Financial Statements
June 30, 2019 and 2018

The Saint Paul Chamber Orchestra Society

Independent Auditor's Report

To 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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SPCO as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Policy
As discussed in Note 1 to the financial statements, the SPCO has adopted the provisions of Financial Statements Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the June 30, 2018, financial statements have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

Eide Bailly LLP

Minneapolis, Minnesota
December 4, 2019

	2019	2018
Assets		
Cash and cash equivalents	$ 1,728,073	$ 1,018,482
Promises to give, net	1,488,612	2,749,363
Other receivables	46,812	11,395
Prepaid expenses	162,737	169,926
Beneficial interest in trusts	228,525	3,742,031
Property and equipment, net	798,450	1,047,799
Investments	45,195,567	40,980,909
Total assets	$ 49,648,776	$ 49,719,905
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 305,924	$ 232,895
Accrued expenses	453,729	427,866
Deferred season ticket revenue and other	1,022,647	1,067,042
Long term payables	7,390	112,509
Gift annuities payable	350,726	356,079
Total liabilities	2,140,416	2,196,391
Net Assets		
Without donor restrictions		
Designated by the Board for Rainy Day Fund	388,887	245,550
Designated by the Board for endowment	1,202,060	1,119,498
	1,590,947	1,365,048
With donor restrictions		
Perpetual in nature	39,590,874	39,607,170
Restricted to Rainy Day Fund	227,000	220,000
Other purpose restrictions	2,004,512	2,219,306
Time-restricted for future periods	4,095,027	4,111,990
	45,917,413	46,158,466
Total net assets	47,508,360	47,523,514
Total liabilities and net assets	$ 49,648,776	$ 49,719,905

	Without Donor Restrictions		With	
	Operating Fund	Endowment Fund	Donor Restrictions	Total
Revenue				
Ticket office revenue	$ 1,873,291	$ -	$ -	$ 1,873,291
Contracted services	288,500	-	-	288,500
Net assets released from restriction pursuant to endowment spending rate policy	1,901,598	(95,802)	(1,805,796)	-
Net investment return	1,713	97,026	1,941,431	2,040,170
Change in value of trust	-	-	58,772	58,772
Change in value of gift annuities	-	(88,200)	-	(88,200)
Other revenue	11,928	-	-	11,928
Total revenue from operations	4,077,030	(86,976)	194,407	4,184,461
Support				
Grants and contributions	4,631,526	200,000	1,712,221	6,543,747
Gross special events revenue	152,913	-	-	152,913
Less cost of direct benefits to donors	(44,477)	-	-	(44,477)
Net special events revenue	108,436	-	-	108,436
Net assets released from restriction	2,147,681	-	(2,147,681)	-
Total support	6,887,643	200,000	(435,460)	6,652,183
Total revenue and support	10,964,673	113,024	(241,053)	10,836,644
Expenses				
Artistic program	8,917,004	-	-	8,917,004
Management and general	865,363	27,724	-	893,087
Fundraising	1,038,969	2,738	-	1,041,707
Total expenses	10,821,336	30,462	-	10,851,798
Change in Net Assets	143,337	82,562	(241,053)	(15,154)
Net Assets, Beginning of Year	245,550	1,119,498	46,158,466	47,523,514
Net Assets, End of Year	$ 388,887	$ 1,202,060	$ 45,917,413	$ 47,508,360

	Without Donor Restrictions		With	
	Operating Fund	Endowment Fund	Donor Restrictions	Total
Revenue				
Ticket office revenue	$ 2,067,842	$ -	$ -	$ 2,067,842
Contracted services	209,100	-	-	209,100
Net assets released from restriction pursuant to endowment spending rate policy	1,688,440	(69,712)	(1,618,728)	-
Distribution from perpetual trust	170,714	-	(170,714)	-
Net investment return	-	116,095	2,555,416	2,671,511
Change in value of trusts	-	-	211,995	211,995
Change in value of gift annuities	-	(81,349)	-	(81,349)
Other revenue	8,410	-	-	8,410
Total revenue from operations	4,144,506	(34,966)	977,969	5,087,509
Support				
Grants and contributions	4,426,322	850,000	1,876,908	7,153,230
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
Net assets released from restriction	1,811,246	-	(1,811,246)	-
Total support	6,263,752	850,000	65,662	7,179,414
Total revenue and support	10,408,258	815,034	1,043,631	12,266,923
Expenses				
Artistic program	8,374,005	-	-	8,374,005
Management and general	823,575	17,035	-	840,610
Fundraising	1,057,982	867	-	1,058,849
Total expenses	10,255,562	17,902	-	10,273,464
Change in Net Assets	152,696	797,132	1,043,631	1,993,459
Net Assets, Beginning of Year	92,854	322,366	45,114,835	45,530,055
Net Assets, End of Year	$ 245,550	$ 1,119,498	$ 46,158,466	$ 47,523,514

	Artistic Program	Management and General	Fundraising	Total
Salaries and Benefits	$ 5,728,936	$ 560,364	$ 740,720	$ 7,030,020
Concert Production Expense	1,955,638	-	12,076	1,967,714
Professional Fees	132,015	108,928	58,720	299,663
Advertising and Promotion	166,069	859	14,781	181,709
Office Expenses	164,241	53,980	67,498	285,719
Information Technology	267,236	27,870	53,187	348,293
Occupancy	161,019	70,739	52,081	283,839
Travel, Meals, and Entertainment	28,151	18,856	47,513	94,520
Conferences, Conventions, Meetings	4,591	15,509	797	20,897
Depreciation	269,624	10,497	24,157	304,278
Insurance	34,146	19,043	7,829	61,018
Fees and Miscellaneous Expenses	5,338	6,442	6,825	18,605
	8,917,004	893,087	1,086,184	10,896,275
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	-	-	(44,477)	(44,477)
Total Expenses Included in the Expense Section on the Statement of Activities	$ 8,917,004	$ 893,087	$ 1,041,707	$ 10,851,798

	Artistic Program	Management and General	Fundraising	Total
Salaries and Benefits	$ 5,205,246	$ 541,091	$ 720,332	$ 6,466,669
Concert Production Expense	1,963,673	-	-	1,963,673
Professional Fees	144,885	90,792	75,359	311,036
Advertising and Promotion	148,667	1,583	11,165	161,415
Office Expenses	165,919	46,713	64,633	277,265
Information Technology	205,992	19,245	41,727	266,964
Occupancy	160,377	68,043	50,096	278,516
Travel, Meals, and Entertainment	32,118	24,589	77,407	134,114
Conferences, Conventions, Meetings	15,939	11,020	1,243	28,202
Depreciation	271,825	11,663	27,216	310,704
Insurance	47,692	21,637	9,346	78,675
Fees and Miscellaneous Expenses	11,672	4,234	27,450	43,356
	8,374,005	840,610	1,105,974	10,320,589
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	-	-	(47,125)	(47,125)
Total Expenses Included in the Expense Section on the Statement of Activities	$ 8,374,005	$ 840,610	$ 1,058,849	$ 10,273,464

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ (15,154)	$ 1,993,459
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	304,278	310,704
Donated property and equipment	-	(130,000)
Net investment return	(2,040,170)	(2,671,511)
Change in beneficial interest in trusts	(58,772)	(41,281)
Dissolution of beneficial interest in trust	3,572,278	-
Changes in operating assets and liabilities		
Promises to give and other receivables	1,225,334	1,909
Prepaid expenses	7,189	35,281
Accounts payable	73,029	(254,467)
Accrued expenses	(79,256)	(44,723)
Deferred season ticket revenue	(44,395)	39,517
Gift annuities payable	(5,353)	32,919
Net Cash from Operating Activities	2,939,008	(728,193)
Cash Flows from Investing Activities		
Purchase of property and equipment	(54,929)	(169,240)
Transfer of dissolved trust to investments	(3,572,278)	-
Withdrawal from endowment investments, net of additions	1,397,790	2,026,390
Net Cash from Investing Activities	(2,229,417)	1,857,150
Cash Flows from Financing Activities		
Payments on revolving line of credit	-	(675,000)
Net Cash from Financing Activities	-	(675,000)
Net Change in Cash and Cash Equivalents	709,591	453,957
Cash and Cash Equivalents, Beginning of Year	1,018,482	564,525
Cash and Cash Equivalents, End of Year	$ 1,728,073	$ 1,018,482

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 deposit accounts which may exceed Federal Deposit Insurance Corporation (FDIC) limits at times. The SPCO has not experienced any losses in these accounts.

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, 2019 and 2018.

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, 2019 and 2018, 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. For the year ended June 30, 2018, expenditures for equipment costing $1,000 or more with a life greater than one year were capitalized. Beginning July 1, 2018, expenditures for equipment costing $5,000 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.

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 fine instruments. Fine instruments are not depreciated and are shown at their cost basis of $156,039 at June 30, 2019 and 2018.

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 contribution with donor restrictions 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 receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

The SPCO became the irrevocable beneficiary of a trust with donor-imposed restrictions that are perpetual in nature 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 ended June 30, 2018 and 2019. 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 has been the recipient of a benefit interest in a perpetual trust. At the date the SPCO receives notice of a beneficial interest, a contribution with donor restrictions 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.

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 ended June 30, 2019 and 2018. 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. Changes in the trust value prior to the trust dissolution were recorded in the statement of activities. Upon dissolution, the reduction in beneficial interest in trusts and increase in endowment investments was reflected in the statement of financial position.

Investments

Investment purchases are 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 return/(loss) is 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, and income taxes, if applicable.

Change in Accounting Policy

As of July 1, 2018, the SPCO adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities.* The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the SPCO's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the SPCO's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the SPCO's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The amendments are applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The SPCO has elected not to present comparative information for the disclosure about liquidity and availability of resources.

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. Contributed assets are recorded at fair value at the date of receipt. 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, 2019 and 2018, were $350,726 and $356,079, 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:

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for the Rainy Day Fund and Board-designated endowment.
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> *Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained into perpetuity. The SPCO reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.
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> *Rainy Day Fund (RDF)* – Net assets designated to the RDF by the Board of Directors (from operating fund) plus net assets restricted to the RDF by donors. The RDF is a subset of net assets both with and without donor restrictions. The RDF was established in the fiscal year ended 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.

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 contributions with donor restrictions and transferred to net assets without donor restrictions as restrictions are met. Contributions with donor restrictions which are perpetual in nature are recorded as additions to net assets with donor restrictions.

Endowment Income

The majority of the net investment return/(loss) is available for general use and may be used to offset endowment management expenses, fund operations, or be reinvested in accordance with the SPCO's investment policy. Income from investments with donor restriction 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, 2019 and 2018, the SPCO recorded $34,494 and $33,740, respectively, 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. Material costs that are organization-wide are allocated on a reasonable basis that is consistently applied between programs and supporting services. These costs include certain salaries and benefits, occupancy and related insurance, information technology, depreciation, and office expenses. Occupancy and related insurance are allocated based on the square footage occupied by the respective functions. Information technology, office expenses, depreciation, and salaries and benefits for facilities management and technology staff are allocated based on full-time equivalent administrative staff in each function.

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, 2019 and 2018, $47,406 and $55,604 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 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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets in total.

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. A collective bargaining agreement is in effect from July 1, 2017, through June 30, 2020. Substantially all 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 December 4, 2019, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following for the year ended June 30, 2019:

Cash and cash equivalents	$ 989,486
Promises to give	1,320,047
Other receivables	33,390
Annual distribution of donor restricted investments (non-endowment)	472,102
Due from endowment assets for prior year	36,197
Endowment spending-rate distributions and appropriations for next 12 months	1,860,138
	$ 4,711,360

As part of the liquidity management plan, cash in excess of daily requirements is invested in money market funds. As more fully described in Note 6, the SPCO also has a committed line of credit in the amount of $1.5 million, which it draws upon certain months of the year due to the timing of contribution receipts.

The SPCO maintains a Rainy Day Fund (RDF) to support the organization if needed during recessions for specific purposes. In good economies, the SPCO budgets for increases in operating fund net assets which are designated by the Board of Directors to the RDF. In addition, the RDF includes gifts which are restricted by donors. The cash and pledges due within one year for the RDF was $575,887 as of June 30, 2019. Because these funds are available for use only in limited circumstances and subject to Board approval after other options are exhausted, these funds are not included in the balances listed above.

A Board-designated endowment of $1,202,060 as of June 30, 2019, is subject to the endowment spending policy as described in Note 8. Although the SPCO does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 3 - 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 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, 2019, one musician had an outstanding loan. The outstanding balance at June 30, 2019, and June 30, 2018, was $58,029 and $65,566, respectively. The outstanding balance is included in the endowment investment account. The outstanding loan had an interest rate of 3.56%, compounded monthly from July 1, 2018, through June 30, 2019, and 3.10%, compounded monthly from July 1, 2017, through June 30, 2018.

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, 2019 and 2018.

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.

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, 2019:

Assets	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at NAV
Investment securities					
Fixed income securities	$ 7,622,510	$ 1,372	$ 7,621,138	$ -	$ -
Stock mutual funds	15,089,385	-	15,089,385	-	-
Stock commingled funds	3,751,698	2,987,885	-	-	763,813
Absolute return strategies	13,659,215	-	-	-	13,659,215
Private equity	1,441,818	-	-	-	1,441,818
Real assets	2,989,976	-	-	-	2,989,976
Instrument loan fund	58,029	-	-	58,029	-
Restricted cash and cash equivalents (at cost)	550,114	-	-	-	-
Interest receivable	32,822	32,822	-	-	-
	$ 45,195,567	$ 3,022,079	$ 22,710,523	$ 58,029	$ 18,854,822
Beneficial interest in trusts					
Remainder trust	$ 228,525	$ -	$ -	$ -	$ 228,525

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					
Fixed income securities	$ 6,444,608	$ 1,777	$ 6,442,831	$ -	$ -
Stock mutual funds	12,237,220	-	12,237,220	-	-
Stock commingled funds	4,640,330	3,963,038	-	-	677,292
Absolute return strategies	12,846,132	-	-	-	12,846,132
Private equity	1,260,889	-	-	-	1,260,889
Real assets	2,830,757	-	-	-	2,830,757
Instrument loan fund	65,566	-	-	65,566	-
Restricted cash and cash equivalents (at cost)	634,407	-	-	-	-
Interest receivable	21,000	21,000	-	-	-
	$ 40,980,909	$ 3,985,815	$ 18,680,051	$ 65,566	$ 17,615,070
Beneficial interest in trusts					
Perpetual trust	$ 3,531,147	$ -	$ -	$ -	$ 3,531,147
Remainder trust	210,884	-	-	-	210,884
	$ 3,742,031	$ -	$ -	$ -	$ 3,742,031

Investments in certain entities that calculate NAV per share as a practical expedient are as follows for the years ended June 30, 2019 and 2018:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2019					
Stock commingled funds	1	$ 763,813	$ -	limited*	none
Absolute return strategies	8	13,659,215	-	quarterly, monthly, annually	30, 45, 60, 70, 90 or 180 days
Private equity	5	1,441,818	2,330,074	illiquid	
Real assets	6	2,989,976	837,131	daily, illiquid	none, 5 days
Beneficial interest in other trust	1	228,525	-	illiquid	
Balance, end of year		$ 19,083,347	$ 3,167,205		
June 30, 2018					
Stock commingled funds	1	$ 677,292	$ -	limited*	none
Absolute return strategies	8	12,846,131	-	quarterly, monthly, limited*	30, 45, 60, 70 or 90 days
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		

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

Note 4 - Promises to Give

Promises to give are estimated to be collected during the following timeframes at June 30, 2019 and 2018:

	2019	2018
Within one year	$ 1,330,047	$ 2,387,199
In one to ten years	218,000	429,350
	1,548,047	2,816,549
Less discount to net present value (3%)	(14,435)	(22,186)
Less allowance for uncollectible promises to give	(45,000)	(45,000)
	$ 1,488,612	$ 2,749,363

Promises to give from three contributors accounted for 30% and 38%, respectively, of total promises to give at June 30, 2019 and 2018.

Note 5 - Property and Equipment

A summary of property and equipment as of June 30, 2019 and 2018, is as follows:

	2019	2018
Stage equipment	$ 186,959	$ 186,959
Computer and video production equipment	1,440,103	1,386,468
Furniture and fixtures	413,523	413,523
Leasehold improvements	72,998	72,998
Musical instruments	423,679	423,679
Artwork	24,000	24,000
	2,561,262	2,507,627
Less accumulated depreciation	(1,762,812)	(1,459,828)
	$ 798,450	$ 1,047,799

Note 6 - Line of Credit

During the years ended June 30, 2019 and 2018, the SPCO maintained a line of credit agreement that allowed it to borrow up to $2,000,000 on a revolving basis. During the year ended June 30, 2019, the line of credit was reduced by the SPCO to a maximum available of $1,500,000. 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 0.20% at June 30, 2019. As of June 30, 2019 and 2018, the outstanding balance on the line of credit was $0.

Note 7 - Commitments

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

The SPCO has lease agreements for office space, vehicles, and office equipment. Future minimum lease payments, as of June 30, 2019, are as follows:

Years Ending June 30,	Amount
2020	$ 309,972
2021	83,961
Total minimum lease payments	$ 393,933

Note 8 - Endowments

The SPCO's endowment consists of pooled funds restricted for the long-term support of the organization including funds with donor restrictions 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 date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of June 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the SPCO retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by the UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The composition of the endowment net assets by fund type as of June 30, 2019 and 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2019			
Board-designated endowment funds	$ 1,202,060	$ -	$ 1,202,060
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	39,362,349	39,362,349
	$ 1,202,060	$ 39,362,349	$ 40,564,409

June 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,119,498	$ -	$ 1,119,498
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	35,865,139	35,865,139
	$ 1,119,498	$ 35,865,139	$ 36,984,637

As of June 30, 2019 and 2018, $228,525 and $3,742,031, 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, 2019 and 2018, the endowment is offset by gift annuities payable of $350,726 and $356,079, respectively.

Changes in endowment net assets for the years ended June 30, 2019 and 2018, are as follows:

June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,119,498	$ 35,865,139	$ 36,984,637
Net investment return	97,026	1,727,740	1,824,766
Grants and contributions	200,000	2,988	202,988
Dissolution of perpetual trust	-	3,572,278	3,572,278
Change in value of gift annuities	(88,200)	-	(88,200)
Appropriation of endowment assets pursuant to spending-rate policy	-	(1,805,796)	(1,805,796)
Other changes			
Distribution from Board-designated endowment pursuant to distribution policy	(95,802)	-	(95,802)
Other expenses	(30,462)	-	(30,462)
Endowment net assets, end of year	$ 1,202,060	$ 39,362,349	$ 40,564,409

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2018			
Endowment net assets, beginning of year	$ 322,366	$ 35,223,041	$ 35,545,407
Net investment return	116,095	2,199,768	2,315,863
Grants and contributions	850,000	61,058	911,058
Change in value of gift annuities	(81,349)	-	(81,349)
Appropriation of endowment assets pursuant to spending-rate policy	-	(1,618,728)	(1,618,728)
Other changes			
Distribution from Board-designated endowment pursuant to distribution policy	(69,712)	-	(69,712)
Other expenses	(17,902)	-	(17,902)
Endowment net assets, end of year	$ 1,119,498	$ 35,865,139	$ 36,984,637

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 the 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 $385,863 $306,342 as of June 30, 2019 and 2018, 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 ended 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 ended June 30 prior to the beginning of the respective fiscal year, plus additional funds to cover direct and allocated 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 ended June 30, 2019 and 2018, was reduced to 4.50% of the endowment fund's average fair value over the 36 months ended June 30 prior to the beginning of the respective fiscal year, plus fundraising and administrative expenses, which were 0.65% and 0.70% of the endowment fund's value, respectively.

Note 9 - Net Assets with Donor Restrictions

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

	2019	2018
Subject to expenditure for specified purpose		
Concert production projects	$ 1,162,845	$ 1,296,134
Education programs	102,500	100,000
Digital Media initiative	592,577	702,834
New Generation initiative	103,319	90,338
Diversity and inclusion initiative	35,000	20,000
Rainy Day Fund	227,000	220,000
Other	8,271	10,000
	2,231,512	2,439,306
Subject to passage of time		
Annual Fund for future years	731,456	549,498
Other support	3,233,571	3,432,492
Fine instrument	130,000	130,000
	4,095,027	4,111,990
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
General use	38,845,821	35,269,090
Broadcasting, recording, touring	25,000	25,000
Music education and outreach	583,370	583,370
New music	294,021	294,021
Underwater endowments	(385,863)	(306,342)
	39,362,349	35,865,139
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interests in charitable trusts held by others	228,525	3,742,031
	$ 45,917,413	$ 46,158,466

Net assets released from restrictions during the years ended June 30, 2019 and 2018, consist of the following:

	2019	2018
Expiration of time restrictions	$ 809,148	$ 691,369
Satisfaction of purpose restrictions		
Concert production projects	622,996	492,942
Education programs	134,105	125,740
Digital Media initiative	370,657	355,178
New Generation initiative	87,019	96,186
Diversity and inclusion initiative	20,600	47,831
Other	103,156	2,000
Distributions (proceeds are not restricted by donors)		
Beneficial interests in charitable trust held by others	-	170,714
	2,147,681	1,981,960
Restricted-purpose spending-rate distributions and appropriations		
General use	1,760,713	1,567,670
Broadcasting, recording, touring	1,206	1,440
Music education and outreach	28,153	49,618
New music	15,724	-
	1,805,796	1,618,728
	$ 3,953,477	$ 3,600,688

Note 10 - Change in Accounting Policy

The adopted provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* impacted the Statement of Financial Position and the Statement of Activities. The activity for fiscal year ending June 30, 2018, was adjusted to adopt the new provisions. The following is the impact of the new provisions:

Statement of Financial Position	As Previously Reported	Adoption of ASU 2016-14	As Adjusted
Unrestricted - operating fund	$ -	$ -	$ -
Unrestricted - Board designated rainy day fund	245,550	(245,550)	-
Unrestricted - Board-designated endowment fund	811,691	(811,691)	-
Temporarily restricted operating fund	6,331,296	(6,331,296)	-
Temporarily restricted - rainy day fund	220,000	(220,000)	-
Permanently restricted endowment	39,914,977	(39,914,977)	-
Net assets without donor restrictions			
Designated by the Board for rainy day fund	-	245,550	245,550
Designated by the Board for endowment	-	1,119,498	1,119,498
Net assets with donor restrictions			
Perpetual in nature	-	39,607,170	39,607,170
Restricted to rainy day fund	-	220,000	220,000
Other purpose restrictions	-	2,219,306	2,219,306
Time restricted for future periods	-	4,111,990	4,111,990
Statement of Activities			
Revenue, support, and gains			
Net investment return			
Temporarily restricted	$ 355,648	$ (355,648)	$ -
Unrestricted - Endowment fund	2,315,863	(2,315,863)	-
With donor restrictions	-	2,555,416	2,555,416
Without donor restrictions - Endowment Fund	-	116,095	116,095
Change in discount on pledges receivable			
Temporarily restricted fund	(8,364)	8,364	-
Change in discount on accrued liability			
Temporarily restricted fund	(10,642)	10,642	-
Grants and contributions			
Unrestricted - Endowment fund	850,000	(850,000)	-
Temporarily restricted	1,834,856	(1,834,856)	-
Permanently restricted	61,058	(61,058)	-
With donor restrictions	-	1,876,908	1,876,908
Without donor restrictions - Endowment Fund	-	850,000	850,000

Statement of Activities	As Previously Reported	Adoption of ASU 2016-14	As Adjusted
Purpose restrictions met			
Temporarily restricted	$ (1,129,877)	$ 1,129,877	$ -
With donor restrictions	-	(1,129,877)	(1,129,877)
Purpose restrictions met			
Temporarily restricted	(681,369)	681,369	-
With donor restrictions	-	(681,369)	(681,369)
Transfer from the SPCO held endowment			
Unrestricted - Operating fund	1,475,287	(1,475,287)	-
Unrestricted - Endowment Fund	(1,475,287)	1,475,287	-
Without donor restrictions - Operating Fund*	-	1,688,440	1,688,440
Without donor restrictions - Endowment Fund*	-	(69,712)	(69,712)
With donor restrictions - Endowment Fund	-	(1,618,728)	(1,618,728)

*Includes impact of reclassification of certain revenue and expenses from Without donor restrictions - Endowment Fund to Without donor restrictions - Operating Fund.

Note 11 - Reclassifications

Certain reclassifications of amounts previously reported have been made to the Statement of Activities. The reclassifications had no impact on previously reported net assets. The following is the impact of the reclassifications:

Statement of Activities	As Previously Reported	Reclassification	As Adjusted
Operating Fund (Unrestricted/Without Donor Restrictions)			
Concerts for a fee	$ 156,600	$ (156,600)	$ -
Other revenue	60,910	(52,500)	8,410
Contracted services	-	209,100	209,100
Operating Fund (Unrestricted/Without Donor Restrictions)			
Purpose restrictions met	1,129,877	(1,129,877)	-
Time restrictions met	681,369	(681,369)	-
Restrictions met	-	1,811,246	1,811,246
Temporarily Restricted/With Donor Restriction			
Purpose restrictions met	(1,129,877)	1,129,877	-
Time restrictions met	(681,369)	681,369	-
Restrictions met	-	(1,811,246)	(1,811,246)
Permanently Restricted/With Donor Restriction			
Change in value of benefical interest in trusts	41,281	(41,281)	-
Change in value of trust(s)	-	211,995	211,995
Distribution from perpetual trust	-	(170,714)	(170,714)
Operating Fund (Unrestricted/Without Donor Restrictions)			
Net assets released from restriction pursuant to endowment spending rate policy	1,475,287	213,153	1,688,440
Management and general expenses	776,066	(47,509)	823,575
Fundraising expenses	892,338	(165,644)	1,057,982
Endowment Fund (Unrestricted/Without Donor Restrictions)			
Fundraising expenses	(231,055)	231,055	-
Management and general	-	(17,035)	(17,035)
Fundraising expenses	-	(867)	(867)
Net assets released from restriction pursuant to endowment spending rate policy	-	(213,153)	(213,153)

Note 12 - 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 ended June 30, 2019 and 2018, 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 $122,170 and $122,295, for the years ended June 30, 2019 and 2018, 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 61.8% and 64.5% funded as of April 1, 2018 (most recent available) and 2017, respectively. The Plan was in "critical" status (red Pension Protection Act Zone status) prior to June 28, 2019. On that date, the Plan was certified by its actuary to be in "critical and declining" status. 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, 2018 (most recent available). Of the approximately 50,107 participants as of March 31, 2019, 2% 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 ended March 31, 2018 (most recent available) and 2017. The SPCO made contributions of $251,263 and $215,109 for years ended June 30, 2019 and 2018, 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, 2018 (most recent available) and 2017, respectively.

Note 13 - 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 ended June 30, 2019 and 2018. Financial results for the Trust are shown in the statement of financial position and statement of activities. The Trust was dissolved during the fiscal year ended June 30, 2019. Additional information on the dissolution is available in Note 1.

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' 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 $367,261 and $328,745 from the Arts Partnership in the years ended June 30, 2019 and 2018, respectively.

Note 14 - Related Party Transactions

The SPCO receives contributions from Board members, and other related parties. Contributions received from Board members, staff and other related parties were $2,246,385 in the year ended June 30, 2019. Pledges receivable from Board members, staff and other related parties were $771,352 as of June 30, 2019.