



Financial Statements

For the Year Ended June 30, 2017

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 14

Independent Auditor's Report

**To the Board of Directors
Town Hall Association
Seattle, Washington**

We have audited the accompanying financial statements of Town Hall Association ("THA"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets 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 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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1700
Bellevue WA
98004

clarknuber.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THA as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited THA's 2016 financial statements and expressed an unmodified opinion on those audited financial statements in our report dated December 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clark Nuber P.S.

Certified Public Accountants
October 23, 2017

TOWN HALL ASSOCIATION

Statement of Financial Position

June 30, 2017

(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,348,216	\$ 1,127,318
Accounts receivable, net	12,390	9,380
Grants and pledges receivable	76,684	135,225
Prepaid expenses	<u>16,937</u>	
Total Current Assets	1,454,227	1,271,923
Long-term investments	1,463,499	1,363,143
Cash restricted for capital campaign	5,398,213	2,182,319
Capital campaign pledges, net	3,086,975	4,148,267
Land, building, improvements and equipment, net	7,593,443	7,162,178
Donated artwork	<u>20,750</u>	<u>20,750</u>
Total Assets	<u>\$ 19,017,107</u>	<u>\$ 16,148,580</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 211,103	\$ 147,393
Construction payables	15,424	20,892
Deferred revenue and deposits	<u>18,791</u>	<u>39,733</u>
Total Liabilities	245,318	208,018
Net Assets:		
Unrestricted-		
Undesignated, available for operations	985,515	772,080
Board-designated reserve funds	1,672,318	1,570,197
Net investment in land, building, improvements, equipment and artwork	<u>7,598,769</u>	<u>7,162,036</u>
Total unrestricted	10,256,602	9,504,313
Temporarily restricted	8,485,187	6,406,249
Permanently restricted	<u>30,000</u>	<u>30,000</u>
Total Net Assets	<u>18,771,789</u>	<u>15,940,562</u>
Total Liabilities and Net Assets	<u>\$ 19,017,107</u>	<u>\$ 16,148,580</u>

See accompanying notes.

TOWN HALL ASSOCIATION

**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
Operating Activities					
Support and Revenue:					
Tickets and rentals	\$ 727,210	\$ -	\$ -	\$ 727,210	\$ 728,965
Contributions and grants	1,123,612			1,123,612	1,189,732
Contributions released from restriction	70,000	(70,000)			
Other income	61,045			61,045	
Total Support and Revenue	1,981,867	(70,000)		1,911,867	1,918,697
Program and Operating Expenses:					
Program	1,089,439			1,089,439	1,239,713
Management and general	219,495			219,495	202,020
Fundraising	442,646			442,646	362,777
Total Program and Operating Expenses	1,751,580			1,751,580	1,804,510
Change in Net Assets From Operating Activities Before Depreciation	230,287	(70,000)		160,287	114,187
Depreciation	133,107			133,107	130,609
Change in Net Assets From Operating Activities	97,180	(70,000)		27,180	(16,422)
Nonoperating Activities					
Capital campaign contributions and grants		3,595,448		3,595,448	3,504,537
Capital campaign expenses	(899,376)			(899,376)	(556,817)
Investment income	105,090	2,885		107,975	35,119
Contributions released from restriction	1,449,395	(1,449,395)			
Change in Net Assets From Nonoperating Activities	655,109	2,148,938		2,804,047	2,982,839
Total Change in Net Assets	752,289	2,078,938		2,831,227	2,966,417
Net assets, beginning of year	9,504,313	6,406,249	30,000	15,940,562	12,974,145
Net Assets, End of Year	\$ 10,256,602	\$ 8,485,187	\$ 30,000	\$ 18,771,789	\$ 15,940,562

See accompanying notes.

TOWN HALL ASSOCIATION

**Statement of Cash Flows
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 2,831,227	\$ 2,966,417
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Depreciation	133,107	130,609
Unrealized (gain) loss on investments	(72,537)	29
Contribution of artwork, in-kind		(750)
Contributions and grants restricted by donors to investment in long-lived assets and endowment	(2,696,072)	(2,947,720)
Decrease (increase) in operating assets:		
Prepaid expenses	(16,937)	
Accounts receivable	(3,010)	(5,880)
Grants and pledges receivable	58,541	(110,831)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	63,710	15,819
Deferred revenue and deposits	(20,942)	(1,647)
Net Cash Provided by Operating Activities	277,087	46,046
Cash Flows From Investing Activities:		
Increase in cash restricted for capital campaign	(3,215,894)	(568,720)
Purchases of long-term investments	(34,866)	(34,897)
Proceeds from sale of investments	7,047	5,064
Purchases of land, building, improvements and equipment	(569,840)	(1,346,882)
Net Cash Used in Investing Activities	(3,813,553)	(1,945,435)
Cash Flows From Financing Activities:		
Proceeds from contributions and grants restricted by donors to investment in long-lived assets and endowment	3,757,364	1,790,499
Net Cash Provided by Financing Activities	3,757,364	1,790,499
Net Change in Cash and Cash Equivalents	220,898	(108,890)
Cash and Cash Equivalents:		
Beginning of year	1,127,318	1,236,208
End of Year	\$ 1,348,216	\$ 1,127,318
Capital additions purchased through construction payables	\$ 15,424	\$ 20,892

See accompanying notes.

TOWN HALL ASSOCIATION

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Summary of Operations and Significant Accounting Policies

Description of the Organization - Town Hall Association ("THA") is a nonprofit corporation incorporated in the State of Washington, and operates as Town Hall Seattle.

Town Hall Seattle's mission is to foster an engaged community through civic, arts, and educational programs that reflect and inspire our region's best impulses: creativity, empathy, and the belief that we all deserve a voice. Presenting or hosting 425+ programs for more than 110,000+ visitors annually, THA is a shared resource for nearly 90 community organizations that rely on the facility as an affordable performance and meeting home, as well as a source of production and promotional support. These community producers create half of the programs appearing on THA's season calendar.

Town Hall Seattle produces the other 200+ programs annually, spanning science, civics, the arts, and culture. From chamber, world, and family concerts to public policy forums and scientific discovery, THA's season is a present-tense reflection of life on the Puget Sound. With wide-open doors and deeply affordable ticket prices, THA is where our community comes together to take part, be inspired, and use their voices to shape the future.

Town Hall Seattle is located in a renovated church dating to 1916. Continuously used and well-maintained for over 80 years, this First Hill landmark was purchased in 1998 from the Fourth Church of Christ Scientist by a group of 16 civic-minded Seattle citizens for conversion into the community culture center it is today. THA transitioned from tenant to landlord, assuming ownership of the building itself in late 2007.

Capital Campaign - THA is housed in a federally designated historic landmark that turned 100 in 2016. During the year that ended June 30, 2017, THA surpassed \$21 million in committed funds for the capital campaign to preserve and revitalize THA's historic building. The capital renovation includes significant seismic, structural, and ADA upgrades, will introduce a climate control system to allow for year-round operations, add a third performance space, and will prepare the organization for its next century of service to the community through state-of-the-art performance and productions enhancements. THA officially broke ground and began construction in August 2017. Please see Note 9 for subsequent events related to the capital campaign.

Basis of Accounting - The financial statements of THA have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by THA are described below to enhance the usefulness of the financial statements to the reader.

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions of THA or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by THA.

TOWN HALL ASSOCIATION

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Continued

Capital campaign contributions are reported as increases in temporarily restricted net assets and then released to unrestricted net assets if the restriction is met during the year. Other contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other temporarily restricted donor contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures and equipment) are reported as temporarily restricted. When the long-lived assets are acquired, THA reflects the expiration of the donor-imposed restriction as a release of net assets.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, cash and cash equivalents include all cash on hand and in banks except for cash associated with the investment accounts. THA maintains its cash in accounts with one bank that, at times, exceed the limits insured by the Federal Deposit Insurance Corporation.

Investments - Investments are reported at fair value. Realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets.

Board-Designated Reserve Funds - Board-designated reserve funds represent cash and investments that the Board of Directors has set aside for operating and long-term reserves.

Cash Restricted for Capital Campaign - Cash restricted for capital campaign represents cash received to be expended for future capital campaign purposes.

Accounts and Pledges Receivable - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Land, Building, Improvements and Equipment - THA capitalizes assets with an estimated useful life greater than one year. Land, buildings, improvements and equipment are stated at cost if purchased and estimated fair value if donated. Depreciation of buildings, improvements, and equipment is computed using straight-line methods over the following estimated useful lives:

Equipment	3 - 7 years
Furniture	7 years
Building improvements	15 years
Building	40 years

Federal Income Tax - THA has been notified by the Internal Revenue Service that it is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

TOWN HALL ASSOCIATION

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Continued

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Ticket and rental revenues are recognized as revenue when they are earned. Advance sales of tickets or advance rental deposits are deferred to the applicable period in which the event occurs. Unconditional promises to give and contributions are recorded at fair value as cash or receivables, and as revenues in the period received, in accordance with donor-imposed restrictions.

In-Kind Contributions - THA receives donated catering, photography, software, equipment, event space and wine discounts. For the years ended June 30, 2017 and 2016, in-kind contributions were \$12,052 and \$8,871, respectively.

Concentrations of Credit Risk - THA had two donors representing 32% of grants, pledges and capital campaign pledge receivables and one donor representing 21% of contributions and grants revenue for the year ended June 30, 2017. THA had two donors representing 36% of grants, pledges and capital campaign pledge receivables and one donor representing 13% of contributions and grants revenue for the year ended June 30, 2016.

Donated Artwork - Donations of artwork are recorded upon receipt at the established fair value. Artwork is capitalized as an asset and reassessed annually for impaired value.

Operating and Nonoperating Activities - All activities are considered operating except for capital and endowment related transactions, and investment income.

Allocation of Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

TOWN HALL ASSOCIATION

**Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

Note 1 - Continued

Expenses allocated on a functional basis were as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Program-		
Program	\$ 1,215,891	\$ 1,363,791
Capital campaign project costs	<u>42,381</u>	<u>85,745</u>
Total program	1,258,272	1,449,536
Fundraising-		
Fundraising	443,977	364,084
Capital campaign fundraising	<u>856,995</u>	<u>471,072</u>
Total fundraising	1,300,972	835,156
Management and general	<u>224,819</u>	<u>207,244</u>
Total Expenses	<u>\$ 2,784,063</u>	<u>\$ 2,491,936</u>

Note 2 - Promises to Give

Promises to give as of June 30 are as follows:

	<u>Capital Campaign</u>	<u>Operations</u>	<u>2017 Total</u>	<u>2016 Total</u>
Amounts due in less than one year	\$ 2,150,661	\$ 76,684	\$ 2,227,345	\$ 2,347,787
Amounts due in one to five years	<u>1,061,319</u>		<u>1,061,319</u>	<u>1,983,595</u>
	3,211,980	76,684	3,288,664	4,331,382
Present value discount (1.0%)	(70,194)		(70,194)	(47,890)
Allowance for uncollectible pledges	<u>(54,811)</u>		<u>(54,811)</u>	
	<u>\$ 3,086,975</u>	<u>\$ 76,684</u>	<u>\$ 3,163,659</u>	<u>\$ 4,283,492</u>

All pledges to the capital campaign are considered long-term on the statement of financial position, regardless of when they are expected to be collected because they will be expended for long-term purposes.

TOWN HALL ASSOCIATION

**Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

Note 3 - Long-Term Investments

Investments at June 30 were comprised of the following:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 4,419	\$ 3,517
Mutual funds-		
Stock funds	616,634	561,280
Bond funds	798,274	758,253
Exchange traded funds-		
Stock funds	<u>44,172</u>	<u>40,093</u>
Total Long-Term Investments	<u>\$ 1,463,499</u>	<u>\$ 1,363,143</u>

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Investments valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Investments using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied. All investments held by THA are valued using Level 1 inputs.

Following is a description of the valuation methodologies used for investments. There have been no changes in the methodologies used at June 30, 2017.

Money Market Funds - Valued at cost plus accrued interest, which approximates fair value.

Mutual Funds and Exchange Traded Funds - Valued at the closing price reported on the active market on which the securities are traded.

Investment income was as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 35,438	\$ 35,148
Unrealized gains (losses)	<u>72,537</u>	<u>(29)</u>
Total Investment Income	<u>\$ 107,975</u>	<u>\$ 35,119</u>

TOWN HALL ASSOCIATION

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 4 - Land, Building, Improvements and Equipment

Land, building, improvements, and equipment consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land and land improvements	\$ 3,265,730	\$ 3,265,730
Building and building improvements	1,815,082	1,815,081
Furniture	222,774	208,063
Equipment	458,283	458,283
Construction in progress	<u>2,893,165</u>	<u>2,343,505</u>
	8,655,034	8,090,662
Less accumulated depreciation	<u>(1,061,591)</u>	<u>(928,484)</u>
Total Land, Building, Improvements and Equipment, Net	<u>\$ 7,593,443</u>	<u>\$ 7,162,178</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$133,107 and \$130,609, respectively.

Note 5 - Employee Retirement Benefit Plan

THA has a section 403(b) retirement plan for qualified employees. The plan provides for voluntary employee contributions up to the maximum allowed by federal guidelines. THA provides a matching contribution on employee deferrals of 50% up to a maximum amount of \$2,000 per year. Contributions made to the plan by THA during the years ended June 30, 2017 and 2016, totaled \$30,631 and \$22,820, respectively.

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
Capital related projects	\$ 8,476,639	\$ 6,330,586
Future programming		70,000
Accumulated endowment earnings	<u>8,548</u>	<u>5,663</u>
Total Temporarily Restricted Net Assets	<u>\$ 8,485,187</u>	<u>\$ 6,406,249</u>

Note 7 - Endowments

THA's endowment consists of one fund established for the support of general operations of THA. As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets for the year ended June 30, 2017 and 2016 consisted of \$30,000 of donor restricted funds, plus accumulated unspent earnings of \$8,548 for the year ended June 30, 2017 and \$5,663 for the year ended June 30, 2016.

TOWN HALL ASSOCIATION

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 7 - Continued

Interpretation of Relevant Law - The Board of Directors of THA has interpreted the Washington State Prudent Management of Institutional Funds Act (PMIFA) as making it advisable for THA to track the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, THA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by THA in a manner consistent with the standard of prudence prescribed by PMIFA.

In accordance with PMIFA, THA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of THA 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 THA; and
- The investment policies of THA.

Return Objectives and Risk Parameters - THA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that THA must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to diversify investments within both equity and fixed-income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

Strategies Employed for Achieving Objectives - The investment objectives for the endowment are to manage contributions in a manner that will produce current income to support various programs of THA, thereby maximizing the benefits intended by donors, and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets of the endowment, thereby protecting those assets against inflation.

Total return shall be the method for measuring the performance of the endowment. This refers to the combination of income (interest and dividends) and appreciation/depreciation in the fund's value for a certain period of time. The specific financial objective is for total return, less expenses and distributions pursuant to the spending policy for the endowment, to equal or exceed the consumer price index (CPI) for that period. Thus, achievement of this objective will result in real growth in the value of the endowment. Although real growth will not be attained every year due to market fluctuations, it is expected to be attained over a period of time.

TOWN HALL ASSOCIATION

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 7 - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Board of Directors sets the spending policy for the endowment, expressed as a percentage of market value of the endowment. The percentage shall be determined on a year-to-year basis by the Board of Directors upon recommendation of the Finance Committee not to exceed 3% until the endowment exceeds \$500,000, and then not to exceed 6.5% of the fair value of assets. In recommending a spending policy for a given fiscal year, the Finance Committee shall take into consideration, among other factors, total return and CPI for the immediately preceding year, projections for the year in question.

Distributions from the endowment shall be made on an annual basis in the first quarter of the fiscal year. The amount of each distribution shall equal the average value of the portfolio over the preceding eight quarters multiplied by the spending rate determined for the year, divided by four. Loans from the endowment are not permissible.

Note 8 - Commitments

Operating Lease Commitment - THA is obligated under an operating lease for office space used for program, administrative, and fundraising activities, which expires 2024. Future minimum payments under this lease are as follows:

For the Year Ending June 30,

2018	\$	63,706
2019		64,980
2020		66,728
2021		67,600
2022		68,947
Thereafter		<u>135,977</u>
	\$	<u><u>467,938</u></u>

Total rent expense incurred for the year ended June 30, 2017 was \$7,122. THA did not incur any rent expense during the year ended June 30, 2016.

Note 9 - Subsequent Events

THA has evaluated subsequent events through October 23, 2017, the date on which the financial statements were available to be issued. The following paragraphs describe certain subsequent events that have occurred related to the capital campaign described in Note 1.

THA entered into a construction contract with Rafn Company on August 3, 2017. The total amount of the contract was approximately \$19 million including tax. The construction started in August 2017 and is expected to be approximately fourteen months. This project is to improve, renovate and update the building. THA has conducted a capital campaign over the last few years to raise money for the improvements.

TOWN HALL ASSOCIATION

**Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

Note 9 - Continued

In addition to the construction contract, THA obtained a line of credit for \$7 million from Pacific Continental Bank. The loan is secured with collateral (guarantees) from donors and the long term reserves of THA. The interest rate is 30 day LIBOR plus 1.20%. The line of credit is for twelve months and is renewable for an additional twelve months. The current plan is to complete the capital project and raise the additional funds over the term of the loan.

Town Hall Seattle's building will be closed for the year ending June 30, 2018, however shows are still being produced at venues in different locations around Seattle. This program and related production activities are called Inside Out.