



SANTA BARBARA BOWL

ANNUAL REPORT OF THE SANTA BARBARA BOWL FOUNDATION 2016

**Submitted to the County of Santa Barbara General Services Department
By Rick Boller & Andrew Gardner**

On behalf of the Santa Barbara Bowl Foundation Board of Directors

**Annual Report of the
Santa Barbara Bowl Foundation
2016**

The Management and Lease Agreement for the Santa Barbara Bowl provide that the Santa Barbara Bowl Foundation shall submit an Annual Report to the County of Santa Barbara which addresses six areas:

1. A list of the current Board of Directors and officers of the Foundation;
2. Financial results of operations including gross and net receipts and fundraising progress;
3. Subleases granted hereunder;
4. A report on the condition of the Bowl facility including planned and completed capital improvements and progress made toward meeting the goals set forth in the Master Plan;
5. A review of the schedule of events for the past year, including the number of events and the revenues thereby generated;
6. A summary of issues raised at Public hearings conducted by The Foundation pursuant hereto, and the resolution of said issues.

This report is organized to address these specific responsibilities, address other mandates related to the Management and Lease Agreement, and to provide the Board of Supervisors with a comprehensive update to the operations of the Santa Barbara Bowl Foundation for the 2016 calendar year.

**The Board of Directors and Officers
of the Santa Barbara Bowl Foundation**

Pursuant to the bylaws of the Foundation, the following officers, board members and committee members were active participants in 2016:

Officers

President:	Paul Dore
Vice President:	Greg Faulkner
Secretary:	Graham Farrar
Treasurer:	Patricia Stathis
Ex-Officio:	Mike Allen, <i>S.B. County General Services Appointee</i>

Board Members

Wendy Barels, Barrie Bergman, Brett Burkey, Ginni Dreier, Rod Hare, Jeff Jacobs, Lori Kari, Richard Kelty, Eric Lassen, Mike Mendoza, Carola Nicholson (1st District Appointment), Chris Parker, Marianne Partridge, Tobe Plough, George Short, Tad Smyth, Sandy Stahl

Committee Members

Tom Brennan, Joe Campanelli, Yvonne Chin, Gerald Comati, Paul Freeman, Jaimie Jenks, Karen Kerns, Casie Killgore, Jodi Mitchell, Robyn Parker, Viviana Pouget, Carrie Poytress, Ron Sorgman, Robert Szerwo, Jeff Theimer, Tracy Trotter, Gregg Wilson

Financial Results of Operations

Overview

The 2016 Santa Barbara Bowl concert season was the 22nd complete season managed by the non-profit Santa Barbara Bowl Foundation. This concert season included 34 commercial performances and 2 community events over eight months with a total attendance of 130,487 patrons.

Total revenues for the Santa Barbara Bowl Foundation increased from \$5,622,534 in 2015 to \$6,758,038 in 2016. This increase was primarily a result of increased contribution income and contract revenue. The total revenue amounts for 2016 included \$1,631,504 in fundraising revenue and \$370,736 in sponsorship income. Operating expenditures (excluding capital improvements) decreased from \$5,773,128 in 2015 to \$5,626,361 in 2016. This change is primarily a result of decreased show expenditures due to a fewer number of shows than the previous year, and includes depreciation expense of \$1,066,171. The value of the Master Plan, Leasehold Improvements, Land and Equipment, (net of accumulated depreciation) decreased from \$31,675,998 in 2015 to \$31,280,243 in 2016, the result of increased accumulated depreciation and a decrease in new leasehold improvements and new capitalized fixed assets in 2016.

Debt and other Financial Commitments

As of 2016, the Foundation carried no long-term debt.

Specialized Income Initiatives

To supplement regular concert income, the Santa Barbara Bowl Foundation operates a Concert Club, Premier Access Program and Sponsorship Program.

The Concert Club and Premier Access Program are preferred seating reservation programs in which a portion of an individual's membership cost represents a tax-deductible contribution to the Foundation under current IRS guidelines. The Sponsorship Program provides preferred signage and access rights to sponsors while acting as a supplement to regular advertising. In 2016, 11 entities participated in the Sponsorship Program, which generated \$370,736 in gross revenues. In addition, in 2016 the Premier Access Program had 39 participants controlling 96 seats which generated \$333,700 in gross revenue, and the Concert Club had 208 participants controlling 494 seats which generated \$603,100 in gross revenue.

Fiscal Controls and Financial Management

Given the number of concerts during the season there is a large volume of cash transactions in both ticket and concessions sales. Food and beverage operations are supported by the management of a full-time Food & Beverage Manager and a part-time Plaza Controller. These positions oversee the operation of food and beverage volunteers, allowing for peak operational and financial performance in each of those areas. To continue to assure adequate segregation of duties and appropriate internal checks and balances, the staffing structure remains the same as years previous in the areas of Box Office Operations and Business Management.

The Foundation's fundraising staff in 2016 was comprised of the Executive Director and Development Manager. Additionally, the Foundation again contracted the services of a fundraising consultant, the Kellogg Organization, Inc., throughout the year.

The 2016 Bowl staff configuration outlined above is as follows:

Executive Director:	Rick Boller
Business Manager:	Andrew Gardner
Event Operations Manager:	Tucker Papac
Facilities Maintenance Manager:	Eder Mejia
Box Office Manager:	Allison Fitton
Program Director:	Eric Shiflett
Development Manager:	Greg Kirchmaier
Education Outreach Program Manager:	Kai Tepper
Food & Beverage Manager:	Kori Soltz
Plaza Controller:	Derrick Duong

The Foundation continued to handle financial management and reporting on an in-house basis with the assistance of a part time contracted bookkeeper. The Business Manager and the bookkeeper handle all transactions and report preparation under the supervision of the Executive Director and the review of the Board Treasurer. In addition, the independent accounting firm of Armanino, LLP provided audit and tax preparation services for the Foundation in 2016. While required by the lease agreement with the County, it is also the feeling of the Board of Directors that an independent audit is an essential component to an effective set of financial controls. The 2016 Audited Financial Statements and supporting documents are attached for your reference.

Fundraising

2016 marked the 19th year of fundraising efforts by the Santa Barbara Bowl Foundation. The Foundation continued its relationship with an outside fundraising counsel, the Kellogg Organization, Inc., and had completed the majority of the Santa Barbara Bowl Master Plan to renovate and improve the facility in 2014. The successful cultivation of donors in 2016 provided the Santa Barbara Bowl Foundation with \$1,631,504 in donations and pledges.

Education Outreach

The Education Outreach program is a community outreach initiative dedicated to supporting performing arts education for students in Santa Barbara County. In 2016 the Education Outreach program contributed \$189,237 creating partnerships with schools and community organizations to serve over 20,000 local schoolchildren. In addition, the Bowl Foundation continued its investment in education outreach by committing \$1.00 per paid ticket to the program, totaling \$130,442 in 2016. Foundation board members and volunteers work with partners to fundraise and organize education outreach through school performances, artist-in-residencies, master classes, classroom rentals, afterschool programs and instrument purchases. Education Outreach endeavors to bring local schoolchildren to the Bowl whenever possible to attend special presentations by world-class artists. In April of 2015 the Foundation presented two performances of the Chicano folk ensemble *Las Cafeteras* to approximately 5,000 local elementary schoolchildren.

Education Outreach continued to facilitate the annual Pianos on State event in downtown Santa Barbara. For 10 days each Fall, pianos are available along State Street for musical exploration, impromptu play, and group performances. This one-of-kind interactive musical experience encourages people of all ages to play, listen, and sing along. Local professional artists transform each piano into a unique piece of art.

Through generous support from community members, the Education Outreach program continued to expand two newer initiatives in 2016. The Instrument Fund project, designed to lend, repair, and replace musical instruments for area youth music programs, was created with the goal to ensure that the lack of an instrument doesn't prevent a child from learning to play an instrument. The Instrument Fund program contributed \$104,068 in instruments and repairs to area schools and music programs in 2016. The Community Ticket Subsidy program provides subsidized tickets, at a cost to the student of \$5.00 per ticket, to Bowl performances for deserving students in the Santa Barbara area. Participants in this program include foster families, high school aged performers, social service organizations, and students enrolled in Bowl-supported Education Outreach programs. The Foundation contributed \$40,054 to subsidize over 500 discounted tickets, along with concessions food vouchers valued at \$7,500, through this program in the 2016 concert season.

SBBF Arts Subsidy

Per the lease agreement of 2011, the Foundation agreed to contribute to the Santa Barbara Arts Commission's funding for community cultural arts programs. The amount payable to the S.B. Arts Commission by the Foundation is designated as the Santa Barbara Bowl Arts Subsidy and was assessed at \$.25 per paid ticket sold annually through the 2014 concert season. This contribution increased to \$.50 per paid ticket in 2015, with a cap of \$50,000 per season. The SBBF Arts Subsidy is paid to and used by the Santa Barbara Arts Commission as it deems appropriate for the direct funding of cultural arts events and programs in the Santa Barbara community. Since the inception of the annual Arts Subsidy, the Foundation has made a total of \$233,172.75 in contributions to the S.B. Arts Commission, including \$50,000.00 in 2016, based on ticket sales of 130,442 in the 2016 concert season. (See Schedule of Bowl Events on page 9 below).

Summary of the Foundation's Community Contributions

Through the Education Outreach programs and the Arts Subsidy detailed above, the Foundation contributed over \$390,000 directly to performing arts and music education in the Santa Barbara County community in 2016.

Promotional Services Agreement

In late 2015 the Foundation entered into a Promotional Services Agreement with a new promoter, Goldenvoice/AEG, effective with the 2016 concert season. The Agreement expires in 2022 with an option to extend the agreement an additional two years. This was the sole concert promotion agreement in effect during the 2016 concert season. Under the agreement Goldenvoice/AEG presented 34 commercial performances in 2016.

There were no subleases in effect in 2016.

Santa Barbara Bowl Condition Report

In 2016 the Foundation began two improvement projects designed to provide added amenities to both concert patrons and to visiting artists and their crews. The first is the planned installation of an assistive listening system, known as a hearing loop, throughout the entire venue seating area. This is a multi-segment audio frequency induction loop system that will transmit an audio signal directly from the house sound mixer via the hearing loop wire, located inconspicuously within the seating area concrete floor. This will enable patrons with hearing loss to receive the signal directly into their hearing aids, or into a radio receiver with headphones provided by the Bowl staff. The installation of the hearing loop will continue to keep the Bowl at the forefront of compliance with the Americans with Disabilities Act.

The second project consists of a redesign and replacement of the catering kitchen exhaust hood, located backstage. This improved exhaust hood, scheduled for installation in early 2017, will provide increased cooking ventilation, exhaust control, improved grease filters, and improved fire suppression. The design will also increase the usable workspace above the kitchen grill and stovetop areas. This improvement will benefit concert and tour catering by enhancing kitchen safety, ventilation and cleanliness.

Other improvements in 2016 include a new House Lighting Upgrade. This improvement completed the upgrade to state of the art LED lighting throughout the venue, including new improved stadium lighting with dimming capabilities.

The Bowl continued to maintain a high level of ongoing facility stewardship protecting the Foundation's construction investments. All systems are maintained regularly and repairs are conducted immediately. The Bowl Foundation believes that only by protecting the existing structures will the reputation of the facility as one of the finest in the world remain intact. In 2016 the Foundation continued to explore various patron transportation options from the Lower Plaza, including variations on the accessible shuttles currently utilized on show nights.

Greening the Bowl

The Foundation continued its Greening the Bowl program, with the goal of bringing the Bowl to as close to a zero-footprint as possible. Included in these practices are manual sorting of all trash for recyclables at every concert; using low toxicity eco-friendlier paints throughout the Bowl; careful water management; replacement of all lighting to low-energy LED fixtures; and implementing office practices to reduce waste. The reusable steel pint cup program, introduced in 2014, continues to be a success in reducing the amount of single use plastic beverage containers at all concerts. The Bowl continued its arrangement with the Santa Barbara Bicycle Coalition to offer free valet parking of bicycles for concert goers, helping to reduce neighborhood traffic and parking congestion on show nights. In 2016 the valet parked a total of 1,261 bicycles over 36 events, an average of 35 bicycles per concert.

2016 Schedule of Bowl Events

<u>Date</u>	<u>Concert</u>	<u>Genre</u>	<u>Sold Tickets</u>	<u>Attendance</u>
03/12/2016	Westmont Spring Sing	Student Variety	1049	1790
04/19/2016	G-Eazy	Hip Hop	4128	3957
04/21/2016	The 1975	Pop Rock	2041	2062
04/30/2016	Pentatonix	A cappella/Dance	4072	4090
05/10/2016	Chris Stapleton	Country	4744	4535
05/22/2016	Adam Sandler	Comedy	2628	2864
05/27/2016	Walk the Moon	Pop Rock	2531	2596
05/28/2016	The Lumineers	Alt Country/Folk	4780	4809
06/03/2016	KJEE Summer Roundup	Alternative Rock	2364	2422
06/05/2016	Paul Simon	Singer/Songwriter	4440	4380
06/11/2016	Bob Dylan	Folk/Rock	4198	4005
06/26/2016	Slightly Stoopid	Indie Rock	3015	3102
07/01/2016	Flight of the Conchords	Comedy/Rock	4365	4068
07/03/2016	I Love the 90's	Classic Hip Hop	3634	3734
07/08/2016	Lyle Lovett & Emmylou Harris	Country	2886	2947
07/16/2016	Goo Goo Dolls	Pop Rock	3493	3630
07/29/2016	Bonnie Raitt	Blues Rock	3990	3886
08/04/2016	Ryan Adams	Indie Rock	2011	2064
08/05/2016	Weezer & Panic at the Disco	Pop/Rock	4668	4609
08/06/2016	S.B. Mariachi Festival	Traditional Latin	3395	3839
08/13/2016	Rebelution	Reggae	4697	4710
08/14/2016	Steve Martin & Martin Short	Comedy	3849	3812
08/20/2016	Ben Harper	Pop/R&B/Rock	2890	3049
08/27/2016	Jackson Browne	Singer/Songwriter	4062	3989
09/01/2016	Journey	Classic Rock	4372	4382
09/10/2016	Ray LaMontagne	Pop/Rock/Folk	2929	3025
09/17/2016	Amy Schumer	Comedy	4451	4398
09/25/2016	Dolly Parton	Country	3812	3764
09/30/2016	Gary Clark, Jr.	Blues Rock	3261	3262
10/01/2016	Thievery Corporation	Electronic/Trip Hop	3132	3063
10/05/2016	Blink-182	Alternative Rock	4758	4691
10/06/2016	The Who	Classic Rock	4496	4377
10/15/2016	Van Morrison	Singer/Songwriter	4537	4349
10/27/2016	Norah Jones	Vocal Jazz	3180	2940
11/05/2016	Morrissey/Dia de los Muertos	Pop/Rock/Latin	4736	4514
11/10/2016	Pretty Lights	Electronic Dance	2848	2773
TOTAL			130,442	130,487

Average concert attendance in 2016 was 3,625 per performance, compared to the 2015 average of 3,587 per performance.

In addition to the 34 commercial events presented by Goldenvoice in 2016, the Bowl hosted two community events. Westmont College staged its annual student variety program "Spring Sing" in March, and for the twenty-first consecutive year the non-profit Santa Barbara Mariachi Festival raised funds for school programs and scholarships with their annual festival during the Old Spanish Days Fiesta in August.

Public Concerns

Public Organizational Meetings of the Board were held in March and November of 2016 and were legally noticed in the Santa Barbara News Press as a means of encouraging input from neighbors. There were no public attendees for either meeting, however, staff continued to communicate with neighbors, City and County representatives throughout the year.

The Santa Barbara Bowl Foundation remains committed to enforcing the County Sound Ordinance. A Bowl staff member monitors the dB levels and curfew compliance at all concerts at the Santa Barbara Bowl. All sound monitoring data is public record and available for review at our administrative offices.

Traffic and parking activity in the surrounding areas on the days and evenings of performances continue to be of concern to all parties. 2016 was the twentieth consecutive year in which the Foundation has operated the Santa Barbara High School parking lots during performances. A new agreement was reached in 2015 between the Foundation and the School District to allow the Foundation to continue to operate the parking lots during Bowl performances through the 2017 concert season.

The Foundation has continued the agreement with the Santa Barbara Police Department for expanded police coverage at all Bowl events. Additionally, the Foundation is working with the SBPD, the Sbfd, AMR, and other local agencies to provide access to the venue, in 2017 and beyond, for continuing onsite first responder training for large crowd emergency contingencies.

The Foundation continues to be concerned with public safety at all Bowl events. The Foundation schedules and hires to be on site for all concerts one AMR standby ambulance with two EMT paramedics, and multiple shuttle buses for convenient access for those with disabilities. As with the above-mentioned Police expense, the ambulance expense was also deemed necessary to help treat and solve any medical and safety concerns that arise the evening of an event in an efficient and timely manner.

In the area of concessions beverage service, the Foundation requires all alcohol beverage servers and related security supervisors to complete the Santa Barbara Police Department's Responsible Beverage Service training prior to working any event. The primary focus of this training is to educate servers and staff regarding liability, safety and at-risk situations related to the service of alcohol.

The Santa Barbara Bowl Emergency Plan was revised and updated in April of 2016, and is available at the Foundation administrative office. This plan is reviewed annually and is provided to the Santa Barbara Police and Fire Departments, and is discussed with Bowl employees, event contract employees, and event volunteers. In addition, the onsite emergency generator and emergency lighting system is tested regularly as legally specified.

Santa Barbara Bowl Foundation

Financial Statements

December 31, 2016
(With Comparative Totals for 2015)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Santa Barbara Bowl Foundation
Santa Barbara, California

We have audited the accompanying financial statements of Santa Barbara Bowl Foundation (a California nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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 Santa Barbara Bowl Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Santa Barbara Bowl Foundation as of December 31, 2015, were audited by MacFarlane Faletti & Co. LLP whose report dated September 12, 2016, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
Los Angeles, California

September 28, 2017

Santa Barbara Bowl Foundation
Statement of Financial Position
December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 2,299,456	\$ 5,884,024
Investments	5,203,537	-
Contributions receivable, net	2,444,406	1,653,881
Master plan, leasehold improvements, land and equipment, net	31,280,243	31,675,998
Intangibles	6,252	6,252
Total assets	\$ 41,233,894	\$ 39,220,155
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 287,001	\$ 173,281
Early termination settlement payable	-	175,000
Deferred revenue	1,231,871	419,500
Total liabilities	1,518,872	767,781
Commitments (Note 11)		
Net assets		
Without donor restrictions	36,574,745	35,273,402
With donor restrictions	3,140,277	3,178,972
Total net assets	39,715,022	38,452,374
Total liabilities and net assets	\$ 41,233,894	\$ 39,220,155

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

Santa Barbara Bowl Foundation
Statement of Activities
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	Without donor restriction	With donor restriction	2016 Total	2015 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue and support				
Revenue				
Show revenue	\$ 1,353,512	\$ -	\$ 1,353,512	\$ 1,395,463
Concert club membership	936,800	-	936,800	961,600
Sponsorships	370,736	-	370,736	390,082
Concession revenue	1,394,611	-	1,394,611	1,440,213
Early termination settlement	-	-	-	(175,000)
Contract revenue	571,429	-	571,429	-
Show fees	316,092	-	316,092	347,717
Parking fees	<u>177,753</u>	<u>-</u>	<u>177,753</u>	<u>204,960</u>
Total revenue	<u>5,120,933</u>	<u>-</u>	<u>5,120,933</u>	<u>4,565,035</u>
Support				
Contributions	67,591	1,563,913	1,631,504	1,048,737
Other income	5,601	-	5,601	7,309
Net assets released from restriction	<u>1,602,608</u>	<u>(1,602,608)</u>	<u>-</u>	<u>-</u>
Total support	<u>1,675,800</u>	<u>(38,695)</u>	<u>1,637,105</u>	<u>1,056,046</u>
Total revenue and support	<u>6,796,733</u>	<u>(38,695)</u>	<u>6,758,038</u>	<u>5,621,081</u>
Functional expenses				
Program Services	<u>4,992,255</u>	<u>-</u>	<u>4,992,255</u>	<u>4,754,597</u>
Support services				
Management and General	329,263	-	329,263	548,670
Fundraising	<u>304,843</u>	<u>-</u>	<u>304,843</u>	<u>469,861</u>
Total support services	<u>634,106</u>	<u>-</u>	<u>634,106</u>	<u>1,018,531</u>
Total functional expenses	<u>5,626,361</u>	<u>-</u>	<u>5,626,361</u>	<u>5,773,128</u>
Change in net assets from operations	1,170,372	(38,695)	1,131,677	(152,047)
Investment income	<u>130,971</u>	<u>-</u>	<u>130,971</u>	<u>1,453</u>
Change in net assets	1,301,343	(38,695)	1,262,648	(150,594)
Net assets, beginning of year, as restated (Note 6)	<u>35,273,402</u>	<u>3,178,972</u>	<u>38,452,374</u>	<u>38,602,968</u>
Net assets, end of year	<u>\$ 36,574,745</u>	<u>\$ 3,140,277</u>	<u>\$ 39,715,022</u>	<u>\$ 38,452,374</u>

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

Santa Barbara Bowl Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2016 Total</u>	<u>2015 Total</u>
Personnel expenses					
Salaries	\$ 601,164	\$ 130,958	\$ 134,831	\$ 866,953	\$ 806,704
Payroll taxes and employee benefits	<u>158,169</u>	<u>34,455</u>	<u>35,474</u>	<u>228,098</u>	<u>203,890</u>
Total personnel expenses	<u>759,333</u>	<u>165,413</u>	<u>170,305</u>	<u>1,095,051</u>	<u>1,010,594</u>
Other expenses					
Advertising	145,063	-	-	145,063	185,162
Bad debt expense	-	35,360	-	35,360	100,000
Bank charges	1,932	421	433	2,786	2,275
Caretaker housing expenses	23,537	-	-	23,537	23,030
Concession expenditures	834,687	-	-	834,687	873,455
Contract labor for shows	920,292	-	-	920,292	1,013,556
Contract labor for fundraising	-	-	-	-	32,000
County arts subsidy	50,000	-	-	50,000	50,000
Depreciation	1,066,171	-	-	1,066,171	1,046,283
Donor cultivation	-	-	45,236	45,236	51,382
Dues and subscriptions	9,280	2,021	2,081	13,382	13,340
Fundraising expense	-	-	25,025	25,025	25,401
Education outreach	336,132	-	-	336,132	291,400
Insurance	71,537	15,584	16,045	103,166	100,040
Legal and professional fees	-	65,401	-	65,401	52,428
Miscellaneous	18,836	4,103	4,224	27,163	6,826
Other show expenses	199,813	-	-	199,813	253,224
Payroll processing	2,900	632	651	4,183	3,684
Office expenses	52,750	11,491	11,831	76,072	80,568
Postage and printing	11,336	2,470	2,543	16,349	26,349
Event rentals	111,484	-	-	111,484	121,115
Leases	2,055	448	461	2,964	2,986
Repairs and maintenance	178,067	-	-	178,067	173,137
Taxes and licenses	5,032	1,096	1,128	7,256	8,842
Transportation and auto	8,847	1,927	1,984	12,758	14,106
Utilities	<u>183,171</u>	<u>22,896</u>	<u>22,896</u>	<u>228,963</u>	<u>211,945</u>
Total other expenses	<u>4,232,922</u>	<u>163,850</u>	<u>134,538</u>	<u>4,531,310</u>	<u>4,762,534</u>
	<u>\$ 4,992,255</u>	<u>\$ 329,263</u>	<u>\$ 304,843</u>	<u>\$ 5,626,361</u>	<u>\$ 5,773,128</u>

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

Santa Barbara Bowl Foundation
Statement of Cash Flows
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 1,262,648	\$ (150,594)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,066,171	1,046,283
Change in allowance for doubtful accounts	35,360	100,000
Realized gains on sales of investments	(2,589)	(500)
Unrealized gains on investments	(33,937)	-
Interest and dividends, net of fees	(94,445)	-
Changes in operating assets and liabilities		
Contributions receivable	(825,885)	155,204
Prepaid expense	-	11,576
Accounts payable and accrued expense	113,720	(84,399)
Deferred revenue	812,371	46,500
Early termination settlement payable	(175,000)	175,000
Net cash provided by operating activities	2,158,414	1,299,070
Cash flows from investing activities		
Purchases of property and equipment	(670,416)	(707,809)
Transfer from operations	(5,076,114)	-
Purchases of investments	(4,976,273)	-
Proceeds from sale of investments	4,979,821	2,000,000
Net cash provided by (used in) investing activities	(5,742,982)	1,292,191
Net increase (decrease) in cash and cash equivalents	(3,584,568)	2,591,261
Cash and cash equivalents, beginning of year	5,884,024	3,292,763
Cash and cash equivalents, end of year	\$ 2,299,456	\$ 5,884,024

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

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

1. NATURE OF OPERATIONS

The Santa Barbara Bowl Foundation ("Foundation") is a non-profit organization founded to manage, maintain and renovate the Santa Barbara Bowl, a community based outdoor performing arts venue, and to develop an annual plan which includes facility improvements and community arts events. Following a successful \$40 million renovation and restoration effort, the Foundation continues to raise funds to protect the community's investment and to stay at the forefront of technology, audience safety and amenities. The facility is located in the city of Santa Barbara and draws most of its attendance from a 100-mile radius.

The Foundation is also committed to raising funds for its Education Outreach programming and endowment, which is dedicated to providing support and funding for performing arts and music education in the greater Santa Barbara area. Part of the core of the Foundation's mission statement, Education Outreach reaches approximately 20,000 local schoolchildren annually. The program provides need-based support to music education programs, supports community access to the performing arts, and serves as an advocate for the performing arts in the community. The Foundation itself commits \$1.00 per paid ticket to the Education Outreach program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting principle

During the year, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which requires (1) net assets be classified and presented in two categories: net assets without donor restrictions and net assets with donor restrictions and (2) additional disclosures concerning the liquidity of Foundation. This ASU is effective for fiscal years beginning after December 15, 2017, with earlier adoption allowed. Foundation has elected to early adopt for this fiscal year. The effects of adopting ASU 2016-14 are addressed in Note 6.

Basis of accounting and financial statement presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* (see Note 8):
 - Include contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Foundation.
 - Board-designated unrestricted net assets - Include funds designated by the Board for continuing facility improvements and its education outreach program. These reserve funds are subject to an annual review by the Board.

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets with donor restrictions* (see Note 7):
 - Subject to expenditure for specified purpose - Include gifts and grants received that are temporarily restricted with respect to use by the donor or grantor. When the restrictions expire, the net assets of this fund are reclassified to unrestricted net assets. Restricted gifts and grants received are reported as unrestricted revenue if the restriction is met in the same reporting period.
 - Time-restricted - Include pledges receivable which are time restricted. When the pledges receivable are collected, the net assets of this class are reclassified to net assets without restrictions.
 - Donor-restricted endowment - Included assets that have been restricted by the donor in perpetuity while permitting the Foundation to use or expend part or all of the income derived from the assets.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and cash equivalents

The Foundation considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents, except for certain money market account balances included in investments.

Concentrations

Occasionally Foundation's bank balances exceed the Federal Deposit Insurance Corporation insured limits. Foundation has not experienced and does not anticipate any losses related to these balances.

For the year ended December 31, 2016, one donor comprised approximately 61% of the Foundation's total contribution revenue and 40%, respectively, of pledges receivable as of December 31, 2016. One other donor comprised 23% at December 31, 2016.

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations (continued)

In accordance with the terms of the lease agreement between the Foundation and the County of Santa Barbara, the Foundation contracts with one agency each year to secure a majority of its shows (see Note 11).

Grants and accounts receivable

Grants and accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management has established an allowance for doubtful accounts of \$35,360 at December 31, 2016.

Investments

Investments with readily determinable fair values are stated at fair value at the financial statement date. Investments without readily determinable fair values are stated at the lower of cost or estimated net realizable value. Marketable securities acquired by donation are stated at the fair market value at the date of donation.

The Foundation reports investment revenues net of related expenses, such as custodial and investment advisory fees on the statement of activities.

Master Plan

The Renovations and Restoration Master Plan (Master Plan) was created by the Foundation in 1993 as the framework of plans to complete major renovations and restorations to the property and facilities at the Santa Barbara Bowl over the course of twenty years. Implementation and completion of the Master Plan by the Foundation was stipulated in the initial 45-year lease agreement entered into with the County of Santa Barbara in 1994.

Significant infrastructure improvements that have been completed through the Master Plan include: a production roof, upgraded power, new sewer lines, a larger marquee, a new storm drain and more efficient drainage systems. In addition, the stage and backstage facilities were reconstructed increasing the overall useable square footage by nearly 300%. The Foundation completed the final major projects of the Master Plan in 2014.

The County of Santa Barbara acknowledges and agrees that the Foundation has fully performed its obligations under the 1994 lease, including the construction of substantial renovations, additions, alterations and improvements to the premises in accordance with the Master Plan.

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Master Plan improvements and equipment

Property and equipment are recorded at cost if purchased or at the fair value at the date of the gift if donated. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Master Plan improvements	10 - 40 years
Other improvements	5 - 15 years
Furniture and equipment	3 - 10 years
Vehicles	7 - 10 years
Website	3 - 7 years
Leasehold improvements	Lesser of useful life or life of the lease

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the Foundation during either year.

Intangible assets

During 2011, the Foundation acquired a license for sale of liquor in the amount of \$6,252. The license has an indefinite life and is not subject to amortization. Assets that are not subject to amortization are tested for impairment at least annually. During 2016, the Foundation determined that the carrying amount of the liquor license does not exceed its fair value and as result, no impairment is necessary.

Deferred revenue

The Foundation records advance payments toward annual memberships as deferred revenue. These memberships entitle members to reserve and purchase concert tickets for specified seats during the season as well as other benefits. Such amounts are recorded as revenue during the concert season. The Foundation also records advanced contract payments as deferred revenue which are recognized over the contract period (see Note 11).

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Grants and contributions consist of donations from foundations, corporations, businesses, individuals, and the general public. Grants and contributions are generally recognized when pledged or paid to the Foundation by the donor. Contributions are not recognized as revenue until all donor imposed conditions have been substantially met, or the possibility that such a condition would not be met is remote. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. The Foundation records donor- restricted contributions whose restrictions are met in the same reporting period as net assets without donor restrictions.

Pledged contributions to be received more than one year after the pledge date are discounted at an appropriate rate commensurate with the risk involved and the time value of money. Amortization of the discount is recorded as additional contribution revenue.

The Foundation's Board of Directors designates an annual percentage of unrestricted contributions, show revenue, and investment income to be used for the Education Outreach program funding, facilities upkeep, and funding board- designated reserves.

Donated services

A substantial number of volunteers have donated their time performing services for the Foundation. These estimated benefits are not recorded in the financial statements of the Foundation as the recognition does not meet the required standards.

Allocation of functional expenses

The Foundation allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using bases determined by management to be reasonable.

Advertising costs

Advertising costs are expensed as incurred. During the year ended December 31, 2016, advertising costs totaled \$145,063.

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Foundation is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code ("IRC") and the Franchise Tax Board under code Sections 501(c)(3) and 23071d, respectively. The Foundation is not considered a private foundation. The Foundation is subject to unrelated business income tax on revenues derived from advertising. The Foundation is not aware of any uncertain tax positions at December 31, 2016, or for any year which the statute remains open.

The Foundation's federal income tax returns for tax years ended December 31, 2013, and beyond remain subject to examination by the Internal Revenue Service. The returns for California, its only state jurisdiction, remain subject to examination by state taxing authorities for the tax years ended December 31, 2012, and beyond.

Endowment

Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Reclassification

Certain December 31, 2015, balances have been reclassified in order to conform to the December 31, 2016, presentation, resulting in no effect on December 31, 2015, total net assets, nor on the total changes in net assets for the year then ended.

Subsequent events

The Foundation has evaluated events subsequent to December 31, 2016, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 28, 2017, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. INVESTMENTS

Foundation reports its investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

3. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, Foundation's investments at fair value as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 191,748	\$ -	\$ -	\$ 191,748
Equities	3,537,471	-	-	3,537,471
Fixed income	706,747	-	-	706,747
Corporate bonds	-	210,343	-	210,343
Municipal bonds	-	<u>557,228</u>	-	<u>557,228</u>
	<u>\$ 4,435,966</u>	<u>\$ 767,571</u>	<u>\$ -</u>	<u>\$ 5,203,537</u>

Activity in the investments during the year 2016 was as follows:

Balance, beginning of year	\$ -
Transfer from operations	5,076,114
Purchases of investments	4,976,273
Proceeds from sales of investments	(4,979,821)
Realized gains on sales of investments	2,589
Unrealized gains on investments	33,937
Interest and dividend income	108,628
Investment fees	<u>(14,183)</u>
Balance, end of year	<u>\$ 5,203,537</u>

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

Due in less than one year	\$ 564,233
Due in two to five years	1,937,900
Thereafter	<u>50,000</u>
	2,552,133
Allowance for doubtful accounts	(35,360)
Discount to net present value	<u>(72,367)</u>
	<u>\$ 2,444,406</u>

Contributions to be received more than one year after the pledge date are discounted at 1%.

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

5. MASTER PLAN LEASEHOLD IMPROVEMENTS, LAND AND EQUIPMENT

Master plan leasehold improvements, land and equipment consist of the following:

Master Plan improvements	\$ 33,148,203
Land	1,188,102
Leasehold improvements	4,414,796
Other improvements	229,693
Furniture and equipment	1,241,058
Vehicles	43,247
Website	<u>24,031</u>
	40,289,130
Accumulated depreciation	<u>(9,008,887)</u>
	<u><u>\$ 31,280,243</u></u>

Depreciation expense was \$1,066,171 for 2016.

6. EFFECTS OF IMPLEMENTATION OF ASU 2016-14

As described in Note 2, during the year Foundation early adopted ASU Update 2016-14, resulting in a re-characterization of the classifications of its net assets. As a result, net asset classes previously referred to as permanently and temporarily restricted net assets are now combined into a new classification – net assets with donor restrictions.

The following table shows the effects of the accounting changes in adopting ASU 2016-14 and corrections of the Foundation's net assets as of December 31, 2015:

	Unrestricted - Without Donor Restrictions	Temporarily Restricted	Permanently Restricted	With Donor Restrictions	Total
Net assets as previously reported, December 31, 2015	\$36,823,455	\$ 1,328,769	\$ 300,150	\$ -	\$ 38,452,374
Reclassification resulting from ASU 2016-14	-	(1,328,769)	(300,150)	1,628,919	-
Correction - reclass related to pledges receivable	<u>(1,550,053)</u>	<u>-</u>	<u>-</u>	<u>1,550,053</u>	<u>-</u>
Net assets as restated, December 31, 2015	<u><u>\$35,273,402</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,178,972</u></u>	<u><u>\$ 38,452,374</u></u>

After considering the above changes, Foundation's endowment with donor restrictions totaled \$300,150 at December 31, 2015 (Note 9).

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

7. NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specified purpose	
Improvement of the facility	\$ 214,096
Education outreach	<u>169,125</u>
	<u>383,221</u>
Time Restricted	
Pledges receivable with donor-specified purpose restriction	<u>2,444,406</u>
Donor-restricted endowment funds	
Donor corpus restricted in perpetuity	<u>312,650</u>
	<u>312,650</u>
	<u>\$ 3,140,277</u>

Included within the time-restricted net assets with donor restrictions are \$315,000 net assets with donor restrictions that are also purpose-restricted.

8. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

Board-designated - Facilities and equipment, net	\$ 31,280,243
Board-designated - Continuing facilities improvements and maintenance	710,409
Board-designated - Education outreach	660,767
Board-designated - Quasi-endowment funds for capital improvements	2,991,207
Board-designated - Quasi-endowment funds for education outreach	324,858
Undesignated	<u>607,261</u>
	<u>\$ 36,574,745</u>

9. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

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

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

9. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

The Foundation interpreted California's 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 explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains the original value of all gifts to the donor-restricted endowment plus unspent accumulated earnings in accordance with the applicable donor gift instrument.

The Foundation has adopted an endowment investment policy, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. To satisfy its long term rate of return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places an emphasis on fixed income securities and equity investments to achieve its long-term rate of return objectives within prudent risk parameters.

The Foundation has a spending policy of appropriating for distribution each year what is needed in the current year to achieve its goals. In establishing this policy, the Foundation considered the short-term expected return on its endowment. Accordingly, over the short term, the Foundation expects the current spending policy to allow its endowment to be spent as intended. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Foundation has designated portions of its net assets for maintenance and improvement to the facility and to support the Education Outreach program. Upon the completion of the major projects of the Master Plan in the prior year, the Foundation is developing plans to fulfill these designations and investment strategies to provide the means to fulfill these designations.

Activity in the endowment net assets for the year ended December 31, 2016 was as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Balance, beginning of year (Note 6)	\$ 3,161,545	\$ 300,150	\$ 3,461,695
Contributions	71,959	12,500	84,459
Investment income, net of fees	59,732	5,670	65,402
Realized gains on sales of investments	1,618	154	1,772
Unrealized gains on investments	21,211	2,014	23,225
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(7,838)</u>	<u>(7,838)</u>
Balance, end of year	<u>\$ 3,316,065</u>	<u>\$ 312,650</u>	<u>\$ 3,628,715</u>

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

10. RETIREMENT PLAN

The Foundation has an IRC Section 403(b) plan (the "Plan") which covers all full time employees. Employees may contribute up to \$18,000 (up to \$24,000 for individuals 50 or more years old) per year to the Plan and are fully vested in the employee contributions. The Foundation offers discretionary employer contributions to participating employees after one year of service. During the year ended December 31, 2016, the Foundation offered matching contributions of up to 5% of employee contributions and contributed \$39,030 to the Plan.

11. COMMITMENTS

Promotional Service Agreement

In December of 2015 the Foundation entered into a Promotional Services Agreement (the Agreement) with a new promoter, effective with the 2016 concert season. The Agreement expires in 2022 with an option to extend the agreement an additional two years. The Foundation will be paid a certain amount throughout the life of the agreement. To the extent that such payments have yet to be earned they will be recorded as deferred revenue. The annual payments are due January 15 for each successive year with the final payment due January 15, 2022, provided all conditions are met on January 15 of each year.

In addition to the above, the Agreement also provides for revenue sharing related to ticket and alcohol sales and calls for the receipt of agreed-upon amounts per ticket sale for facility and box office fees.

Before 2015 year end, the Foundation terminated the previous service agreement with the former promoter prior to the scheduled end date. Accordingly, the prior promoter was paid \$175,000 in settlement which was recorded as a settlement payable in the statement of financial position as a loss on termination of contract in the statement of activities.

County Lease Agreement

On May 17, 2011, the Foundation renewed its lease agreement with the County of Santa Barbara for a period of 45 years beginning June 1, 2011. The Foundation has an option to extend the lease for another 25 years should the Foundation successfully complete the Master Plan. In the event the premises cease to be used as a nonprofit art events facility, the County of Santa Barbara has the right to terminate the lease. At the expiration or earlier termination of the lease term, title to all real property owned by the Foundation shall be transferred to County of Santa Barbara.

The lease allows the Foundation to hold up to 37 commercial performances per year.

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

11. COMMITMENTS (continued)

County Lease Agreement (continued)

In accordance with the lease, the Foundation will pay annual fees to the Santa Barbara Arts Commission (the "Commission") for the duration of the lease. The fee amount due each year is based on the number of tickets sold during the concert season of that year. The per-ticket fee is \$0.25 per ticket sold during the years 2010 through 2014, and \$0.50 per ticket sold beginning the 2015 concert season through the duration of the lease. Beginning with the 2015 concert season, the subsidy will be capped at \$50,000 annually for the period 2015 to 2019. For the 2020 concert season and for every five years thereafter until expiration of the lease, the annual maximum shall be subject to a Cost of Living (CPI) adjustment. The annual cost of the subsidy is recorded in the financial statements in the period the revenue is earned and is listed on the Statement of Functional Expenses as "County Arts Subsidy."

In addition to any other amounts payable by the Foundation pursuant to the lease, as consideration for granting of the lease agreement, the Foundation assumes all responsibility of all costs for maintenance, repairs, improvements, and operations relating to the property. Additionally, the Foundation shall fully implement the Master Plan and will assume responsibility for all costs associated with the improvements set forth in the Master Plan and any additions or amendments thereto.

According to the lease agreement between the Foundation and the County of Santa Barbara, title to the premises and all improvements are vested with the County of Santa Barbara. Title to all personal property is vested with the Foundation until termination of the lease agreement between the Foundation and the County at which time title to the personal property will transfer to the County for use on the premises.

12. RELATED PARTY

The following related party transactions occurred between the Foundation and its board members during the year as follows:

Construction management services	\$ 60,000
Legal services	17,190
Other professional services	<u>80,456</u>
	<u>\$ 157,646</u>

13. LIQUIDITY AND AVAILABILITY

Foundation is significantly supported by contributions with donor restrictions. The Foundation maintains sufficient resources to meet its responsibilities to its donors. The Foundation's liquidity management policy structures its remaining financial assets to be available for operations as its general expenditures, liabilities, and other obligations come due.

Santa Barbara Bowl Foundation
Notes to the Financial Statements
December 31, 2016

13. LIQUIDITY AND AVAILABILITY (continued)

The following reflects Foundation's financial assets reported on the statement of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. Consequently, amounts available exclude net assets with donor-restrictions (see Note 7), less related assets included within net assets with donor restrictions, as of December 31, 2016.

Liquidity of financial assets as of December 31, 2016, is as follows:

Cash and cash equivalents	\$ 2,299,456
Investments	5,203,537
Contributions receivable, net	<u>2,444,406</u>
	9,947,399
Net assets with donor restrictions	(3,140,277)
Contributions receivable due in one year	564,233
Less endowments without donor restrictions	<u>(3,316,065)</u>
Net liquid assets available for operations	<u><u>\$ 4,055,290</u></u>