STANFORD JAZZ WORKSHOP

Contents

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INDEPENDENT AUDITORS’ REPORT

Board of Directors
Stanford Jazz Workshop
Stanford, California

Report on the Financial Statements

We have audited the accompanying financial statements of Stanford Jazz Workshop, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses 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.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stanford Jazz Workshop as of December 31, 2015, and the results of its operations 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

We have previously audited the Stanford Jazz Workshop’s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Certified Public Accountants
Oakland, California
May 3, 2016
## Statement of Financial Position

**December 31, 2015**

*(With Comparative Totals as of December 31, 2014)*

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$692,314</td>
<td>$97,330</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>21,645</td>
<td>2,319</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>130,772</td>
<td>642,859</td>
</tr>
<tr>
<td>Investments (Note 3)</td>
<td>1,513</td>
<td>1,792</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,650</td>
<td>22,565</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>847,894</td>
<td>851,865</td>
</tr>
<tr>
<td>Cash and cash equivalents - permanently restricted (Note 10)</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Investments - permanently restricted (Notes 3 and 10)</td>
<td>131,285</td>
<td>141,285</td>
</tr>
<tr>
<td>Property and equipment, net (Note 5)</td>
<td>4,887</td>
<td>7,367</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$996,104</td>
<td>$1,014,436</td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$39,133</td>
<td>$80,941</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>142,602</td>
<td>140,446</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>36,493</td>
<td>11,240</td>
</tr>
<tr>
<td>Deferred compensation (Note 12)</td>
<td>123,405</td>
<td>133,759</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>341,633</td>
<td>366,386</td>
</tr>
</tbody>
</table>

### Commitment and Contingencies (Notes 6 and 7)

### Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>348,375</td>
<td>220,760</td>
</tr>
<tr>
<td>Board designated (Note 9)</td>
<td>64,000</td>
<td>131,500</td>
</tr>
<tr>
<td><strong>Total Unrestricted</strong></td>
<td>412,375</td>
<td>352,260</td>
</tr>
<tr>
<td>Temporarily restricted (Note 8)</td>
<td>100,811</td>
<td>144,505</td>
</tr>
<tr>
<td>Permanently restricted (Note 10)</td>
<td>141,285</td>
<td>151,285</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>654,471</td>
<td>648,050</td>
</tr>
</tbody>
</table>

**Total Liabilities and Net Assets**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$996,104</td>
<td>$1,014,436</td>
</tr>
</tbody>
</table>

See Notes to the Financial Statements
## STANFORD JAZZ WORKSHOP

**Statement of Activities**

*For the Year Ended December 31, 2015*

*(With Comparative Totals for the Year Ended December 31, 2014)*

### Support and Revenue

<table>
<thead>
<tr>
<th>Support and Revenue</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government awards</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ 30,000</td>
</tr>
<tr>
<td>Foundation and corporate grants</td>
<td>10,007</td>
<td>217,950</td>
<td>227,957</td>
<td>60,542</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>567,370</td>
<td></td>
<td>567,370</td>
<td>302,049</td>
<td></td>
</tr>
<tr>
<td>In kind contributions (Note 13)</td>
<td>38,056</td>
<td></td>
<td>38,056</td>
<td>56,064</td>
<td></td>
</tr>
<tr>
<td><strong>Total Support</strong></td>
<td>615,433</td>
<td>217,950</td>
<td></td>
<td>833,383</td>
<td>448,655</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and program fees, net (Note 11)</td>
<td>1,243,242</td>
<td>1,243,242</td>
<td>1,033,120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concert income</td>
<td>328,564</td>
<td>328,564</td>
<td>361,509</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales, net</td>
<td>2,265</td>
<td>2,265</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>4,665</td>
<td>4,926</td>
<td>9,591</td>
<td>27,634</td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on investments</td>
<td>(4,462)</td>
<td>(8,720)</td>
<td>(13,182)</td>
<td>15,713</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>8,936</td>
<td>8,936</td>
<td>5,277</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,583,210</td>
<td>(3,794)</td>
<td>-</td>
<td>1,579,416</td>
<td>1,443,304</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions (Notes 8 and 10)</strong></td>
<td>267,850</td>
<td>(257,850)</td>
<td>(10,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Support and Revenue</strong></td>
<td>2,466,493</td>
<td>(43,694)</td>
<td>(10,000)</td>
<td>2,412,799</td>
<td>1,891,959</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total Expenses 2015</th>
<th>Total Expenses 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>1,864,579</td>
<td></td>
<td></td>
<td>1,864,579</td>
<td>1,821,752</td>
</tr>
<tr>
<td>Management and general</td>
<td>380,233</td>
<td></td>
<td></td>
<td>380,233</td>
<td>383,325</td>
</tr>
<tr>
<td>Fundraising</td>
<td>161,566</td>
<td></td>
<td></td>
<td>161,566</td>
<td>175,133</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>2,406,378</td>
<td></td>
<td></td>
<td>2,406,378</td>
<td>2,380,210</td>
</tr>
</tbody>
</table>

### Change in Net Assets

<table>
<thead>
<tr>
<th>Change in Net Assets</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>60,115</td>
<td>(43,694)</td>
<td>(10,000)</td>
<td></td>
<td>6,421</td>
<td>(488,251)</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th>Net Assets, beginning of year</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>352,260</td>
<td>144,505</td>
<td>151,285</td>
<td></td>
<td>648,050</td>
<td>1,136,301</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets, end of year</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 412,375</td>
<td>$ 100,811</td>
<td>$ 141,285</td>
<td></td>
<td>$ 654,471</td>
<td>$ 648,050</td>
</tr>
</tbody>
</table>

See Notes to the Financial Statements
Cash flows from operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$6,421</td>
<td>$(488,251)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to cash (used) provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,881</td>
<td>2,569</td>
</tr>
<tr>
<td>Gain (loss) on investments</td>
<td>(13,182)</td>
<td>(15,713)</td>
</tr>
<tr>
<td>Donated stock</td>
<td>(25,418)</td>
<td>(23,508)</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(19,326)</td>
<td>(1,231)</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>85,000</td>
<td>164,250</td>
</tr>
<tr>
<td>Inventory</td>
<td>279</td>
<td>955</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>20,915</td>
<td>1,392</td>
</tr>
<tr>
<td>Deposits</td>
<td>2,480</td>
<td>(3,555)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(41,808)</td>
<td>(51,019)</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>2,156</td>
<td>24,191</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>25,253</td>
<td>(80)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>$44,651</td>
<td>$(287,962)</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property and equipment</td>
<td>-</td>
<td>(3,860)</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(84,556)</td>
<td>(215,192)</td>
</tr>
<tr>
<td>Proceeds from the sale of investments</td>
<td>634,889</td>
<td>509,456</td>
</tr>
<tr>
<td>Net cash provided (used) by investing activities</td>
<td>550,333</td>
<td>290,404</td>
</tr>
</tbody>
</table>

Net change in cash and cash equivalents: $594,984 | 2,442

Cash and cash equivalents, beginning of year: $107,330 | 104,888

Cash and cash equivalents, end of year: $702,314 | $107,330

Supplemental Disclosure:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock donation</td>
<td>$25,418</td>
<td>$23,508</td>
</tr>
</tbody>
</table>
STANFORD JAZZ WORKSHOP

Statement of Functional Expenses
For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

<table>
<thead>
<tr>
<th>Programs</th>
<th>Total</th>
<th>Management</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>413,504</td>
<td>106,341</td>
<td>141,694</td>
<td>104,214</td>
</tr>
<tr>
<td>Concerts</td>
<td>29,213</td>
<td>7,478</td>
<td>36,691</td>
<td>9,866</td>
</tr>
<tr>
<td>Education</td>
<td>413,504</td>
<td>106,341</td>
<td>141,694</td>
<td>104,214</td>
</tr>
<tr>
<td>Concerts</td>
<td>29,213</td>
<td>7,478</td>
<td>36,691</td>
<td>9,866</td>
</tr>
</tbody>
</table>

Salaries $413,504 $106,341 $519,845 $141,694 $104,214 $765,753 $887,313
Pension contributions 8,423 2,279 10,702 3,402 2,246 16,350 17,865
Employee benefits 3,628 933 4,561 2,044 914 7,519 8,720
Payroll taxes 29,213 7,478 36,691 9,866 7,335 53,892 58,244

Total Personnel 454,768 117,031 571,799 157,006 114,709 843,514 972,142

Accounting fees - 11,826 - 11,826 10,240
In-kind legal fees - 38,055 - 38,055 56,064
Fee for service 352,417 269,950 622,367 133,777 7,789 763,933 586,864
Advertising and promotions 30,065 53,706 83,771 4,648 3,548 83,771 74,538
Supplies 8,032 2,562 10,594 4,648 3,548 10,894 8,108
Telephone 489 54 543 10,204 147 10,894 8,108
Postage 6,458 9,458 15,916 788 2,140 18,844 15,937
Bank fees 38,019 15,704 53,723 5,134 1,477 60,334 39,925
Copy and printing 13,199 505 12,694 4,681 29,472 44,871
Occupancy 234,578 38,452 273,030 9,866 7,109 289,125 296,394
Travel and meals 109,918 21,745 131,663 3,827 4,872 140,362 140,975
Conferences 1,272 505 1,777 471 260 2,508 3,430
Depreciation 1,016 261 1,277 348 256 1,881 2,569
Insurance 4,658 1,198 5,856 1,596 1,174 8,626 8,763
Dues, licenses, service fees 494 1,067 1,561 523 350 2,434 1,459
Box office fees 24,791 24,791 - 4,681 29,472 44,871
Equipment rental and maintenance 1,767 11,984 13,751 - 327 14,078 17,931
Information technology 1,976 1,265 3,241 758 235 4,234 10,519
Miscellaneous 12,913 3,494 16,407 2,286 3,442 22,135 9,146
Total Expenses $1,272,039 $592,540 $1,864,579 $380,233 $161,566 $2,406,378 $2,380,210

See Notes to the Financial Statements
NOTE 1: NATURE OF ACTIVITIES

Stanford Jazz Workshop (SJW) is a California nonprofit public benefit corporation, which was incorporated on March 9, 1987 to produce music education programs and performances. Our mission is to educate, entertain, and inspire a community of artists, students, and audience members through the study, performance, and appreciation of jazz - an original American musical form. SJW's activities include presentation of jazz concerts and jazz education programs for students of all ages. We assemble a community of the best performers and teachers of jazz with students and listeners of all abilities and backgrounds.

SJW presents four weeks of immersive jazz education in the summer: Giant Steps Jazz Day Camp for students ages 11-14; two separate weeks of Jazz Camp for students ages 12-17; and Jazz Institute for adult students and advanced teens. Concurrently, SJW also presents the Stanford Jazz Festival, an annual summer series of more than 25 jazz concerts. During the rest of the year, SJW offers three after-school jazz ensemble programs for middle school students. Approximately 750 students attend the education programs. Awards of financial aid help keep the programs accessible to all deserving students.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Temporarily restricted net assets also include accumulated appreciation of permanently restricted endowment funds that have not been appropriated by the Board in accordance with the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA).

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the
income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Accounts and Grants Receivable**

The Organization considers all accounts and grants receivable to be fully collectible at December 31, 2015. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

**Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2015 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization’s tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.
Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents
For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk
At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Inventory
The Organization reports inventory at cost, computed on the first-in, first-out basis.

Property and Equipment
Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $2,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

- Furniture and equipment: 3-5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset’s carrying value is reduced to its estimated fair value.

Deferred Revenue
Deferred revenue represents tuition deposits.

Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year’s summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of May 3, 2016 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

Investments consist of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuities</td>
<td>$</td>
<td>$ 89,335</td>
</tr>
<tr>
<td>Mutual funds and exchange traded funds</td>
<td>262,057</td>
<td>694,809</td>
</tr>
<tr>
<td>Total</td>
<td>262,057</td>
<td>784,144</td>
</tr>
<tr>
<td>Less long-term portion</td>
<td>(131,285)</td>
<td>(141,285)</td>
</tr>
<tr>
<td>Current portion</td>
<td>$ 130,772</td>
<td>$ 642,859</td>
</tr>
</tbody>
</table>

The long-term portion of these investments is permanently restricted by board and donor stipulation.

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes the following levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis are as follows:
Notes to the Financial Statements
For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

Mutual Funds and Exchange Traded Funds:

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>$34,150</td>
<td></td>
</tr>
<tr>
<td>Domestic Large Blend Equity</td>
<td>162,939</td>
<td></td>
</tr>
<tr>
<td>Foreign Large Blend Equity</td>
<td>33,369</td>
<td></td>
</tr>
<tr>
<td>Global Real Estate Equity</td>
<td>12,614</td>
<td></td>
</tr>
<tr>
<td>Multi-Asset</td>
<td>18,985</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$262,057</strong></td>
<td><strong>$262,057</strong></td>
</tr>
</tbody>
</table>

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$28,683</td>
<td>$31,332</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(26,645)</td>
<td>(27,413)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,038</strong></td>
<td><strong>$3,919</strong></td>
</tr>
</tbody>
</table>

**NOTE 6: COMMITMENT**

The Organization is party to a lease for office space in San Francisco, which expires December 2018. Future lease obligations were as follows for the years ending December 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$43,680</td>
</tr>
<tr>
<td>2017</td>
<td>43,680</td>
</tr>
<tr>
<td>2018</td>
<td>43,680</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$131,040</strong></td>
</tr>
</tbody>
</table>

**NOTE 7: CONTINGENCIES**

The Organization reimburses the State of California for unemployment insurance claims as they are paid and does not participate in the California Unemployment Insurance Program. Management is unaware of any known or probable claims. Given the lack of claims history no reasonable estimate of a contingent liability was possible. The Organization has board designated unrestricted net assets for the purpose of paying potential unemployment insurance claims as described in Note 9.

Grant awards require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization’s management is of the opinion that the Organization has complied with the terms of all grants.
NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future operations</td>
<td>$13,750</td>
<td>$78,650</td>
</tr>
<tr>
<td>Scholarships</td>
<td>37,061</td>
<td>40,855</td>
</tr>
<tr>
<td>Capacity building</td>
<td>50,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Total</td>
<td>$100,811</td>
<td>$144,505</td>
</tr>
</tbody>
</table>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes and time restrictions specified by donors as follows during the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future operations</td>
<td>$149,900</td>
<td>$61,750</td>
</tr>
<tr>
<td>Scholarships</td>
<td>17,950</td>
<td>53,256</td>
</tr>
<tr>
<td>Capacity building</td>
<td>75,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Performances</td>
<td>15,000</td>
<td>85,000</td>
</tr>
<tr>
<td>Total</td>
<td>$257,850</td>
<td>$225,006</td>
</tr>
</tbody>
</table>

NOTE 9: BOARD DESIGNATED NET ASSETS

The Board of Directors designated portions of unrestricted net assets for use as follows at December 31:

Personnel funds (Note 7) | 2015 $64,000 | 2014 $81,500 |
Endowment funds (Note 10) | - | 50,000 |
Total                | $64,000 | $131,500 |

NOTE 10: ENDOWMENT

The Organization’s endowment consists of various individual funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of the Organization has interpreted the 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 the donor-restricted endowments funds, absent explicit donor stipulations to the contrary. Consequently, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.
The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization’s Board. In accordance with UPMIFA, the Organization considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

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

**Return Objectives and Risk Parameters**

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a balanced portfolio comprised of cash, fixed income securities, and equities.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term objectives, the Organization 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 Organization targets a diversified asset allocation that places more emphasis on fixed income securities than equity securities to achieve its long-term return objectives within prudent risk framework.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that current law requires the Organization to retain for a fund of perpetual duration in accordance with GAAP. Deficiencies of this nature are reported in unrestricted net assets. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in unrestricted net assets. There were no deficiencies of this nature reported in unrestricted net assets as of December 31, 2015.

**Spending Policy**

The Organization has a policy of appropriating for distribution up to 5 percent of its endowment per annum. In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long term,
the Organization expects the current spending policy will allow its endowment to retain
the original fair value of the gift.

The composition and changes in the endowment net assets as of December 31, 2015 are
as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship Fund</td>
<td>$ -</td>
<td>$ 13,891</td>
<td>$ 51,285</td>
<td>$ 65,176</td>
</tr>
<tr>
<td>Lorry Lokey Fund</td>
<td>-</td>
<td>26,964</td>
<td>100,000</td>
<td>126,964</td>
</tr>
<tr>
<td>Board-designated</td>
<td>50,000</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Current year contributions:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current year investment income:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Dividends and interest</td>
<td>-</td>
<td>4,926</td>
<td>-</td>
<td>4,926</td>
</tr>
<tr>
<td>Net appreciation</td>
<td>-</td>
<td>(8,720)</td>
<td>-</td>
<td>(8,720)</td>
</tr>
<tr>
<td>Board redesignated net assets</td>
<td>(50,000)</td>
<td>-</td>
<td>-</td>
<td>(50,000)</td>
</tr>
<tr>
<td>Donor release from restriction</td>
<td>-</td>
<td>-</td>
<td>(10,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$ -</td>
<td>$ 37,061</td>
<td>$ 141,285</td>
<td>$ 178,346</td>
</tr>
</tbody>
</table>

**Note 11: Tuition and Program Fees**

The Organization presents tuition and program fees net of financial aid and scholarships.
Tuition and program fees consisted of the following during the years ending December
31:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and program fees</td>
<td>$1,336,277</td>
<td>$1,150,055</td>
</tr>
<tr>
<td>Less: Financial aid and scholarships</td>
<td>(93,035)</td>
<td>(116,935)</td>
</tr>
<tr>
<td>Total</td>
<td>$1,243,242</td>
<td>$1,033,120</td>
</tr>
</tbody>
</table>

**Note 12: Retirement Plans and Deferred Compensation**

403(b) Plan

Stanford Jazz Workshop has a defined contribution plan (the Plan) covering all regular
full-time employees. Employees are eligible for the Plan immediately after hire, and are
eligible for employer contributions and matching contributions after six months
employment. The Organization contributes 2% of each employee’s salary after six
months employment. In addition, the Organization matches up to 1% of employees’
contributions provided that the employee’s voluntary contributions equal or exceed 2% of
the employee’s total compensation. Total annual contributions by the Organization are
limited to the amounts specified under Code 415(d) of the Internal Revenue Service (IRS)
regulations for the limitation year. Contributions are administered by an investment
company. Employees are 100% vested in all contributions for which they are eligible.
Employer contributions totaled $16,350 and $17,865 for the years ended December 31,
2015 and 2014, respectively.
457(b) Plan

Stanford Jazz Workshop formerly offered a 457(b) retirement plan. The only current employee with assets remaining in the plan is the Executive Director. Contributions are administered by an investment company and are invested in fixed and variable annuities. Contribution amounts were deferred from the participating employee’s salary. The assets and liabilities related to the plan were $123,405 and $133,759 at December 31, 2015 and 2014, respectively.

NOTE 13: IN KIND CONTRIBUTIONS

During the years ended December 31, 2015 and 2014, the Organization received the benefit of donated legal services valued at $38,056 and $56,064, respectively.