b>\$ 239,772</b>                 | <b>\$ 292,950</b>                                | <b>\$ 953,000</b>            |
| <b>Liabilities and net assets:</b>                              |   |                             |   |                              |                                   |  |                              |
| Charitable gift liability                                       | \$ -  | \$ -                        | \$ -  | \$ -                         | \$ -                              | \$ -   | \$ -                         |
| Deferred Revenue  | -   | -                           | -   | -                            | -                                 | -  | -                            |
| <b>Total liabilities</b>  | <b>\$ -</b>   | <b>\$ -</b>                 | <b>\$ -</b>   | <b>\$ -</b>                  | <b>\$ -</b>                       | <b>\$ -</b>                                      | <b>\$ -</b>                  |
| <b>Schedules of activities information:</b>                     |   |                             |   |                              |                                   |  |                              |
| Net assets at beginning of year                                 | \$ 302,988  | \$ 142,925                  | \$ 6,126,472  | \$ -                         | \$ -                              | \$ -   | \$ -                         |
| Contributions and changes in value of split interest agreements | 4,000   | -                           | -   | -                            | (2,003)                           | -  | -                            |
| Transfers from (to) operating/plant                             | (14,639)  | -                           | -   | 507,006                      | 250,000                           | 300,000  | 1,000,000                    |
| Dividends, interest and other income                            | 4,490   | 2,625                       | 159,575   | -                            | -                                 | -  | -                            |
| Net realized and unrealized gains (losses) on investments       | (22,032)  | (5,615)                     | (225,777)   | (23,665)                     | (8,225)                           | (7,050)  | (47,000)                     |
| Distributions to operating funds                                | -   | -                           | -   | -                            | -                                 | -  | -                            |
| Expenditures  | -   | -                           | -   | -                            | -                                 | -  | -                            |
| <b>Increase (decrease) in net assets</b>                        | <b>(28,181)</b>   | <b>(2,990)</b>              | <b>(66,202)</b>   | <b>483,341</b>               | <b>239,772</b>                    | <b>292,950</b>                                   | <b>953,000</b>               |
| <b>Net assets at end of year</b>                                | <b>274,807</b>  | <b>139,935</b>              | <b>6,060,270</b>  | <b>483,341</b>               | <b>239,772</b>                    | <b>292,950</b>                                   | <b>953,000</b>               |
| <b>Total liabilities and net assets</b>                         | <b>\$ 274,807</b>   | <b>\$ 139,935</b>           | <b>\$ 6,060,270</b>   | <b>\$ 483,341</b>            | <b>\$ 239,772</b>                 | <b>\$ 292,950</b>                                | <b>\$ 953,000</b>            |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016  | Terry & Margaret<br>Stent<br>Endowment | Morgens West<br>Foundation<br>Endowment | Marmo & Knox<br>Endowment | General<br>Endowment | New Initiatives<br>Endowment | Maintenance<br>Reserve | Enhancement<br>Endowment |
|---|--|---|---------------------------|----------------------|------------------------------|------------------------|--------------------------|
| <b>Schedules of financial position information:</b>             |  |   |                           |                      |                              |                        |                          |
| Investments   | \$ 190,600                             | \$ 142,950                              | \$ 9,530                  | \$ 89,244,380        | \$ 6,858,213                 | \$ 12,881,684          | \$ 68,235                |
| Pledges and other receivables, net                              | -                                      | 23,648                                  | 85,240                    | -                    | -                            | -                      | -                        |
| Contributions receivable from remainder trusts                  | -                                      | -                                       | -                         | -                    | -                            | -                      | -                        |
| Beneficial interest in perpetual trusts                         | -                                      | -                                       | -                         | 151,733              | -                            | -                      | -                        |
| Due from (to) other funds                                       | -                                      | 25,000                                  | 100,000                   | 766,212              | -                            | 108,333                | -                        |
| <b>Total assets</b>   | <b>\$ 190,600</b>                      | <b>\$ 191,598</b>                       | <b>\$ 194,770</b>         | <b>\$ 90,162,325</b> | <b>\$ 6,858,213</b>          | <b>\$ 12,990,017</b>   | <b>\$ 68,235</b>         |
| <b>Liabilities and net assets:</b>                              |  |   |                           |                      |                              |                        |                          |
| Charitable gift liability                                       | \$ -                                   | \$ -                                    | \$ -                      | \$ -                 | \$ -                         | \$ -                   | \$ -                     |
| Deferred Revenue  | -                                      | -                                       | -                         | -                    | -                            | -                      | -                        |
| <b>Total liabilities</b>  | <b>\$ -</b>                            | <b>\$ -</b>                             | <b>\$ -</b>               | <b>\$ -</b>          | <b>\$ -</b>                  | <b>\$ -</b>            | <b>\$ -</b>              |
| <b>Schedules of activities information:</b>                     |  |   |                           |                      |                              |                        |                          |
| Net assets at beginning of year                                 | \$ -                                   | \$ -                                    | \$ -                      | \$ 97,796,475        | \$ 7,661,975                 | \$ 14,658,117          | \$ 72,606                |
| Contributions and changes in value of split interest agreements | -                                      | (1,352)                                 | 195,240                   | (4,017)              | -                            | -                      | -                        |
| Transfers from (to) operating/plant                             | 200,000                                | 200,000                                 | -                         | -                    | -                            | -                      | -                        |
| Dividends, interest and other income                            | -                                      | -                                       | -                         | 1,541,117            | 125,950                      | 227,141                | 1,088                    |
| Net realized and unrealized gains (losses) on investments       | (9,400)                                | (7,050)                                 | (470)                     | (4,417,366)          | (572,152)                    | (1,145,241)            | (5,459)                  |
| Distributions to operating funds                                | -                                      | -                                       | -                         | (4,307,944)          | (357,560)                    | (750,000)              | -                        |
| Expenditures  | -                                      | -                                       | -                         | (445,940)            | -                            | -                      | -                        |
| <b>Increase (decrease) in net assets</b>                        | <b>190,600</b>                         | <b>191,598</b>                          | <b>194,770</b>            | <b>(7,634,150)</b>   | <b>(803,762)</b>             | <b>(1,668,100)</b>     | <b>(4,371)</b>           |
| <b>Net assets at end of year</b>                                | <b>190,600</b>                         | <b>191,598</b>                          | <b>194,770</b>            | <b>90,162,325</b>    | <b>6,858,213</b>             | <b>12,990,017</b>      | <b>68,235</b>            |
| <b>Total liabilities and net assets</b>                         | <b>\$ 190,600</b>                      | <b>\$ 191,598</b>                       | <b>\$ 194,770</b>         | <b>\$ 90,162,325</b> | <b>\$ 6,858,213</b>          | <b>\$ 12,990,017</b>   | <b>\$ 68,235</b>         |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016  | Arts Education<br>Endowment | Pre K to 12th<br>Grade Arts<br>Education<br>Endowment | Evelyn Davis<br>Endowment | Goizueta<br>Foundation<br>Enterprise-Wide<br>Arts Education<br>Initiatives<br>Endowment | Beachamp Carr<br>Challenge<br>Endowment | Howle Unitrust<br>Endowment | Anne Cox<br>Chambers Board<br>Restricted Fund |
|---|-----------------------------|---|---------------------------|---|---|-----------------------------|---|
| <b>Schedules of financial position information:</b>             |                             |   |                           |   |   |                             |   |
| Investments   | \$ 414,363                  | \$ 847,228  | \$ 162,831                | \$ 574,938  | \$ 1,064,828                            | \$ 333,409                  | \$ -  |
| Pledges and other receivables, net                              | -                           | -   | -                         | -   | -                                       | -                           | -   |
| Contributions receivable from remainder trusts                  | -                           | -   | -                         | -   | -                                       | -                           | -   |
| Beneficial interest in perpetual trusts                         | -                           | -   | -                         | -   | -                                       | -                           | -   |
| Due from (to) other funds                                       | -                           | -   | -                         | -   | -                                       | -                           | -   |
| <b>Total assets</b>   | <b>\$ 414,363</b>           | <b>\$ 847,228</b>                                     | <b>\$ 162,831</b>         | <b>\$ 574,938</b>   | <b>\$ 1,064,828</b>                     | <b>\$ 333,409</b>           | <b>\$ -</b>                                   |
| <b>Liabilities and net assets:</b>                              |                             |   |                           |   |   |                             |   |
| Charitable gift liability                                       | \$ -                        | \$ -  | \$ -                      | \$ -  | \$ -                                    | \$ 218,807                  | \$ -  |
| Deferred Revenue  | -                           | -   | -                         | -   | -                                       | -                           | -   |
| <b>Total liabilities</b>  | <b>\$ -</b>                 | <b>\$ -</b>   | <b>\$ -</b>               | <b>\$ -</b>   | <b>\$ -</b>                             | <b>\$ 218,807</b>           | <b>\$ -</b>                                   |
| <b>Schedules of activities information:</b>                     |                             |   |                           |   |   |                             |   |
| Net assets at beginning of year                                 | \$ 463,498                  | \$ 950,031  | \$ 173,253                | \$ 643,527  | \$ 1,196,169                            | \$ 123,401                  | \$ 15,800                                     |
| Contributions and changes in value of split interest agreements | -                           | -   | -                         | -   | -                                       | -                           | -   |
| Transfers from (to) operating/plant                             | -                           | -   | -                         | -   | -                                       | -                           | -   |
| Dividends, interest and other income                            | 6,512                       | 12,987  | 2,595                     | 9,163   | 17,469                                  | 5,538                       | -   |
| Net realized and unrealized gains (losses) on investments       | (35,064)                    | (72,016)  | (13,017)                  | (48,683)  | (89,033)                                | (29,604)                    | -   |
| Distributions to operating funds                                | (20,583)                    | (43,774)  | -                         | (29,069)  | (59,777)                                | 15,267                      | (15,800)                                      |
| Expenditures  | -                           | -   | -                         | -   | -                                       | -                           | -   |
| <b>Increase (decrease) in net assets</b>                        | <b>(49,135)</b>             | <b>(102,803)</b>                                      | <b>(10,422)</b>           | <b>(68,589)</b>   | <b>(131,341)</b>                        | <b>(8,799)</b>              | <b>(15,800)</b>                               |
| <b>Net assets at end of year</b>                                | <b>414,363</b>              | <b>847,228</b>  | <b>162,831</b>            | <b>574,938</b>  | <b>1,064,828</b>                        | <b>114,602</b>              | <b>-</b>                                      |
| <b>Total liabilities and net assets</b>                         | <b>\$ 414,363</b>           | <b>\$ 847,228</b>                                     | <b>\$ 162,831</b>         | <b>\$ 574,938</b>   | <b>\$ 1,064,828</b>                     | <b>\$ 333,409</b>           | <b>\$ -</b>                                   |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

## Schedules of financial position and of activities information – Endowment funds and split interest agreements\* (cont'd)

| May 31, 2016   | Woodruff<br>Foundation<br>Endowment | Zeist Field Trip<br>Endowment | Transformation<br>Endowment | Young<br>Audiences<br>Division Ann<br>Alperin<br>Endowment | Young<br>Audiences<br>Division General<br>Endowment |
|--|-------------------------------------|-------------------------------|-----------------------------|--|---|
| <b>Schedules of financial position information:</b>                |                                     |                               |                             |  |   |
| Investments  | \$ 100,240                          | \$ 2,368,936                  | \$ 207,768                  | \$ 185,645   | \$ 980,576  |
| Pledges and other receivables, net                                 | 74,483                              | 1,466,102                     | 390,419                     | -  | -   |
| Contributions receivable from remainder trusts                     | -                                   | -                             | -                           | -  | -   |
| Beneficial interest in perpetual trusts                            | -                                   | -                             | -                           | -  | -   |
| Due from (to) other funds  | 100,000                             | -                             | 599,000                     | -  | -   |
| Total assets   | \$ 274,723                          | \$ 3,835,038                  | \$ 1,197,187                | \$ 185,645   | \$ 980,576  |
| <b>Liabilities and net assets:</b>                                 |                                     |                               |                             |  |   |
| Charitable gift liability  | \$ -                                | \$ -                          | \$ -                        | \$ -   | \$ -  |
| Deferred Revenue   | 200,000                             | -                             | -                           | -  | -   |
| Total liabilities  | \$ 200,000                          | \$ -                          | \$ -                        | \$ -   | \$ -  |
| <b>Schedules of activities information:</b>                        |                                     |                               |                             |  |   |
| Net assets at beginning of year                                    | \$ 500,000                          | \$ 3,866,102                  | \$ -                        | \$ 207,329   | \$ 1,098,852  |
| Contributions and changes in value of split<br>interest agreements | (425,517)                           | -                             | 1,210,419                   | -  | -   |
| Transfers from (to) operating/plant                                | -                                   | -                             | -                           | -  | -   |
| Dividends, interest and other income                               | 1,133                               | 8,957                         | 1,014                       | 3,051  | 15,103  |
| Net realized and unrealized gains (losses) on<br>investments       | (893)                               | (40,021)                      | (14,246)                    | (15,570)   | (83,277)  |
| Distributions to operating funds                                   | -                                   | -                             | -                           | (9,165)  | (50,102)  |
| Expenditures   | -                                   | -                             | -                           | -  | -   |
| Increase (decrease) in net assets                                  | (425,277)                           | (31,064)                      | 1,197,187                   | (21,684)   | (118,276)   |
| Net assets at end of year  | 74,723                              | 3,835,038                     | 1,197,187                   | 185,645  | 980,576   |
| Total liabilities and net assets                                   | \$ 274,723                          | \$ 3,835,038                  | \$ 1,197,187                | \$ 185,645   | \$ 980,576  |

\*Split interest agreements include beneficial interest in perpetual trusts, contributions receivable from remainder trusts and charitable gift annuities.

See accompanying Independent Auditors' Report on Supplementary Information

# Alliance Theatre Company

## Information regarding the schedules of activities

| For the years ending May 31  | 2016                  | 2015                  |
|--|-----------------------|-----------------------|
| <b>Earned Revenue</b>  |                       |                       |
| Ticket Sales   |                       |                       |
| Season tickets   | \$ 816,593            | \$ 938,392            |
| Single ticket  | 2,235,896             | 2,416,257             |
| Education Programs   | 1,397,547             | 1,202,087             |
| Miscellaneous revenue  | 157,804               | 134,511               |
| Enhancement and co-production income   | 760,000               | 2,551,918             |
| Endowment distribution   | 623,114               | 526,436               |
| Total earned revenue   | <b>5,990,954</b>      | 7,769,601             |
| <b>Contributed Revenue</b>   |                       |                       |
| Annual fund  | 1,900,239             | 1,409,639             |
| Corporate  | 1,825,249             | 1,509,990             |
| Special events   | 365,855               | 351,710               |
| Government grants  | 157,000               | 105,000               |
| Lettie Pate Evans Grant  | 454,680               | 5,024                 |
| Goizueta Enterprise  | 138,550               | 381,094               |
| Foundations – General  | 975,285               | 530,561               |
| Foundations – Education  | 100,000               | 100,000               |
| In-kind income   | 71,657                | 99,852                |
| Total contributed revenue  | <b>5,988,515</b>      | 4,492,870             |
| Allocation from Arts Center  | 188,772               | 188,772               |
| Total revenue and gains  | <b>12,168,241</b>     | 12,451,243            |
| <b>Expenses and losses:</b>  |                       |                       |
| Creative artist overhead   | 977,207               | 871,744               |
| Creative artist – Directors/designers  | 628,606               | 819,559               |
| Royalty  | 217,357               | 197,036               |
| Talent – Actors/stage managers   | 1,589,247             | 2,006,765             |
| Production   | 3,166,783             | 3,389,995             |
| Marketing  | 1,494,679             | 1,374,934             |
| Education program  | 1,448,925             | 987,633               |
| Goizueta Enterprise  | 138,550               | 381,094               |
| PNC grant expense  | 66,934                | -                     |
| Lettie Pate Evans Grant Expenses   | 454,680               | 5,024                 |
| Development  | 819,196               | 1,019,310             |
| Administration   | 930,558               | 743,892               |
| Pension expense  | 53,473                | (1,370)               |
| In-kind expense  | 71,657                | 99,852                |
| Total expenses and losses  | <b>12,057,852</b>     | 11,895,468            |
| <b>Excess of revenues over expenses</b>  | <b>110,389</b>        | 555,775               |
| <b>Pension related changes other than net periodic pension costs</b>               | <b>(656,369)</b>      | (984,734)             |
| <b>Board designated activity</b>   | <b>(172,546)</b>      | (167,869)             |
| <b>Change in currently expendable unrestricted net assets</b>                      | <b>(718,526)</b>      | (596,828)             |
| <b>Currently expendable unrestricted net assets (deficit) at beginning of year</b> | <b>(2,897,891)</b>    | (2,301,063)           |
| <b>Currently expendable unrestricted net assets (deficit) at end of year</b>       | <b>\$ (3,616,417)</b> | <b>\$ (2,897,891)</b> |

See accompanying note on page 60 and Independent Auditors' Report on Supplementary Information.

# Atlanta Symphony Orchestra

## Information regarding the schedules of activities

| <b>For the years ending May 31</b>   | <b>2016</b>           | <b>2015</b>     |
|--|-----------------------|-----------------|
| <b>Operating revenues:</b>   |                       |                 |
| Ticket sales/fees  | \$ 12,524,936         | \$ 16,398,859   |
| Ancillary revenues   | 4,491,889             | 6,948,734       |
| Fees/Royalties   | 677,151               | 462,160         |
| Other income   | 838,080               | 973,138         |
| Total operating revenues   | <b>18,532,056</b>     | 24,782,891      |
| <b>Contributions:</b>  |                       |                 |
| Annual fundraising campaign  | 2,809,988             | 2,674,193       |
| Foundation grants  | 561,866               | 764,913         |
| Government grants  | 85,000                | 104,600         |
| Corporate sponsorships   | 3,759,007             | 4,191,680       |
| Volunteer Services   | 67,644                | 329,112         |
| Other fundraising  | 1,775,847             | 1,570,892       |
| Total contributions  | <b>9,059,352</b>      | 9,635,390       |
| <b>Distributions from endowment</b>  | <b>3,920,603</b>      | 3,732,842       |
| <b>Budgeted allocation from Arts Center</b>  | <b>797,208</b>        | 797,208         |
| Total revenues and gains   | <b>32,309,219</b>     | 38,948,331      |
| <b>Expenses and losses:</b>  |                       |                 |
| General orchestra  | 10,514,602            | 8,026,523       |
| Artistic   | 2,004,300             | 1,623,307       |
| Administrative and general   | 5,410,729             | 7,330,310       |
| Marketing and public relations   | 1,667,208             | 1,393,721       |
| Development  | 194,772               | 1,043,775       |
| Production   | 1,139,534             | 602,494         |
| Library  | 158,545               | 80,007          |
| Popular presentations  | 10,603,428            | 17,895,271      |
| Education  | 419,464               | 402,489         |
| Total expenses and losses  | <b>32,112,582</b>     | 38,397,897      |
| <b>Excess of revenues over (under) expenses</b>                                    | <b>196,637</b>        | 550,434         |
| <b>Interfund transfer</b>  | <b>(171,638)</b>      | (485,000)       |
| <b>Gain/Loss on Disposal of Equipment/Contracts</b>                                | <b>5,239,961</b>      | (233,650)       |
| <b>Pension related changes other than net periodic pension costs</b>               | <b>(2,001,153)</b>    | (1,888,401)     |
| <b>Change in currently expendable unrestricted net assets</b>                      | <b>3,263,807</b>      | (2,056,617)     |
| <b>Currently expendable unrestricted net assets (deficit) at beginning of year</b> | <b>(12,312,183)</b>   | (10,255,566)    |
| <b>Currently expendable unrestricted net assets (deficit) at end of year</b>       | <b>\$ (9,048,376)</b> | \$ (12,312,183) |

See accompanying note on page 60 and Independent Auditors' Report on Supplementary Information.



# High Museum of Art

## Information regarding the schedules of activities

| For the years ending May 31                           | 2016          | 2015          |
|---|---------------|---------------|
| <b>Revenue and gains:</b>                             |               |               |
| Admissions  | \$ 1,379,801  | \$ 1,894,842  |
| Museum shop sales                                     | 1,321,529     | 1,668,735     |
| Membership income                                     | 3,345,862     | 3,795,691     |
| Special events  | 529,697       | 503,204       |
| Education   | 7,179         | 11,191        |
| Creative Services Sales                               | 31,562        | -             |
| Miscellaneous earned income                           | 166,087       | 507,610       |
| Audio Tour  | 42,237        | 93,197        |
| Traveling exhibition income                           | 104,125       | 166,669       |
| Total earned revenue                                  | 6,928,079     | 8,641,139     |
| Corporate support                                     | 1,279,782     | 1,286,097     |
| In-kind support                                       | 348,836       | 281,792       |
| Director's Circle                                     | 1,615,646     | 1,611,852     |
| Grant and foundation support                          | 2,342,050     | 884,025       |
| Fayette County Grant                                  | 40,609        | -             |
| Goizueta Grants                                       | 73,742        | 448,000       |
| Major gifts   | 1,000,705     | 803,025       |
| Miscellaneous Contributions                           | 306           | 3,452         |
| Total support revenues                                | 6,701,676     | 5,318,243     |
| Annual fund   | 168,173       | 143,738       |
| Art Partners support                                  | -             | 1,358         |
| Driskell Prize  | 284,234       | 230,251       |
| Collectors Evening                                    | 75,477        | 50,000        |
| Art in Bloom  | -             | 38,070        |
| Gala  | 241,850       | 296,200       |
| MoMA  | -             | 384,834       |
| Friends of the Collection                             | 2,108         | 4,258         |
| Wine auction  | 2,313,236     | 2,415,164     |
| Total other support income                            | 3,085,078     | 3,563,873     |
| WAC allocation  | 559,152       | 559,152       |
| Interest income                                       | 24,424        | 30,582        |
| Trust income  | 366,610       | 361,740       |
| Endowment income - Director's Chair                   | 89,930        | 86,404        |
| Endowment income - General                            | 1,133,379     | 1,095,079     |
| Endowment income - B&G Sustainability                 | 10,861        | 10,248        |
| Endowment income - General - Decorative Arts          | 112,171       | 107,780       |
| Endowment income - General - European Arts            | 84,079        | 80,831        |
| Endowment income - General - Exhibitions              | 89,486        | 109,397       |
| Endowment income - Restricted - Exhibitions           | 1,109,559     | 1,022,902     |
| Endowment income - General Education support          | 128,784       | 122,494       |
| Endowment income - Head of Interpretation             | 59,624        | 44,766        |
| Endowment income - Education - Goizueta               | 6,264         | 6,864         |
| Endowment income - Stent Distinguished Lecture Series | 13,345        | 11,699        |
| Endowment income - Livingston                         | 62,275        | 70,513        |
| Endowment income - African Art Chair                  | 67,637        | 64,777        |
| Endowment income - American Art Chair                 | 67,649        | 66,716        |
| Endowment income - Mod/Con Art Chair                  | 47,527        | 44,914        |
| Endowment income - Kendeda Arts Access                | 132,497       | 113,930       |
| Endowment income - Vigtel Works on Paper              | 30,070        | 27,900        |
| Endowment income - Goizueta Foundation                | 118,781       | 124,301       |
| Total endowment and trust income                      | 3,730,528     | 3,573,255     |
| Total revenues and gains                              | \$ 21,028,937 | \$ 21,686,244 |

See accompanying note on page 60 and Independent Auditors' Report on Supplementary Information.

# High Museum of Art

## Information regarding the schedules of activities (cont'd)

| <b>For the years ending May 31</b>                                       | <b>2016</b>           | <b>2015</b>           |
|--|-----------------------|-----------------------|
| <b>Expenses and losses:</b>  |                       |                       |
| Staff  | \$ 7,069,190          | \$ 7,043,901          |
| Administration   | 520,649               | 641,202               |
| Director's office  | 108,393               | 147,291               |
| Audio tour   | 52,525                | 138,115               |
| C.O.O.'s office  | 11,982                | 11,288                |
| Driskell Event   | 124,170               | 107,293               |
| Facilities   | 1,370,680             | 1,421,432             |
| Offsite storage and conservation   | 146,354               | 154,064               |
| Museum shop  | 130,818               | 152,970               |
| Security   | 1,431,980             | 1,455,748             |
| Guest Relations  | 38,645                | 81,341                |
| Education  | 968,071               | 609,379               |
| Goizueta   | 61,444                | 448,000               |
| Creative Services  | 64,040                | 163,886               |
| Curatorial   | 89,742                | 140,556               |
| Exhibition manager   | 6,275                 | 5,517                 |
| Exhibitions  | 3,297,184             | 2,878,299             |
| Traveling exhibitions  | 10,708                | 78,472                |
| Exhibition Design  | 591                   | 199                   |
| Library  | 3,944                 | 1,376                 |
| Permanent Collection-Registrar   | 160,063               | 108,392               |
| Preparators  | 20,877                | 17,958                |
| Group sales  | 9,926                 | 25,217                |
| Arts Access  | 127,106               | 81,587                |
| Friday Jazz  | 72,428                | 95,489                |
| Marketing & Communications   | 1,308,280             | 1,447,794             |
| Annual fund  | 27,101                | 31,849                |
| Membership   | 863,913               | 899,213               |
| Special events   | 207,386               | 98,637                |
| Technology   | 95,467                | 99,853                |
| Development  | 242,241               | 336,435               |
| Gala   | 91,531                | 77,677                |
| Wine Auction   | 883,008               | 805,108               |
| In-kind Amortization Expense   | 348,836               | 281,792               |
| Art Partners   | 2,300                 | 1,766                 |
| Museum Shop Discounts  | 183,731               | 292,510               |
| Museum Shop COGS   | 682,750               | 781,758               |
| Friends of the Collection  | 2,108                 | 4,258                 |
| Total expenses and losses  | <b>20,836,437</b>     | <b>21,167,622</b>     |
| Excess of revenues over expenses   | 192,500               | 518,622               |
| <b>Other items:</b>  |                       |                       |
| Board designated activity  | 16,363                | 14,423                |
| Transfer to Plant fund   | -                     | (497,987)             |
| Pension related changes other than net periodic pension costs            | (307,343)             | (1,702,007)           |
| <b>Change in currently expendable unrestricted net assets</b>            | <b>(98,480)</b>       | <b>(1,666,949)</b>    |
| <b>Currently expendable unrestricted net assets at beginning of year</b> | <b>(1,445,093)</b>    | <b>221,856</b>        |
| <b>Currently expendable unrestricted net assets at end of year</b>       | <b>\$ (1,543,573)</b> | <b>\$ (1,445,093)</b> |

See accompanying note on page 60 and Independent Auditors' Report on Supplementary Information.

# Woodruff Arts Center Administration

## Information regarding the schedules of activities

| For the years ending May 31  | 2016                   | 2015                  |
|--|------------------------|-----------------------|
| <b>Revenue and gains:</b>  |                        |                       |
| Operating revenues   | \$ 6,195,381           | \$ 5,509,793          |
| Contributions/fundraising  | 9,229,589              | 8,152,669             |
| Interest income  | 28,957                 | 2,561                 |
| Distributions from endowment   | 4,754,350              | 4,492,983             |
| Allocation to divisions  | (1,545,132)            | (1,620,132)           |
| Total revenues and gains   | <b>18,663,145</b>      | <b>16,537,874</b>     |
| <b>Expenses and losses:</b>  |                        |                       |
| Salaries, wages and payroll taxes  | 10,378,827             | 8,407,193             |
| Pension expense  | 291,594                | 294,268               |
| Interest expense   | (104,511)              | (45,721)              |
| Contract occupancy costs   | 1,731,962              | 1,701,616             |
| Utilities and property taxes   | 477,386                | 726,951               |
| Security   | 535,086                | 504,324               |
| Insurance  | 962,626                | 1,159,668             |
| Professional fundraising   | 90,156                 | 183,762               |
| Other professional services  | 713,105                | 790,309               |
| Food and Beverage Operations Cost  | 3,192,877              | 2,734,730             |
| Promotions   | 989,496                | 769,813               |
| Cost of goods sold   | 42,115                 | 25,060                |
| Telephone  | 139,986                | 127,593               |
| Office supplies and equipment  | 157,751                | 176,929               |
| Computer charges   | 430,475                | 472,549               |
| Depreciation expense   | 143,035                | 76,130                |
| Provision for uncollectible receivables  | 177,204                | 161,725               |
| Miscellaneous  | 618,062                | 578,762               |
| Total expenses and losses  | <b>20,967,232</b>      | <b>18,845,661</b>     |
| Subtotal   | <b>(2,304,087)</b>     | <b>(2,307,787)</b>    |
| <b>Net assets released from restrictions</b>                                       | <b>1,354,075</b>       | <b>920,087</b>        |
| <b>Excess of expenses over revenues</b>  | <b>(950,012)</b>       | <b>(1,387,700)</b>    |
| <b>Other items:</b>  |                        |                       |
| Pension related changes other than net periodic pension costs                      | (923,661)              | (1,233,741)           |
| Board designated activity  | (451,991)              | (9,624)               |
| Income Tax Expense   | (2,831)                | -                     |
| Total other items  | <b>(1,378,483)</b>     | <b>(1,243,365)</b>    |
| <b>Change in currently expendable unrestricted net assets</b>                      | <b>(2,328,495)</b>     | <b>(2,631,065)</b>    |
| <b>Currently expendable unrestricted net assets (deficit) at beginning of year</b> | <b>(7,858,531)</b>     | <b>(5,227,466)</b>    |
| <b>Currently expendable unrestricted net assets (deficit) at end of year</b>       | <b>\$ (10,187,026)</b> | <b>\$ (7,858,531)</b> |

See accompanying note on page 60 and Independent Auditors' Report on Supplementary Information.

# Robert W. Woodruff Arts Center, Inc. and Subsidiaries

## Note to supplemental schedules of activities

The following schedules reconcile the budget basis information in the schedules of activities on pages 55 to 59 to the Operating Fund Statement of Activities, which is a component of the Consolidated Statement of Activities and contains amounts which are eliminated in consolidation.

See accompanying Independent Auditors Report on Supplementary Information

| For the year ended May 31, 2016                     | Alliance<br>Theatre  | Atlanta<br>Symphony<br>Orchestra | High Museum of<br>Art | Woodruff Arts<br>Center |
|---|----------------------|----------------------------------|-----------------------|-------------------------|
| <b>Revenue per Divisional<br/>Income Statements</b> | <b>\$ 12,168,241</b> | <b>\$ 32,309,219</b>             | <b>\$ 21,028,937</b>  | <b>\$ 18,663,145</b>    |
| Net Assets Released                                 | (1,756,999)          | (1,668,543)                      | (3,355,629)           | -                       |
| Gross-up Impact                                     | -                    | (9,917)                          | -                     | -                       |
| Other   | 181,327              | (109,995)                        | 238,999               | -                       |
| <b>Revenue per Operating Fund</b>                   | <b>\$ 10,592,569</b> | <b>\$ 30,520,764</b>             | <b>\$ 17,912,307</b>  | <b>\$ 18,663,145</b>    |
| <b>Expense per Divisional<br/>Statements</b>        | <b>\$ 12,057,852</b> | <b>\$ 32,112,582</b>             | <b>\$ 20,836,437</b>  | <b>\$ 20,967,232</b>    |
| Gross-up Impact                                     | -                    | 9,917                            | -                     | -                       |
| Other   | 99,971               | 109,171                          | 310,423               | -                       |
| <b>Expense per Operating Fund</b>                   | <b>\$ 12,157,823</b> | <b>\$ 32,231,670</b>             | <b>\$ 21,146,860</b>  | <b>\$ 20,967,232</b>    |

  

| For the year ended May 31, 2015                     | Alliance<br>Theatre  | Atlanta<br>Symphony<br>Orchestra | High Museum of<br>Art | Woodruff Arts<br>Center |
|---|----------------------|----------------------------------|-----------------------|-------------------------|
| <b>Revenue per Divisional<br/>Income Statements</b> | <b>\$ 12,451,243</b> | <b>\$ 38,948,331</b>             | <b>\$ 21,686,244</b>  | <b>\$ 16,537,874</b>    |
| Net Assets Released                                 | (1,013,967)          | (1,881,609)                      | (1,574,297)           | -                       |
| Gross-up Impact                                     | -                    | 652,066                          | -                     | -                       |
| Other   | 17,594               | 638,973                          | 16,540                | -                       |
| <b>Revenue per Operating Fund</b>                   | <b>\$ 11,454,870</b> | <b>\$ 38,357,761</b>             | <b>\$ 20,128,487</b>  | <b>\$ 16,537,874</b>    |
| <b>Expense per Divisional<br/>Statements</b>        | <b>\$ 11,895,468</b> | <b>\$ 38,397,897</b>             | <b>\$ 21,167,622</b>  | <b>\$ 18,845,661</b>    |
| Gross-up Impact                                     | -                    | 652,066                          | -                     | -                       |
| Other   | 17,594               | 638,973                          | 16,540                | -                       |
| <b>Expense per Operating Fund</b>                   | <b>\$ 11,913,062</b> | <b>\$ 39,688,936</b>             | <b>\$ 21,184,162</b>  | <b>\$ 18,845,661</b>    |