Financial Statements
June 30, 2018 and 2017

The Saint Paul Chamber Orchestra Society

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
The Saint Paul Chamber Orchestra Society
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of The Saint Paul Chamber Orchestra Society (the SPCO), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion, which was qualified for the year ended June 30, 2017.

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Basis for Qualified Opinion on 2017 Financial Statements
As more fully described in Note 11, the SPCO was the sole beneficiary of Chamberleaf, Inc., a separately incorporated 501(c)(3) organization established by a donor of the SPCO. Accounting principles generally accepted in the United States of America required consolidation of Chamberleaf, Inc. with the financial statements of the SPCO, as the Board of Directors of Chamberleaf, Inc. consisted of three members who exercised control as current members of the Board of Directors of the SPCO. The SPCO chose not to consolidate the financial statements of Chamberleaf, Inc., which is the basis of our qualified opinion. If the SPCO consolidated Chamberleaf, Inc., there would have been an increase in the SPCO's assets and net assets of approximately $623,800 as of June 30, 2017, respectively, and a decrease to its change in net assets of approximately $3,904,800 for the year ended June 30, 2017.

Qualified Opinion on 2017 Financial Statements
In our opinion, except for the effects on the 2017 financial statements of the matter discussed in the Basis for Qualified Opinion paragraph, the 2017 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the SPCO as of June 30, 2017, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion
In our opinion, the 2018 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the SPCO as of June 30, 2018, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Minneapolis, Minnesota
November 28, 2018

	2018	2017
Assets		
Cash and cash equivalents	$ 1,018,482	$ 564,525
Promises to give, net	1,999,363	2,233,290
Other receivables	11,033	29,377
Prepaid expenses	167,233	201,512
Due from endowment assets	32,525	45,593
Property and equipment, net	1,023,799	1,035,263
Investments	4,362,637	4,750,065
Endowment		
Due to unrestricted assets	(32,525)	(45,593)
Promises to give, net	750,000	500,000
Other receivables	362	-
Prepaid expenses	2,693	3,695
Property and equipment, net	24,000	24,000
Beneficial interest in trusts	3,742,031	3,700,750
Investments	36,618,272	35,581,344
Total assets	$ 49,719,905	$ 48,623,821
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 208,813	$ 286,107
Accrued expenses	427,866	282,265
Line of credit payable	-	675,000
Deferred season ticket revenue and other	1,067,042	1,027,525
Long term payables	112,509	302,833
Endowment		
Accounts payable and other	24,082	196,876
Gift annuities payable	356,079	323,160
Total liabilities	2,196,391	3,093,766
Net Assets		
Unrestricted - operating fund	-	92,854
Unrestricted - Board-designated rainy day fund	245,550	-
Unrestricted - Board-designated endowment fund	811,691	(566,481)
	1,057,241	(473,627)
Temporarily restricted - operating fund	6,331,296	6,191,044
Temporarily restricted - rainy day fund	220,000	-
	6,551,296	6,191,044
Permanently restricted - endowment fund	39,914,977	39,812,638
Total net assets	47,523,514	45,530,055
Total liabilities and net assets	$ 49,719,905	$ 48,623,821

	Unrestricted Operating Fund	Unrestricted Endowment Fund	Temporarily Restricted Fund	Permanently Restricted Endowment Fund	Total
Revenue from Operations					
Concerts for a fee	$ 156,600	$ -	$ -	$ -	$ 156,600
Ticket revenue	2,067,842	-	-	-	2,067,842
Transfer from the SPCO held endowment	1,475,287	-	-	-	1,475,287
Allocation from perpetual trust	170,714	-	-	-	170,714
Other revenue	60,910	-	-	-	60,910
Total revenue from operations	3,931,353	-	-	-	3,931,353
Support					
Grants and contributions	4,426,322	-	1,834,856	-	6,261,178
Gross special events revenue	73,309	-	-	-	73,309
Less cost of direct benefits to donors	(47,125)	-	-	-	(47,125)
Net special events revenue	26,184	-	-	-	26,184
Purpose restrictions met	1,129,877	-	(1,129,877)	-	-
Time restrictions met	681,369	-	(681,369)	-	-
Total support	6,263,752	-	23,610	-	6,287,362
Total revenue and support	10,195,105	-	23,610	-	10,218,715
Expenses					
Artistic and program	8,374,005	-	-	-	8,374,005
Management and general	776,066	-	-	-	776,066
Fundraising	892,338	-	-	-	892,338
Total expenses	10,042,409	-	-	-	10,042,409
Change in Net Assets - Operating	152,696	-	23,610	-	176,306
Change in Net Assets - Nonoperating					
Grants and contributions	-	850,000	-	61,058	911,058
Change in value of beneficial interest in trusts	-	-	-	41,281	41,281
Change in value of gift annuities	-	(81,349)	-	-	(81,349)
Investment income (loss) net of taxes	-	2,315,863	355,648	-	2,671,511
Transfer to operations	-	(1,475,287)	-	-	(1,475,287)
Change in discount on pledges receivable	-	-	(8,364)	-	(8,364)
Change in discount on accrued liability	-	-	(10,642)	-	(10,642)
Fundraising expenses	-	(231,055)	-	-	(231,055)
Change in Net Assets - Nonoperating	-	1,378,172	336,642	102,339	1,817,153
Change in Net Assets	152,696	1,378,172	360,252	102,339	1,993,459
Net Assets, Beginning of Year	92,854	(566,481)	6,191,044	39,812,638	45,530,055
Net Assets, End of Year	$ 245,550	$ 811,691	$ 6,551,296	$ 39,914,977	$ 47,523,514
Total change in unrestricted net assets		$ 1,530,868			

	Unrestricted Operating Fund	Unrestricted Endowment Fund	Temporarily Restricted Fund	Permanently Restricted Endowment Fund	Total
Revenue from Operations					
Concerts for a fee	$ 219,518	$ -	$ -	$ -	$ 219,518
Ticket revenue	1,839,203	-	-	-	1,839,203
Transfer from the SPCO held endowment	1,565,903	-	-	-	1,565,903
Allocation from perpetual trust	186,383	-	-	-	186,383
Other revenue	63,152	-	-	-	63,152
Total revenue from operations	3,874,159	-	-	-	3,874,159
Support					
Grants and contributions	3,969,327	-	4,979,908	-	8,949,235
Gross special events revenue	44,200	-	-	-	44,200
Less cost of direct benefits to donors	(28,474)	-	-	-	(28,474)
Net special events revenue	15,726	-	-	-	15,726
Purpose restrictions met	1,457,931	-	(1,457,931)	-	-
Time restrictions met	1,101,330	-	(1,101,330)	-	-
Total support	6,544,314	-	2,420,647	-	8,964,961
Total revenue and support	10,418,473	-	2,420,647	-	12,839,120
Expenses					
Artistic and program	8,321,804	-	-	-	8,321,804
Management and general	808,507	-	-	-	808,507
Fundraising	863,772	-	-	-	863,772
Total expenses	9,994,083	-	-	-	9,994,083
Change in Net Assets - Operating	424,390	-	2,420,647	-	2,845,037
Change in Net Assets - Nonoperating					
Grants and contributions	-	5,450	(2,000)	250,000	253,450
Transfer of gift to endowment	(81,854)	81,854	-	-	-
Gain on sale of fixed assets	-	188,146	-	-	188,146
Change in value of beneficial interest in trusts	-	-	-	145,635	145,635
Change in value of gift annuities	-	(52,503)	-	-	(52,503)
Investment income (loss) net of taxes	-	3,599,771	145,382	-	3,745,153
Transfer to operations	-	(1,565,903)	-	-	(1,565,903)
Change in discount on pledges receivable	-	-	7,765	190,725	198,490
Change in discount on accrued liability	-	-	(9,350)	-	(9,350)
Fundraising expenses	-	(249,477)	-	-	(249,477)
Change in Net Assets - Nonoperating	(81,854)	2,007,338	141,797	586,360	2,653,641
Change in Net Assets	342,536	2,007,338	2,562,444	586,360	5,498,678
Net Assets, Beginning of Year	(249,682)	(2,573,819)	3,628,600	39,226,278	40,031,377
Net Assets, End of Year	$ 92,854	$ (566,481)	$ 6,191,044	$ 39,812,638	$ 45,530,055
Total change in unrestricted net assets		$ 2,349,874			

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ 1,993,459	$ 5,498,678
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	310,704	232,301
Donated property and equipment	(130,000)	-
Loss (gain) on sale of fixed assets	-	(188,146)
Change in discount on promises to give	(8,364)	(201,372)
Net investment return	(2,671,511)	(3,745,153)
Change in beneficial interest in trusts	(41,281)	(145,635)
Changes in operating assets and liabilities		
Promises to give and other receivables	10,273	1,311,209
Prepaid expenses	35,281	(54,168)
Accounts payable	(254,467)	97,409
Accrued expenses (including long term)	(44,723)	(8,314)
Deferred season ticket revenue	39,517	(78,638)
Gift annuities payable	32,919	(30,492)
Net Cash from Operating Activities	(728,193)	2,687,679
Cash Flows from Investing Activities		
Purchase of property and equipment	(169,240)	(487,020)
Proceeds on sale of property and equipment	-	270,000
Withdrawal from endowment, net of (additions to) investments	2,026,390	(2,366,229)
Net Cash from Investing Activities	1,857,150	(2,583,249)
Cash Flows from Financing Activities		
Decrease (increase) in long term payable	-	(246,475)
Proceeds from (payments on) revolving line of credit	(675,000)	390,000
Net Cash from Financing Activities	(675,000)	143,525
Net Change in Cash and Cash Equivalents	453,957	247,955
Cash and Cash Equivalents, Beginning of Year	564,525	316,570
Cash and Cash Equivalents, End of Year	$ 1,018,482	$ 564,525

Note 1 - Principal Activity and Significant Accounting Policies

The mission of The Saint Paul Chamber Orchestra Society (the SPCO) is to sustain a world-class chamber orchestra at the highest standards of artistic excellence that enriches the Twin Cities community by sharing dynamic, distinctive and engaging performances. We are actively committed to accessibility and intentional inclusivity in all aspects of our work and continually strive to provide all people in our community with opportunities to connect with the music we perform.

Cash and Cash Equivalents

The SPCO considers all bank and similar time deposits, demand accounts, and money market funds with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents in the endowment fund are classified under investments. The SPCO maintains its cash in a deposit account which may exceed Federal Deposit Insurance Corporation (FDIC) limits at times. The SPCO has not experienced any losses in this account.

Promises to Give

Promises to give are recorded at net realizable value. Long-term promises to give are recorded at the present value of the amounts expected to be collected. The discounts are computed using an imputed interest rate applicable to the year in which the promise is received. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The SPCO provides an allowance for bad debts, which is management's estimate of uncollectible pledges receivable, based on a review of each significant pledge and of historical collection rates. Promises to give are written off when deemed uncollectible. The allowance was $45,000 at June 30, 2018 and 2017.

Other Receivables

Other receivables include balances due to the SPCO for shared use of facilities and personnel services, co-presentations and other miscellaneous items. Payments on receivables are generally due no later than 30 days after receipt of an invoice. The SPCO may provide an allowance for bad debts for other receivables, based on management judgment, considering historical information and an assessment of any past-due accounts. If accounts are significantly past due, the accounts are written off after all collection efforts have been exhausted. At June 30, 2018 and 2017, an allowance for bad debts was not considered to be warranted.

Prepaid Expenses

Expenses associated with future performances, as well as prepayments on insurance and annual contracts that benefit the subsequent fiscal year, are reported as prepaid expenses.

Property and Equipment

Purchased property and equipment are valued at cost. Expenditures for equipment costing $1,000 or more with a life greater than one year are capitalized. Contributed property and equipment is recorded at the fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the SPCO has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

Depreciation of property and equipment, other than fine instruments, is calculated based on estimated useful lives of three to ten years using the straight-line method and is charged to the applicable functional expense. Leasehold improvements are amortized over the shorter of useful life or term of the lease.

Instruments that appreciate or hold their value over time are considered to be fine instruments. Fine instruments are not depreciated and are shown at their cost basis of $156,039 and $26,039 at June 30, 2018 and 2017, respectively.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are deducted from the accounts, and any remaining gains or losses are included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the period incurred.

Beneficial Interests in Trusts Held by Others

At times, the SPCO is the recipient of a beneficial interest in a trust. These trusts are created independently by donors and administered by agents designated by the donors. The SPCO has neither possession nor control over the assets of the trusts.

At the date the SPCO receives notice of a beneficial interest which is irrevocable, a temporarily or permanently restricted contribution is recorded in the statement of activities, and a beneficial interest in trusts held by others is recorded in the statement of financial position at fair value, which is calculated as the present value of the expected distributions. This value is updated annually at the end of each fiscal year until distribution, as well as upon trust distribution, with the updated value reported in the statement of financial position, and changes in value recognized in the statement of activities. Upon distribution of temporarily-restricted trusts and/or expenditures in satisfaction of the restricted purpose stipulated by the donor, if any, temporarily restricted net assets are released to unrestricted net assets.

The SPCO became the irrevocable beneficiary of a trust during the year ended June 30, 2016. The changes in present value and year-end values are reflected in the statement of activities and the statement of financial position, for the fiscal years ending June 30, 2017 and 2018. The value of the trust is based on the underlying investments less anticipated costs, discounted at a rate of 7%.

Beneficial Interests in Perpetual Trusts

The SPCO was named as an irrevocable beneficiary of a perpetual trust held and administered by a separate Board of Trustees in 1997. The Board included five trustees, three of whom were also members of the SPCO Board of Directors during the fiscal years ending June 30, 2018 and 2017. At the date the SPCO receives notice of a beneficial interest, a permanently restricted contribution is recorded in the statement of activities, and a beneficial interest in the perpetual trust is recorded in the statement of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statement of financial position, with trust distributions and changes in fair value recognized in the statement of activities.

Investments

Investments in marketable securities are initially recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Investments include alternative investments such as real estate, commodities, energy-related assets, and hedge funds in limited-liability investment fund vehicles which lack readily-available quoted prices. In these cases, fair values are determined by their respective managers or third-party fund administrators. Net investment gains or losses are reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less management and custodial fees.

Recent Accounting Guidance

The SPCO adopted the provision of Accounting Standards Update (ASU) 2015-07 "*Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*" which are effective for fiscal years beginning after December 15, 2016. ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net assets value practical expedient in ASC 820. Accordingly, the accounting change has been retroactively applied to the prior period presented, as required.

Deferred Revenue

Advance season ticket sales are deemed to be earned and reported as revenue upon the completion of the related performance or event. Amounts received but not yet earned are reported as deferred revenue.

Gift Annuities Payable

The SPCO has received contributions under annuity contracts which generally provide for payments to the annuitants for life. The annuity contracts liability is recorded based on the present value of the future expected payments to the donors, and a contribution is recognized for the difference between the liability and funds received. Changes in the estimated value of the liability are reflected in the statement of activities. The SPCO uses discount rates of 4% to 8% to determine the present value of the liability. Gift annuities payable at June 30, 2018 and 2017, were $356,079 and $323,160, respectively.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Resources over which the Board of Directors has discretionary control. These net assets include an operating fund, a designated Rainy Day Fund, and a designated endowment fund. Information on the Rainy Day Fund is provided below. Board-designated endowment funds include endowment income earned in excess of the approved spending rate as well as unrestricted bequests that the Board has designated as endowments. Unrestricted endowment fund activity also includes endowment-specific fundraising and management expenses, and investment activities and expenses.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that will be met by expenditures or actions of the SPCO and/or the passage of time. The SPCO reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities. Temporarily Restricted Net Assets includes funds restricted to the Rainy Day Fund, as described below.

Rainy Day Fund ("RDF") – Net assets designated to the RDF by the Board of Directors (from unrestricted net assets) plus net assets restricted to the RDF by donors. The RDF is a subset of both unrestricted and temporarily restricted net assets. The RDF was established in the fiscal year ending June 30, 2018, with the goal of a reserve of 10% of the SPCO's average operating revenues and support. The RDF is intended to support stable day-to-day operations in the event of significant revenue shortfalls, particularly those caused by a recession or other economic shock which significantly reduces the SPCO's ability to generate revenues and support. The primary intended use is to provide funds to maintain salary and benefits levels for musicians and staff and to meet contractual commitments during the time affected by these impacts. The criteria for accessing and replenishing the RDF are governed by Board policy.

Permanently Restricted Net Assets – Net assets with restrictions stipulating that the value of the contribution be maintained permanently but permitting the SPCO to expend the income generated from the contributed assets in accordance with any donor restrictions.

Contributions and Grants

The SPCO receives contributions and grants from individuals, corporations, foundations, and government agencies, primarily in the State of Minnesota.

Revenue is recorded in the fiscal year in which the pledges are made. Contributions which are purpose or time-restricted are recorded as temporarily restricted and transferred to unrestricted funds as restrictions are met. Contributions which are permanently restricted are recorded as additions to permanently restricted net assets.

Endowment Income

The majority of the endowment income (dividends, interest, and realized and unrealized gains) are unrestricted as to their use and may be used to offset endowment management expenses, fund operations, or be reinvested in accordance with the SPCO's investment policy. Restricted endowment income is used for its intended purpose.

Other Funds Held in Trust

The SPCO is the beneficiary of The Saint Paul Chamber Orchestra Society Fund (the Fund) of The Saint Paul Foundation. The Saint Paul Foundation is the owner of all property in the Fund and has ultimate authority over distributions from the Fund. The SPCO records contribution revenue when distributions are made. For the years ended June 30, 2018 and 2017, the SPCO recorded $33,740 and $32,299 in Fund distributions.

Contributed Goods and Services

Contributions of non-cash assets and professional services involving specialized skills are recorded at fair value as revenue and expense.

Functional Allocation of Expenses

Expenses are summarized on a functional basis in the statements of activities. Expenses related to concert production, education and community engagement, and related activities are included in the artistic and program category. Expenses related to governance, finance, human resources, and technology related to these functions are included in the management and general category. Development activities are included in the fundraising category. Material costs that are organization-wide are allocated between programs and supporting services based on consistent allocation methodologies.

Marketing and Promotion Costs

The SPCO expenses the production costs of advertising the first time the advertising takes place, except for direct-response advertising, which is recorded in prepaid expenses. Direct-response advertising consists primarily of season brochures that include order forms for the SPCO's concerts. The prepaid advertising is expensed in the fiscal year in which the concerts occur. At June 30, 2018 and 2017, $55,604 and $45,023 of advertising was reported as prepaid expenses, respectively.

Income Taxes

The SPCO is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The SPCO is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the SPCO is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purpose. The SPCO files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The SPCO believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The SPCO would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the revenues and expenses reported as of the date of the financial statements. The SPCO's financial statements include amounts that are based on management's best estimates and judgments including amounts for the valuation of trusts, gift annuities, contributions receivable, the functional allocations of expenses, and the allowance for doubtful accounts. The SPCO also relies on the estimates of outside fund managers regarding certain components of the alternative investments. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The SPCO manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the SPCO has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, corporations, and foundations supportive of the SPCO's mission. Investments are made by investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the SPCO.

Concentration and Sources of Labor

Office, clerical, and management employees of the SPCO are not unionized.

Substantially all of the stage employees of the SPCO are represented by the International Alliance of Theatrical Stage Employees, Local 13. The collective bargaining agreement for the stage employees expired on June 30, 2017, and a new collective bargaining agreement was entered into during the fiscal year which is in effect from July 1, 2017, through June 30, 2020.

Substantially all of the musicians of the SPCO are represented by the Twin Cities Musicians Union, Local 30-73. The collective bargaining agreement for the musicians expired on June 30, 2018, and a new collective bargaining agreement was entered into during fiscal year 2019 which is in effect from July 1, 2018 through June 30, 2022.

Subsequent Events

The SPCO has evaluated subsequent events through November 28, 2018, the date which the financial statements were available to be issued.

Note 2 - Investment Fair Value Measurements and Disclosures

Investments

The SPCO has a diversified investment portfolio. The SPCO's endowment investment objectives and policies were developed by the Board of Directors Investment Committee in conjunction with the SPCO's investment advisors and approved by the Board of Directors. Objectives are achieved through external investment managers operating with a variety of vehicles, including separate accounts, commingled funds and limited partnerships. Investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statements of activities.

The SPCO holds balances in a number of alternative investments, including real estate, commodities, energy-related assets, and hedge funds in limited-liability investment fund vehicles. All alternative investment vehicles report balances on a monthly or quarterly basis and are audited on an annual basis. Their balances are carried at fair value, based on estimates of the fund managers in the absence of readily ascertainable market values. Such values may differ significantly from the values that would have been derived had a ready market existed for these investments, and these differences could be material. Unrealized gains or losses are recognized in the period in which they occur.

Instrument Loan Fund

The SPCO has an instrument loan fund as part of the fixed-income portion of the endowment portfolio. A maximum of $1,000,000 was approved to be used for loans to full-time, tenured musicians who wish to purchase new instruments. This program was designed to enhance the artistic quality of the concerts while helping musicians avoid the high costs of conventional financing. The loans can have a maximum 20-year term. The interest rate is 0.5% higher than the six-month United States Treasury Bill yield, or 0.5% higher than the IRS rate for imputed income, whichever is higher, and is adjusted annually. Obtaining a loan requires an application, credit review, and approval by the Investment Committee of the Board of Directors. The instrument itself is the collateral on the loan.

During the year ended June 30, 2018, one musician had an outstanding loan. The outstanding balance at June 30, 2018, and June 30, 2017, was $65,566 and $73,145, respectively. The outstanding balance is included in the endowment investment account. The outstanding loan had an interest rate of 3.10%, compounded monthly from July 1, 2017, through June 30, 2018, and 2.68%, compounded monthly from July 1, 2016, through June 30, 2017.

Fair Value Measurements

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. Inputs to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the SPCO can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the SPCO develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the SPCO's assessment of the quality, risk or liquidity profile of the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Investment Securities (consisting of government securities, stocks, cash and cash equivalents, and interest receivable): Valued at the quoted market values.

Alternative Investments (consisting of real estate, commodities, energy-related assets, private equity, and hedge funds in limited-liability investment fund vehicles): Valued at net asset value (NAV) of shares held by the SPCO at year end based on fair value as determined by their respective manager or third-party fund administrator in the absence of readily ascertainable market values.

Instrument Loan Fund: Valued at year-end loan balance per the loan amortization schedule.

Beneficial Interest in Trusts: Valued at year-end net asset value (NAV) as determined by their respective third-party fund administrator and adjusted for a present value discount as appropriate.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the SPCO believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents assets and liabilities measured at fair value and those measured at NAV as a practical expedient on a recurring basis, except for those measured at cost as identified below, at June 30, 2018:

Assets	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at NAV
Investment securities (temporarily restricted)					
Fixed income securities					
Government	$ 45	$ 45	$ -	$ -	$ -
Mutual funds	164,928	-	164,928	-	-
Stock mutual funds					
International equities	148,673	-	148,673	-	-
Large cap equities	116,749	-	116,749	-	-
Small cap equities	47,836	-	47,836	-	-
Stock commingled funds	778,741	101,449	-	-	677,292
Absolute return strategies	2,984,146	-	-	-	2,984,146
Private equity	32,277	-	-	-	32,277
Real assets	72,464	-	-	-	72,464
Restricted cash and cash equivalents (at cost)	16,240	16,240	-	-	-
Interest receivable	538	538	-	-	-
	4,362,637	118,272	478,186	-	3,766,179
Investment securities (endowment)					
Fixed income securities					
Government	1,732	1,732	-	-	-
Mutual funds	6,277,903	-	6,277,903	-	-
Stock mutual funds					
International equities	5,659,141	-	5,659,141	-	-
Large cap equities	4,443,961	-	4,443,961	-	-
Small cap equities	1,820,860	-	1,820,860	-	-
Stock commingled funds	3,861,589	3,861,589	-	-	-
Absolute return strategies	9,861,986	-	-	-	9,861,986
Private equity	1,228,612	-	-	-	1,228,612
Real assets	2,758,293	-	-	-	2,758,293
Instrument loan fund	65,566	-	-	65,566	-
Restricted cash and cash equivalents (at cost)	618,167	618,167	-	-	-
Interest receivable	20,462	20,462	-	-	-
	36,618,272	4,501,950	18,201,865	65,566	13,848,891
Beneficial interest in trusts					
Perpetual trust	3,531,147	-	-	-	3,531,147
Remainder trust	210,884	-	-	-	210,884
	3,742,031	-	-	-	3,742,031
	$ 44,722,940	$ 4,620,222	$ 18,680,051	$ 65,566	$ 21,357,101

The following table presents assets and liabilities measured at fair value and those measured at NAV as a practical expedient on a recurring basis, except for those measured at cost as identified below, at June 30, 2017:

Assets	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at NAV
Investment securities (temporarily restricted)					
Fixed income securities					
Government	$ 54	$ 54	$ -	$ -	$ -
Mutual funds	155,865	-	155,865	-	-
Stock mutual funds					
International equities	119,156	-	119,156	-	-
Large cap equities	113,810	-	113,810	-	-
Small cap equities	47,427	-	47,427	-	-
Stock commingled funds	622,704	121,605	-	-	501,099
Absolute return strategies	2,841,625	-	-	-	2,841,625
Private equity	47,098	-	-	-	47,098
Real assets	77,422	-	-	-	77,422
Restricted cash and cash equivalents (at cost)	724,376		-	-	-
Interest receivable	528	528	-	-	-
	4,750,065	122,187	436,258	-	3,467,244
Investment securities (endowment)					
Fixed income securities					
Government	2,030	2,030	-	-	-
Mutual funds	5,906,246	-	5,906,246	-	-
Stock mutual funds					
International equities	4,515,205	-	4,515,205	-	-
Large cap equities	4,312,646	-	4,312,646	-	-
Small cap equities	1,797,170	-	1,797,170	-	-
Stock commingled funds	4,608,003	4,608,003	-	-	-
Absolute return strategies	9,001,344	-	-	-	9,001,344
Private equity	1,784,704	-	-	-	1,784,704
Real assets	2,933,767	-	-	-	2,933,767
Instrument loan fund	73,145	-	-	73,145	-
Restricted cash and cash equivalents (at cost)	627,074		-	-	-
Interest receivable	20,010	20,010	-	-	-
	35,581,344	4,630,043	16,531,267	73,145	13,719,815
Beneficial interest in trusts					
Perpetual trust	3,500,607	-	-	-	3,500,607
Remainder trust	200,143	-	-	-	200,143
	3,700,750	-	-	-	3,700,750
	$ 44,032,159	$ 4,752,230	$ 16,967,525	$ 73,145	$ 20,887,809

Investments in certain entities that calculate NAV per share as a practical expedient are as follows for the years ended June 30, 2018 and 2017:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2018					
Stock commingled funds	1	$ 677,292	$ -	limited (1)	none
Absolute return strategies	8	12,846,131	-	quarterly, monthly, limited (1)	30, 45, 60, 70 or 90
Private equity	5	1,260,890	2,550,074	illiquid	
Real assets	6	2,830,757	1,336,113	daily, illiquid	none, 5 days
Beneficial interest in perpetual trust	1	3,531,147	-	illiquid	
Beneficial interest in other trust	1	210,884	-	illiquid	
Balance, end of year		$ 21,357,101	$ 3,886,187		

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2017					
Stock commingled funds	1	$ 501,099	$ -	limited (1)	none
Absolute return strategies	9	11,842,969	-	quarterly, monthly, limited (1)	30, 45, 60 or 90 days
Private equity	4	1,831,802	1,114,951	illiquid	
Real assets	7	3,011,189	1,603,855	daily, illiquid	none, 5 days
Beneficial interest in perpetual trust	1	3,500,607	-	illiquid	
Beneficial interest in other trust	1	200,143	-	illiquid	
Balance, end of year		$ 20,887,809	$ 2,718,806		

(1) The liquidity of certain investments is limited until the original capital commitment has been met.

Note 3 - Net Investment Return

The earnings on investments were as follows for the years ended June 30:

	2018	2017
Net investment income (temporarily restricted)		
Realized gain (loss)	$ -	$ (4,506)
Unrealized gain (loss)	417,617	186,475
Management fees	(35,394)	(8,709)
Other investment fees and taxes, net of other income	(26,575)	(27,878)
Investment income (loss), net	355,648	145,382
Net investment income (endowment)		
Interest and dividends	581,346	557,458
Realized gain (loss)	1,266,725	1,395,299
Unrealized gain (loss)	859,587	2,137,550
Management fees	(185,569)	(183,474)
Other investment fees and taxes, net of other income	(206,226)	(307,062)
Investment income (loss), net	2,315,863	3,599,771
Total investment income	$ 2,671,511	$ 3,745,153

Note 4 - Promises to Give and Concentrations of Contribution Revenue

Promises to give are estimated to be collected during the following timeframes at June 30, 2018 and 2017:

	2018	2017
Within one year	$ 2,387,199	$ 2,398,412
In one to ten years	429,350	393,700
	2,816,549	2,792,112
Less discount to net present value (3%)	(22,186)	(13,822)
Less allowance for uncollectible promises to give	(45,000)	(45,000)
	$ 2,749,363	$ 2,733,290

Promises to give from three contributors accounted for 38% of total promises to give at June 30, 2018 and 2017.

Note 5 - Property and Equipment

A summary of property and equipment as of June 30, 2018 and 2017, is as follows:

	2018	2017
Stage equipment	$ 186,959	$ 185,059
Computer and video production equipment	1,386,468	2,244,904
Furniture and fixtures	413,523	462,843
Leasehold improvements	72,998	72,998
Musical instruments	423,679	284,179
Artwork	24,000	24,000
	2,507,627	3,273,983
Less accumulated depreciation	(1,459,828)	(2,214,720)
Property and equipment, net	$ 1,047,799	$ 1,059,263

Note 6 - Line of Credit

During the years ended June 30, 2018 and 2017, the SPCO maintained a line of credit agreement that allows it to borrow up to $2,000,000 on a revolving basis. The line is secured by the balances held in a mutual fund at U.S. Bank Institutional Trust which is a component of the endowment investments. Interest was accrued on the unpaid balance of the note at an annual rate equal to the one-month LIBOR plus 2.5%. The SPCO pays a loan facility fee calculated as a percentage of the difference between the loan amount and the daily unpaid principal amount of the note. The facility fee was 0.25%.

As of June 30, 2018 and 2017, the outstanding balance on the line of credit was $0 and $675,000, respectively.

Note 7 - Commitments

The SPCO routinely enters into contracts for future concerts and tours and related hall rentals, and for guest artists and conductors.

The SPCO has lease agreements for office space, vehicles, and office equipment. Future minimum lease payments, as of June 30, 2018, are as follows:

Years Ending June 30,	Amount
2019	$ 318,020
2020	322,602
2021	87,119
Total minimum lease payments	$ 727,741

Note 8 - Endowments

The SPCO's endowment consists of pooled funds restricted for the long-term support of the organization including both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the SPCO has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the SPCO classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment (including pledges net of discount and allowance for doubtful accounts), and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as Board designated unrestricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The composition of the endowment net assets by fund type as of June 30, 2018 and 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2018				
Donor-restricted endowment funds	$ -	$ -	$ 39,914,977	$ 39,914,977
Board designated endowment funds	811,691	-	-	811,691
	$ 811,691	$ -	$ 39,914,977	$ 40,726,668
June 30, 2017				
Donor-restricted endowment funds	$ -	$ -	$ 39,812,638	$ 39,812,638
Board designated endowment funds	(566,481)	-	-	(566,481)
	$ (566,481)	$ -	$ 39,812,638	$ 39,246,157

As of June 30, 2018 and 2017, $3,742,031 and $3,700,750, respectively, was also included in donor-restricted endowment funds, held in trust for the benefit of the SPCO, but not under the control of the SPCO for investment decision purposes. At June 30, 2018 and 2017, the endowment is offset by gift annuities payable of $356,079 and $323,160, respectively.

Changes in endowment net assets for the years ending June 30, 2018 and 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2018				
Endowment net assets, beginning of year	$ (566,481)	$ -	$ 39,812,638	$ 39,246,157
Grants and contributions	850,000	-	61,058	911,058
Transfer of prior year gift to endowment	-	-	-	-
Change in value of beneficial interest in perpetual trust	-	-	41,281	41,281
Change in value of gift annuities	(81,349)	-	-	(81,349)
Investment income, net of fees and taxes	-	2,315,863	-	2,315,863
Recovery of deficiency in original fair value of permanently restricted funds below fair value	2,315,863	(2,315,863)	-	-
Transfer to operations	(1,475,287)	-	-	(1,475,287)
Change in discount on pledges receivable	-	-	-	-
Endowment fundraising expenses	(231,055)	-	-	(231,055)
Endowment net assets, end of year	$ 811,691	$ -	$ 39,914,977	$ 40,726,668

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2017				
Endowment net assets, beginning of year	$ (2,573,819)	$ -	$ 39,226,278	$ 36,652,459
Grants and contributions	5,450	-	250,000	255,450
Transfer of prior year gift to endowment	81,854	-	-	81,854
Change in value of beneficial interest in perpetual trust	-	-	145,635	145,635
Change in value of gift annuities	(52,503)	-	-	(52,503)
Investment income, net of fees and taxes	-	3,599,771	-	3,599,771
Gain on sale of fixed assets	188,146	-	-	188,146
Recovery of deficiency in original fair value of permanently restricted funds below fair value	3,599,771	(3,599,771)	-	-
Transfer to operations	(1,565,903)	-	-	(1,565,903)
Change in discount on pledges receivable	-	-	190,725	190,725
Endowment fundraising expenses	(249,477)	-	-	(249,477)
Endowment net assets, end of year	$ (566,481)	$ -	$ 39,812,638	$ 39,246,157

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the SPCO and the perpetual trust to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature were $98,996 and $519,162 as of June 30, 2018 and 2017, respectively.

Return Objectives and Risk Parameters

The SPCO has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to general operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted funds that the SPCO must hold in perpetuity or for a donor-specified period(s) as well as Board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets have been invested in a manner intended to provide a long-term return of 5% and allowing for inflation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the SPCO relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The SPCO targets a diversified asset allocation of bonds, equities, marketable alternatives, real assets, absolute return funds, and private equity to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

For many years, and through the year ending June 30, 2016, the SPCO had a policy of appropriating for distribution each year 5% of the endowment fund's average fair value over the 36-months ending June 30 prior to the beginning of the respective fiscal year, plus funds to cover fundraising and administrative expenses related to the endowment. In establishing this policy, the SPCO considered the long-term expected return on its endowment. Accordingly, over the long term, the SPCO expected that the spending policy would allow its endowment to maintain the purchasing power at a rate equal to the planned appropriation to support general operations. Additional real growth would be provided through new gifts and any excess investment returns. Subsequent to June 30, 2016, long-term expected returns on the endowment were no longer considered to be adequate to maintain the existing spending policy, and the Board of Directors approved a resolution to begin a gradual reduction of the endowment draw percentage to 4%, inclusive of fundraising and administrative expenses. Consequently, the endowment draw percentage for the fiscal years ending June 30, 2018 and June 30, 2017, was reduced to 4.50% and 4.75%, respectively, of the endowment fund's average fair value over the 36 months ending June 30 prior to the beginning of the respective fiscal year, plus fundraising and administrative expenses.

Note 9 - Retirement Plans

Defined Contribution Plan

The SPCO maintains a defined contribution retirement plan for eligible union and non-union employees. For non-union employees, the plan provides for a dollar-for-dollar match of the employee's deferred contribution to the retirement plan. Non-union employees who normally work 20 or more hours per week are eligible for the employer contribution. The amount of the matching contribution may vary based upon the discretion of the SPCO. For the fiscal years ending June 30, 2018 and 2017, the SPCO provided a matching contribution of up to 5.5% of each eligible employee's salary or wages. Retirement plan expense for the defined contribution plan totaled $122,295 and $121,672, for the years ended June 30, 2018 and 2017, respectively.

Defined Benefit Plan

For union employees classified as musicians, the SPCO participates in a multiemployer defined benefit pension plan, the American Federation of Musicians and Employers' Pension Fund (the Plan), EIN/Plan Number 51-6120204 with a plan year end of March 31. The Plan was 64.5% and 69.0% funded as of April 1, 2017 (most recent available) and 2016, respectively, and was in "critical" status (red Pension Protection Act Zone status) in both years. The Plan's Board of Trustees adopted a rehabilitation plan on April 15, 2010, which was intended to help improve its funded status through various benefit reductions and employer contributions increases. The rehabilitation plan was last updated in June 2018. The total number of employers obligated to contribute to the Plan was approximately 5,690 during the plan year ended March 31, 2017 (most recent available). Of the approximately 50,029 participants as of March 31, 2018, 1.9% of participants have been employed at some time by the SPCO. This calculation includes member musicians, substitutes and extras. Substitute and extra musicians are temporary employees and may be employees of other employers in the Plan as well. No employer contributed more than 5% of total contributions to the Plan during the years ending March 31, 2017 (most recent available) and 2015. The SPCO made contributions of $215,109 and $218,763 for years ended June 30, 2018 and 2017, respectively, which is recognized as pension cost. The SPCO's contributions as a percentage of the total contributions was less than 1% in the years ended March 31, 2017 (most recent available) and 2016, respectively.

Note 10 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at June 30, 2018 and 2017, consist of:

	2018	2017
Purpose restrictions	$ 2,439,306	$ 2,411,303
Time restrictions	4,111,990	3,779,741
	$ 6,551,296	$ 6,191,044

Beginning in the fiscal year ending June 30, 2018, temporarily restricted funds includes $220,000 in donations restricted to the Rainy Day Fund. In addition, unrestricted net assets of $245,550 were designated to the Rainy Day Fund during the fiscal year, for a total Rainy Day Fund balance of $465,550 as of June 30, 2018.

Net Assets Released from Restrictions

Net assets released from restrictions during the years ended June 30, 2018 and 2017, consist of the following:

	2018	2017
Purpose restrictions - operations	$ 1,129,877	$ 1,457,931
Time restrictions - operations	681,369	1,101,330
Purpose restrictions - endowment	-	2,000
	$ 1,811,246	$ 2,561,261

Permanently Restricted

Permanently restricted net assets were $39,914,977 and $39,812,638, at June 30, 2018 and 2017, respectively, and consisted of endowment funds restricted by donors for the benefit of SPCO. Distributions from earnings on endowment funds are available for SPCO's operations.

Note 11 - Related Parties

Oakleaf Endowment Trust for The Saint Paul Chamber Orchestra ("Trust")

The SPCO was named as an irrevocable beneficiary of a perpetual trust held and administered by a separate Board of Trustees in June 1997. The Board included five trustees, three of whom were also members of the SPCO Board of Directors during the fiscal years ending June 30, 2018 and 2017. Financial results for the Trust are shown in the statement of financial position and statement of activities. The fair value of the Trust was $3,531,147 and $3,500,607 as of June 30, 2018 and 2017, respectively. The gain attributable to the Trust was $201,254 and 313,446 during the years ended June 30, 2018 and 2017, respectively.

On August 7, 2018, the Trustees voted to dissolve the Trust in accordance with the Trust documents, which allowed dissolution after a 20-year period. The Trust documents required that, upon dissolution, any remaining assets be donated to the SPCO endowment funds. On September 12, 2018, the SPCO Board of Directors affirmed the decision of the Trustees and accepted the donation. Once liquidated and received by the SPCO, the Funds will be invested with the other SPCO endowment assets and subject to the SPCO endowment policies.

Chamberleaf, Inc.

Chamberleaf, Inc. (formerly SPCO Inc.) was a separately-incorporated, Type I Supporting Organization exempt from income tax under IRC 501(c)(3). It was established by a donor of the SPCO to provide support to the SPCO. The Saint Paul Chamber Orchestra Society was the only permissible beneficiary. Chamberleaf, Inc. was dissolved on December 31, 2017.

Chamberleaf, Inc.'s Board of Directors consisted of three individuals who were members of the Board of Directors of the SPCO during the fiscal year ended June 30, 2017. Because of this relationship, generally accepted accounting principles require consolidation of the financial statements of the two entities. However, the SPCO chose not to consolidate the financial statements of Chamberleaf, Inc. with those of the SPCO because assets held by Chamberleaf were not managed by the SPCO at that time and were not under the control of the SPCO. Management believed that consolidation would overstate the SPCO's assets. The Chamberleaf Board of Directors had full discretion to determine the amount, timing, and restrictions of any contributions to the SPCO.

During the fiscal year ending June 30, 2017, the Chamberleaf Board of Directors approved a plan to dissolve and transfer its remaining investments and cash proceeds from certain investments to the SPCO. On approximately March 31, 2017, Chamberleaf transferred several investments to the SPCO, which included payments on outstanding pledges and new gifts. The new gifts are shown on the statement of activities in the temporarily restricted funds, due to a time restriction on the use of the gifts. Promises to give of $384,107 remained outstanding on June 30, 2017; this was paid in full in August 2018. After its dissolution, the funds remaining after accounting expenses were donated to the SPCO.

Arts Partnership

In 2007, the Arts Partnership, a 501c(3) organization, was formed for the purpose of collaborating on activities related to the Ordway Center for the Performing Arts. The Arts Partnership is exempt from income taxes as a nonprofit organization under the applicable federal and Minnesota income tax regulations. It is governed by a Board of Directors consisting of the CEOs and Board representatives of the Minnesota Opera (MN Opera), Ordway Center for the Performing Arts (Ordway), Schubert Club (Schubert), and the SPCO. The Ordway has three representatives and the other organizations each have two representatives.

The partnership is built on a Master Agreement, which addresses scheduling, rental rates, and other operating and financial issues with respect to the Ordway building on a long-term basis. MN Opera, Ordway, Schubert, and the SPCO are "Arts Partners" as defined in the Master Agreement. An Arts Partner can withdraw from the agreement with a minimum five years' future notice.

One of the initiatives of the Arts Partnership is to carry out fundraising in order to fund enhancements and maintenance to the Ordway building as well as to support Arts Partner utilization of the Ordway building through a subsidy of annual rental charges. An earlier Arts Partnership campaign resulted in the construction of a new concert hall at the Ordway, which opened in 2015.

Under the terms of the Master Agreement, the SPCO has committed to a rental rate structure based on utilization of the Concert Hall at the Ordway. The SPCO received rent subsidy and other support of $328,745 and $224,402 from the Arts Partnership in the years ended June 30, 2018 and 2017, respectively.

Note 12 - Related Party Transactions

The SPCO receives contributions from Board members and staff. Contributions received from Board members and staff were $1,517,981 and $1,829,149 for the years ended June 30, 2018 and 2017, respectively. Pledges receivable from Board members and staff were $937,185 and $1,425,951 as of June 30, 2018 and 2017, respectively.