

# **WOLF TRAP FARM PARK FOR THE PERFORMING ARTS JOINT MANAGEMENT STUDY**



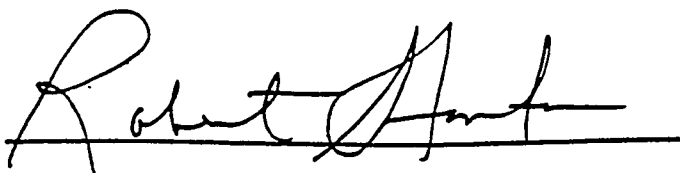
**Department of the Interior, National Park Service  
Wolf Trap Foundation for the Performing Arts**



**WOLF TRAP FARM PARK  
FOR THE PERFORMING ARTS  
JOINT MANAGEMENT STUDY**

This report has been prepared in response to Section 3 of Public Law 101-636.

This legislation directed that the Secretary, Department of the Interior, acting jointly with the Wolf Trap Foundation, conduct a study and analysis of the operations and management practices being carried out pursuant to the Wolf Trap Farm Park Act. The Congress directed that the study include, an analysis of the management relationship between the Foundation and the Park, a delineation of the operational responsibilities of the Foundation and the Park, and an analysis of the financial condition of the Foundation.



Regional Director, National Capital Region  
National Park Service

March 25, 1993

Date



President, Wolf Trap Foundation  
for the Performing Arts

12 May 93

Date

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## **I. STATEMENT OF PURPOSE**

**Public Law 101-636, dated November 28, 1990, provided for restructuring repayment terms and conditions for loans made by the Secretary of the Interior to the Wolf Trap Foundation for reconstruction of the Filene Center. The legislative provisions included:**

- 1. the terms and conditions for the repayment of loans made by the Secretary to the Foundation, and granted authority to the Secretary of the Interior to retain and expend such loan payments for the maintenance of structures, facilities, and equipment in the Park;**
- 2. specified a prohibition on the Foundation from commingling funds between activities which are conducted within and outside of Park boundaries; and**
- 3. directed that the Secretary, Department of the Interior, acting jointly with the Wolf Trap Foundation, conduct a study and analysis of the operations and management practices being carried out pursuant to the Wolf Trap Farm Park Act.**

**The legislation directed that the study include analysis of the management relationship between the Foundation and the Park, a delineation of the operational responsibilities of the Foundation and the Park, and an analysis of the financial condition of the Foundation.**

## **II. HISTORY**

Prior to providing an analysis of the management and operational relationship between the Wolf Trap Foundation for the Performing Arts (Foundation) and Wolf Trap Farm Park (Park), it is important to review the history of the Park.

### **Introduction**

A variety of performances are offered in the Park, as well as programs and special events that entertain more than half a million visitors each year. The Fairfax County, Virginia, countryside provides a natural backdrop for a summer season of opera, dance, symphony and popular attractions.

Wolf Trap Farm Park is unique in the National Park System being the only unit of the National Park System established solely for the performing arts, without any further historical or commemorative purpose. Considering this distinction, it can be said that the National Park Service (Service) at the time of establishment, lacked experience with and comprehension of professional performing arts functions and activities, which were contrary to those of standard Government operation. Similarly, the Foundation in its infancy experienced growth problems. These factors contributed vastly to communication difficulties and caused strain between the Foundation and the Service.

### **History**

1930-- In 1930, Catherine Filene Shouse purchased land in Fairfax County, Virginia, known as Wolf Trap, so named because area wolves were trapped for bounty during the 17th and 18th centuries. When Mrs. Shouse purchased the land, she retained the historic name, and chose to call her property Wolf Trap Farm. Mrs. Shouse donated 37.86 acres of her property in 1961 to the American Symphony Orchestra League (ASOL), the national association of symphony orchestras, for its National headquarters site.

1962-- Construction of the Dulles Access Road in 1962, divided the Shouse property. This, along with encroaching suburban development, heightened Mrs. Shouse's concern for open space preservation and an increased desire for a facility to hold summer music festivals. This idea led to numerous discussions and meetings with a variety of County, State and Federal officials, wherein Mrs. Shouse proposed donation of part of her farmland for the creation of a park for the performing arts. The County rejected her proposal as being too costly to be maintained by the County. The State of Virginia arrived at similar conclusions.

1966-- In February of 1966, following a general agreement between Mrs. Shouse and Secretary of the Interior Stewart L. Udall, planning began for the proposed park.

Among planning concerns outlined in the early (1966-67) draft plan were: the location of the amphitheatre; ASOL's access to the 5 acres of its donated land; the inadequacy of the Shouse farmhouse on the property for administrative offices and/or museum exhibits and lack of adequate funding for a new facility. Another important aspect of the plan was relocation of Trap Road around the perimeter of the Park. This element was soon abandoned in the absence of local support and sufficient land. The road would instead be widened and realigned through the Park.

On May 20, 1966, Mrs. Shouse and Secretary Udall signed an agreement that provided for the donation of her property to the United States Government. It was contemplated that development would include an amphitheatre for presentation of performing arts programs, an administration building with museum space for exhibits, a small natural amphitheatre, and at least two studio housekeeping cabins for use by writers and composers for the performing arts. In addition, the Secretary would appoint an Advisory Board of not more than nine members, including Mrs. Shouse and an ASOL representative, "to render advice to the Secretary on any matter relating to artistic programs contemplated for presentation at the auditorium and to recommend and suggest for his consideration programs believed by the board to be suitable for presentation." Following legislative authorization and appropriations, the Park was to be "administered, operated, and maintained by the National Park Service as a part of the National Capital Parks System and be known as WOLF TRAP FARM PARK."

The Service would develop the area according to a specified program, subject to congressional authorization and appropriations. Its total capital expenditure was foreseen as \$584,000.

The bill, establishing Wolf Trap Farm Park, was signed into law on October 15, 1966, as Public Law 89-671. The Act authorized the Secretary of the Interior "to establish, develop, improve, operate and maintain the Wolf Trap Farm Park" as "a park for the performing arts and related educational programs, and for recreation use in connection therewith". The Public Law specified that the boundaries of the Park not exceed 145 acres, which included portions of the Shouse and ASOL properties. The Act stated that the Secretary of the Interior administer the Park in accordance with the provisions of Section I of the Act, as well as the Act of August 25, 1916, the Organic Act of the National Park Service. To carry out the purposes of the Act, \$600,000 was authorized to be appropriated.



1968-- Upon enactment of Public Law 89-671, two Shouse parcels totaling 59.04 acres and  
 1969-- the American Symphony Orchestra League tract of 37.863 acres were donated to the United States Government. On March 18, 1968, Clarence W. Gosnell, developer of the Wolf Trap Woods subdivision to the east of the Park, donated two desired tracts totaling 6.63 acres in fee and a scenic easement on 10.06 acres. The Service made only two purchases. A tract of 1.90 acres and a scenic easement on 2.33 adjoining acres at the southeast corner of the Park were bought from Eletheer J. Besley for \$15,000 on July 25, 1968. The final acquisition was 12.464 acres west of Trap Road and north of the Shouse tract; Morris and Ann Mary Sussman deeded it on August 14, 1968, for \$56,000. The Park thus comprised 117.89 acres in fee and 12.39 acres in easement, totaling 130.28 acres, acquired at a cost of \$71,000.

The Service advertised construction of the Filene Center in the summer of 1968. The single bid received totaled some \$3,600,000--far exceeding the \$1,896,000 estimated by the architects. Mrs. Shouse agreed to donate \$1,750,000, and the Service agreed to contribute a net of \$239,000 for related items. The difficulty was not with the bid but with the building as designed. The architects, working with Service professionals began to cut certain extras from the basic contract. Included in the cuts was the fire protection system, which was to be offered for bid in a separate contract. In addition, temporary roofing material, over the audience seating area, was selected in order to reduce construction costs.

On January 14, 1969, four bids were opened for the scaled-down project. Bids ranged from \$1,985,093 to \$2,453,737. The low bidder was disqualified, and on February 19 the contract was awarded for \$2,207,633. To help cover the additional cost so that the Service could make the award, Mrs. Shouse added \$202,490 worth of Federated Department Stores stock to her original trust fund. This was accomplished by Amendments to the original May 20, 1966 Agreement, between Mrs. Shouse and the United States Government, and to the original Deed of Trust executed by Mrs. Shouse.

In formulating a Master Plan for the area, there were considerable differences between the Service's role and objectives and those of the Foundation. The Service saw its role becoming essentially one of overseeing and coordinating activities rather than managing the operation of a park. The Foundation felt it should have the primary management role at the Park, rather than being made to fit into the context of the traditional role of the Service.

An element of the December 1967 draft Master Plan was implemented, when, on November 5, 1968, the Wolf Trap Foundation for the Performing Arts was established (incorporated) as a nonprofit corporation, organized under the laws of the District of Columbia. Its general purpose would be to receive and maintain a fund of real and/or personal property to implement programs in the field of performing arts at Wolf Trap Farm Park, with funds received by the Foundation to include the constructing and equipping of an amphitheatre.

Shortly thereafter, another outside body was formed in accordance with the original 1966 agreement: the 9-member Advisory Board prescribed in the Udall-Shouse agreement to recommend and advise the Secretary of the Interior on Wolf Trap performance programming.

Mrs. Shouse, with the concurrence of the Secretary of the Interior, appointed 15 members (9 of which were members of the Secretary's Advisory Board) to the Wolf Trap Foundation Board of Directors. Consequently, the Advisory Board ceased to exist.

1970-- The first Cooperative Agreement formalizing the Service-Foundation relationship was signed on December 16, 1970. In this agreement, the Foundation was assigned "exclusive authority and responsibility to contract for the production and presentation of and/or itself present performing arts and related educational programs in the Theatre." The Foundation was granted, through the Cooperative Agreement, permission to provide food and beverage service to the public. It subsequently did so through third party agreements. The Foundation agreed to have available as of February 1 each year cash reserves sufficient to meet any deficit which might reasonably be expected during the following program season. The Service agreed to provide some office space in the Park for the Foundation's staff. Because adequate space did not become available, the Foundation rented quarters on Mrs. Shouse's property at Government expense until March 13, 1979, when the General Services Administration (GSA) leases were terminated by the Service. The production staff of the Foundation, has always been housed seasonally in the Filene Center complex.

1971-- The Filene Center was plagued with problems during its construction in 1969-71. On March 13, 1971, a fire occurred in the unfinished theatre. The resulting blaze caused damage costing some \$650,000 to repair. The total cost of the contract to build the Filene Center, with change orders, totaled \$2,632,955.

As the first season approached, it became evident that additional Federal funding would be needed to supplement the private money raised by the Foundation for services rendered in presenting performing arts programs to the public. On June 12, 1971, the 1970 Cooperative Agreement was amended to provide for direct Federal financial assistance to the Foundation, but not in excess of appropriations made by Congress for any one fiscal year. The Secretary of the Interior provided \$75,000 to the Foundation for the 1971 season.

The Park officially opened on July 1, 1971.

1972-- The 1970 Cooperative Agreement was amended again in January 1972 to increase the Government contribution and amended once more that September to provide greater flexibility as to the amount of federal financial assistance which may be given the Foundation.

It was soon apparent that the \$600,000 development ceiling for the Park was insufficient. The land acquisition component of the Service's cost estimate of \$107,500, proved to be enough. But, no Federal funds remained available for the Filene Center's orchestra shell, additional rest rooms and utility lines, security fencing and vehicle parking. Early in March 1971, the Interior Department sent to the Office of Management and Budget (OMB) for clearance, draft legislation raising the development ceiling to \$7,767,000. This was superseded in May by a ceiling request of \$9,567,000--nearly \$9 million more than the original authorization. This increase included \$2 million for the access roadways paralleling Dulles Access Road and \$4.2 million for a parking garage.

OMB turned down the requested increase in September of 1971, saying that the Park had no master plan adequately locating and justifying the proposed improvements and no traffic study supporting major expenditures for access roads and parking. The Service responded with a traffic study based on the first summer's operation. The study discounted the need for the parking garage and parallel access roads, recommending only upgrading of existing surface parking and a pedestrian tunnel beneath Trap Road. Meanwhile, the Service prepared and OMB cleared a legislative request to strike the \$600,000 ceiling so that additional project funds could be individually sought and justified. On December 10, 1971, when the House Committee on Interior and Insular Affairs reported its omnibus bill, a provision in the proposed legislation amended the original Wolf Trap Farm Act, to specify a new ceiling of \$5,473,000. The figure was taken directly from the Service's cost estimate for new development. On April 11, 1972, this legislation was enacted (Public Law 92-272) which increased the development ceiling from \$600,000 to \$5,473,000. An immediate reprogramming of \$665,000 from other Service projects, approved by the House and Senate Interior appropriations subcommittee chairmen, enabled swift work on the pedestrian tunnel and parking improvements.

- 1979-- In June of 1979, the Interior Department's Inspector General submitted a report on the Service-Foundation relationship under the Cooperative Agreement. The report stated "since 1972, the Agreement has been purposely vague on the subject of the amount of the financial assistance". The report recommended tighter accounting controls.
- 1980-- On September 16, 1980, a revised Agreement was signed between the Service and the Foundation. It provided that the Service's responsibility for stagehand services shall be limited to the amount appropriated and any amount in excess of that amount be the responsibility of the Foundation. Additionally, the agreement provided that Federal financial assistance to the Foundation shall be in an amount equal to that made available to the Service by appropriation. Also, that it was the intent of the Foundation and Service to work toward making performing arts programming at Wolf Trap a financially self-sufficient operation.



- 1981-- With construction of the Dulles Toll Road in 1981, came a renewed concern for noise intrusion. The Dulles Toll Road Final Environmental Impact Statement called for construction of, and funding for, a 25-foot sound barrier to protect the Park. The barrier was subsequently modified to 40 feet.
- 1982-- The Filene Center was originally designed with a fire protection system, but this was deleted from the original contract when it became necessary to cut construction costs. A fire protection system for the lower level was funded in Fiscal Year 1982, and work began on its installation. The job was underway when, on April 4, 1982, a major fire destroyed the Filene Center.

The 1982 and 1983 performing seasons took place in a huge tent-like structure known as the Meadow Center. The prefabricated structure, purchased with private and Government funds, was disassembled from its previous site in the United Arab Emirates and transported to Wolf Trap through the generosity of the Saudi Arabian government. Volunteers provided much of the labor needed to erect the structure. Following the 1983 performing season, the Meadow Center was disassembled and the meadow was returned to its natural state.

Public Law 97-310, enacted on October 14, 1982, authorized financial assistance to the Wolf Trap Foundation for reconstruction of the Filene Center--a \$9.0 million grant and a \$8.0 million loan. The legislation directed the Secretary of the Interior to enter into a cooperative agreement with the Foundation regarding the presentation of performing arts and related educational and cultural programs as agreed to by both parties. The Act also stipulated that the Secretary could provide technical and financial assistance under such cooperative agreement. As a condition to the Secretary entering into such cooperative agreement, the Act stipulated that: (1) the Foundation maintain, at Foundation expense, insurance on the Filene Center; and (2) the Foundation maintain its status as a nonprofit organization, subject to exemption from taxation. The Secretary's responsibilities included overseeing the reconstruction and final approval over the plans for the location and design of the Center. The Foundation's responsibilities included managing the construction activities, including the selection of persons to perform architectural engineering construction and related activities. Public Law 97-257, dated September 10, 1982, appropriated \$2.0 million and Public Law 97-394, dated December 30, 1982, appropriated an additional \$15.0 million, for a total of \$17.0 million, which was the amount authorized. The grant could not exceed \$9.0 million and would be made available to the Foundation based on two for one matching funds. In other words, the Foundation would have to raise \$4.5 million to qualify for the \$9.0 million grant. Thus, the Service and Foundation effected a Memorandum of Understanding on November 2, 1982, outlining the procedures to be followed in the rebuilding of the Center. On November 23, 1983, the Foundation and the Service executed a separate agreement outlining the terms under which the Service would disburse appropriated grant monies to the Foundation. The promissory notes executed by the Foundation varied in time and amount, all with compounded interest at prevailing rates of 11-13 percent annually. Such interest amounts were subsequently forgiven in accordance with Public Law 101-636.

Filene Center II was not a replica of its predecessor. It turned out to be a larger facility, adding some \$4.1 million to the estimated \$11,430,000 cost of duplicating the original. With another \$2 million added for fees and contingencies, the total price for the new structure was estimated at \$18,812,000. This new facility increased the seating capacity from 6,462 to 6,786; added three stories to the height of the building; increased the overall square footage from 55,100 to 98,808; and provided a partially completed rehearsal hall.

ASOL advised the Service that it was vacating the brick house and renouncing any current and/or future rights to the dwelling as of November 15, 1982. At this time, ASOL conveyed to the Service all right, title and interest in the brick house as well as the modular unit attached to the brick house which was previously purchased and installed by ASOL. The Service has permitted the Foundation to use this space. It is currently occupied by the Wolf Trap Associates.

1983-- An agreement was executed on July 22, 1983, between the Virginia Department of Highways and Transportation and the Wolf Trap Foundation, with approval by the National Park Service and the Federal Aviation Administration to allocate funding for a sound barrier. The total cost of the project was approximately \$1,444,852.44. The Foundation agreed to pay \$541,820 and the Virginia Department of Highways and Transportation agreed to pay the remainder. This agreement was modified a few years later and the State of Virginia forgave the repayment debt of the Foundation.

1984-- The new Filene Center opened on July 30, 1984.

1985-- On January 24, 1985, a fracture in one of the main roof support beams was

1986-- discovered. While the Foundation had expended approximately \$1.8 million from their insurer and A&E/Contractor Contributory Fund on initial repairs of this structural defect, an additional \$1.5 million was required for the permanent repair of the beam, as well as correction of 126 work items on the original contract.

To provide for these repairs, on December 19, 1985, Congress enacted Public Law 99-190, which authorized an increase in the loan ceiling from \$8.0 million to \$9.5 million. Since no appropriation accompanied this additional authorization, the Service had to reprogram funds to provide for the unanticipated repairs. The additional loan ceiling of \$1.5 million was adjusted to \$1,435,500 pursuant to the 4.3 percent reduction mandated by the Gramm-Rudman-Hollings legislation. The repairs to the fractured beam were completed in May 1986, bringing the actual total reconstruction cost, including legal fees and repairs to the beam fracture, to \$27,230,026. Public Law 99-190 also provided that nothing contained in the Act be construed to affect the authority of the Secretary under any other provisions of law with respect to the administration of the Park.

1990-- The current Cooperative Agreement between the Foundation and the Service, was executed on March 23, 1990, and is in effect through April 30, 1993.

1991-- Subsequently, the Cooperative Agreement was amended on January 2, 1991, to reflect the provisions contained in Public Law 101-636.

1992-- Although Filene Center II has remained open for performances, the building has encountered problems related to design and construction of the structure. This has contributed to increased maintenance costs to correct premature failure of parts and systems within the structure. The work performed has been on a reactive basis, as required to provide visitor and staff safety and to continue operations at the Center. The Service has prioritized the remaining maintenance requirements and is beginning to correct these problems by utilizing the annual loan repayment from the Foundation along with appropriated funds.

Also, the construction of the Center's Rehearsal Hall has not been completed. The cost of completing the Rehearsal Hall is currently estimated at \$1,782,000.

Throughout the history of Wolf Trap Farm Park there have been major events, legislative actions, differing philosophies and organizational objectives, as well as rising operational costs which have had a major impact on the operation of the Park and the Foundation. These critical factors have all had a very real impact on the management and operational relationships between the Foundation and the Service, thus requiring a delineation of operational responsibilities.



### **III. MISSION STATEMENTS OF SERVICE AND FOUNDATION**

#### **Service**

Public Law 89-671, dated October 15, 1966, provided for the establishment of Wolf Trap Farm Park, a park for the performing arts and related educational programs, and for recreation use in connection therewith. The Service was mandated to establish, develop, improve, operate, maintain, and administer the Park in accordance with the provisions of Section 1 of this Act, as well as the Act of August 25, 1916, the National Park Service Organic Act.

Consequently, the Service operates Wolf Trap Farm Park as any other National Park Service entity with the exception that, through a Cooperative Agreement, the Service has created a partnership with the Wolf Trap Foundation to provide performing arts programs in accordance with the National Park Service legislative mandate.

#### **Foundation**

The Wolf Trap Foundation for the Performing Arts was established by Articles of Incorporation within the District of Columbia. The Foundation was organized solely for charitable, scientific, literary, and educational objectives or purposes as a non-profit corporation.

The primary goal of the Foundation is to provide facilities through which the people of the United States and foreign visitors may enrich their knowledge of the performing arts. The general purpose of the Foundation is to receive and maintain a fund of real or personal property or both to implement programs in the field of the performing arts at Wolf Trap Farm Park.

The Wolf Trap Foundation, a private non-profit organization, is responsible by Cooperative Agreement for selecting and funding Filene Center programming as well as certain other related services such as box office and advertising.

The following information outlines a recently adopted 1990 Mission Statement of the Wolf Trap Foundation, which the Service will consider, along with other alternatives in producing the General Management Plan for the Park.

The mission of the Wolf Trap Foundation is to enrich, educate and provide enjoyment to the widest possible audiences through a broad spectrum of accessible, high-quality activities in the performing arts.

The Foundation's goals for the next ten years include the following:

- A. To present a broad spectrum of high quality performing arts and related education programs for local, national and worldwide audiences.
- B. To be a recognized leader in the performing arts and to attract each year artists of national and international stature.
- C. To attract live audiences to more performances year by year.
- D. To develop greater understanding and seek broad financial support of the Foundation's activities from individuals, organizations, governments, businesses and foundations throughout this country and around the world.
- E. To present programs that may not be fully self-sustaining. Such programs will:
  - E1. Broaden the artistic horizons of audiences and enrich their appreciation of the performing arts.
  - E2. Reach out to new audiences and broaden the composition of those attending performances.
  - E3. Introduce young people to the performing arts.
  - E4. Present original productions, innovative performances, and explore opportunities offered by experimental technologies.
  - E5. Present promising artists early in their careers and advance the professional careers of emerging performing artists, such as through opera.
  - E6. Create, distribute and develop techniques using the performing arts to enhance preschool children's learning abilities.
- F. To develop the Foundation properties and facilities, and to work closely with the Secretary of the Interior to develop Park properties, facilities, and policies to support carrying out these goals.

#### IV. MANAGEMENT/OPERATIONAL RESPONSIBILITIES NATIONAL PARK SERVICE/FOUNDATION

The Wolf Trap Farm Park for the Performing Arts and the Wolf Trap Foundation have worked jointly to define their respective roles. Obviously the roles are to a large part defined by Public Law 89-671 which established the park and the Cooperative Agreement which spells out the role and function of the two entities. It must be noted that both parties perform some of the same functions but with a different emphasis. The study identifies some broad categories which are identical; however, the roles defined within the categories are quite different. There is no duplication and every effort has been made to ensure that each party assumes responsibilities for activities identified in the Cooperative Agreement.

##### NATIONAL PARK SERVICE/WOLF TRAP FARM PARK

##### PARK OPERATIONS (INCLUDES PARK & FILENE CENTER)

###### MANAGEMENT

- National Park operations (legislation, regulations, policies, agreements)
- daily/future operations/activities
- safety/security
- public relations & press

###### ADMINISTRATION

- budget
- personnel
- procurement/property

###### PERFORMING ARTS

- co-producer
- theatrical management
- stagehands management
- support services for Foundation activities (television, radio, etc.)
- stagedoor operations

##### WOLF TRAP FOUNDATION

##### FOUNDATION OPERATIONS

###### BOARD OF DIRECTORS\*

###### MANAGEMENT\*

- operations (agreements, regulations, policies, reporting requirements)
- daily/future operations/activities
- Wolf Trap Associates

###### ADMINISTRATION\* (FINANCE & ADMINISTRATION) +

- budget
- personnel
- procurement/contracting
- insurance, Filene Center\*\*
- loan (legislation)
- financial reporting requirements

###### PERFORMING ARTS (PROGRAM & PRODUCTION) +

- co-producer
- programming, Filene Center\*\*
- stagehands management
- box office\*\*
- producing (opera company)\*\*
- performance sponsorships\*\*

\*OFF PARK PROPERTY

\*\*ON & OFF PARK PROPERTY

+CENTRAL FOUNDATION FILE



#### CONCESSIONS/COMMERCIAL ACTIVITIES

- No current participation by National Park Service.  
However, NPS and Fairfax County Health officials conduct annual health and safety inspections of concession facilities.

#### INTERPRETATION/VISITOR SERVICES

- House management - Filene Center
- special programs
- security/protection/crowd control/visitor safety/traffic control
- interpretive & educational programs
- resource management programs
- Theatre-in-the-Woods programs

#### MAINTENANCE

- buildings/structures
- equipment/fixtures
- roads, trails, paths, parking areas, grounds
- janitorial
- utilities
- repairs & clean up from concession facilities

#### ADVERTISING/MEDIA RELATIONS

- permits
- press releases
- publicity (Park interpretive programs)
- support services for Foundation activities (television, radio, etc.)

#### SPECIAL PROGRAMS/SPECIAL EVENTS

- volunteers
- permits
- support Foundation & Wolf Trap Associates' activities
- festivals, etc.

#### CONCESSIONS/COMMERCIAL ACTIVITIES\*\*

- gifts/souvenir sales
- food/beverage
- third party rentals

#### INTERPRETATION/VISITOR SERVICES

- responsibility rests with NPS
- educational programs\*\*

#### MAINTENANCE

- janitorial services provided for concession areas and box office areas

#### ADVERTISING/MEDIA RELATIONS\*\*

- public affairs
- publicity (Filene Center)
- gala, etc.

#### SPECIAL PROGRAMS/SPECIAL EVENTS\*\*

- fund raising
- festivals, etc.
- gala, etc

\* OFF PARK PROPERTY

\*\* ON & OFF PARK PROPERTY

+ OFFICIAL FOUNDATION TITLE

#### REGIONAL/WASO SUPPORT

- Cooperative Agreement (management support, reporting requirements)
- stagehands funding support
- Park Police support
- financial/budgetary support
- contracting
- grants
- loan repayment
- long-range planning
- maintenance support
- interpretation, resource management, safety and visitor services support
- Public Affairs support
- architectural/engineering support
- Solicitor's Office review
- Secretarial representation
- Congressional liaison

#### GRANTS/DONATIONS\*

- solicitation

#### WOLF TRAP OPERA COMPANY (FILENE CENTER & BARNES)\*\*

#### WOLF TRAP INSTITUTE\*\*

- educational programs

#### BARNES OF WOLF TRAP\*

#### WOLF TRAP ASSOCIATES\*\*

- Board of Directors
- memberships, fund raising, etc.

\*OFF PARK PROPERTY

\*\*ON & OFF PARK PROPERTY

+ OFFICIAL INFORMATION

The current Cooperative Agreement, which was signed on March 23, 1990, between the Foundation and the Service outlines the following responsibilities:

**Service** - Responsible for Park, including Center, and responsible for interpretive programs.

Responsible, at no expense to Foundation, for structural integrity, general and preventive maintenance, proper functioning of equipment, and security of Park and the Center.

Service and Foundation jointly determine opening and closing time of Center.

Contract with Foundation to provide stagehand services.

Seek sufficient funds to help defray contemplated cost of stagehands, limited to amount appropriated by Congress.

Process applications from Foundation for Federal financial assistance in amount equal to that provided by appropriation.

Responsible for submitting to appropriate committees of U.S. House of Representatives and U.S. Senate the report received from Foundation summarizing activities of previous year and providing a plan for forthcoming year.

Have right to verify and audit all books, correspondence, memoranda and records of all concession contracts, permits, licenses, etc.

Shall consult with Foundation on expenditures of funds repaid by Foundation for maintenance of facilities and equipment.

**Foundation** - Responsible for all Foundation telephone service, including installations, monthly charges and equipment changes.

Responsible for all utility services provided in box office, concession and third party occupant areas.

Responsible for routine maintenance, including all equipment and fixtures, in areas which it has authorized concessionaires and third party occupants to use.

Responsible for dinner tent, except for structural integrity of deck area.

Reimburse Service for any costs incurred for broadcasting, residuals, and commercial rebroadcasts.

Prepare annual report to Secretary on or before March 1 of each year summarizing activities of previous year and providing a plan for forthcoming year.

Present preliminary schedule on or before February 1 and a detailed schedule of forthcoming year programs on or before April 1 for approval by the Regional Director, National Capital Region.

Have authority to authorize the use of areas assigned for concessionaires and other third party occupants consistent with Service concessions management practices and procedures.

Copies of all contracts, licenses, leases, permits, or other authorizations executed for third party activities within the Park must be provided to Service within 30 days of execution. Such activities must receive prior approval from the Service.

Maintain, at Foundation expense, insurance on Center and assume liability for any and all third party claims.

Procure fire and hazard insurance in amount equal to appraised replacement cost of Center.

Maintain accounting records and provide copies of box office statements to the Service on weekly basis during Center season.

Repay loan principal of \$8,560,226 over a 25 year period, beginning June 1, 1991 in annual installments. First three (3) annual payments shall be \$215,000. Repayment of Loan Principal may include a credit, not to exceed \$60,000 annually for public service tickets. The remaining annual payments will be \$359,783. The credit provision remains in effect for the full 25 year period resulting in an annual net cash payment of \$299,783.

Abide by Federal laws with respect to lobbying with appropriated monies.

Shall maintain separate accounts for activities outside of the Park from accounts covering presentation of performing arts and related programs within the Park.

## **V. ANALYSIS OF MANAGEMENT RELATIONSHIPS**

The Wolf Trap Foundation (Foundation) and the National Park Service (Service) have endured as a partnership despite differing philosophies and organizational objectives. It is a credit to both organizations that Wolf Trap has achieved such noted national and international acclaim.

There are three major issues which involve: funding, operations, and management.

### **A. FUNDING**

#### **Foundation**

From all sources, including National Park Service support (\$30,674,769), the Foundation has generated revenues of \$149,214,754 from 1971 through 1991. The Foundation's operations have grown from an operational budget of \$4.5 million in 1985 to \$14 million in the fiscal year ended October 31, 1991. Operating surpluses have been generated by the Foundation from FY 1986 through FY 1990. In FY 1991 there was a small deficit. However, the Foundation Board does not expect a deficit to return in FY 1992.

The General Accounting Office (GAO) provided testimony on September 27, 1990, before the Subcommittee on National Parks and Public Lands Committee on the Interior and Insular Affairs which was considering various debt restructuring alternatives with regard to the Wolf Trap Foundation's debt to the U.S. Government. According to the GAO, the Foundation reported total assets of \$13.9 million on July 31, 1990. Of this amount, over \$10 million was cash and short-term investments. Most of the remaining assets were land and buildings. The Foundation stated that most of the assets were restricted endowments and could not be utilized for general purposes, i.e., loan repayment. The Foundation has continued to utilize these assets as restricted endowments. These funds are characterized as designated funds (resources received for specific programs and/or activities), restricted funds (resources received for programs and/or activities with specific instructions as to what functional expense the resources are to be used) and endowments funds (funds that are subject to restrictions of gift instruments requiring, in perpetuity, that the principal be invested and only the income be used for the Foundation's operation).

#### **Service**

The Service has expended a total of \$72,543,520 on Wolf Trap Farm Park from FY 1969 through FY 1991. Of this amount, \$12,174,769 was for program support and stagehands costs. In FY 1991 the Service's budget for the operation of the Park totalled \$2,604,700. Additionally, \$431,769 was granted for stagehands costs and \$168,507 for program support.

An annual issue involves the funding requirements for stagehands expenses. The Foundation maintains that additional funds are needed each year due to: 1) salaries and benefits have steadily increased, 2) costs have risen due to productions becoming more complex, and 3) programming has become more diverse. Each year the Service provides funds to the Foundation for stagehands assistance prior to the season, however, since 1985, these funds have not been adequate to fully cover the stagehands cost. The Service's obligation to provide stagehands assistance and program support to the Foundation is limited by the amount appropriated by Congress.



## **B. OPERATIONS**

### **Foundation**

The Foundation has responsibility for the programming of performing arts programs and related educational programs, the box office, advertising, public relations, and special events for the Filene Center; and authority to authorize the use of areas assigned for concessionaires and other third party occupants within the Park. Upon approval of the Secretary of the Interior, the Foundation may also provide performing arts and related educational programs in Park locations other than the Center.

Outside of Park boundaries, on its own 39+ acres, the Foundation administers several other programs and activities throughout the year, as a year round performing arts-educational organization.

The largest and most active program that compliments the Filene Center is the Barns of Wolf Trap, which is located on Foundation property. This intimate and versatile indoor facility, with a seating capacity of 350, continues with active programming (on a lesser scale) from October through May each year. Accordingly, the Foundation provides the same programming, box office, advertising, concession support that is required in the Filene Center. Since this facility is owned by the Foundation, its responsibilities also include the grounds, facility and equipment maintenance.

As a versatile space, the Foundation makes use of the Barns for its educational programs (Wolf Trap Institute and Wolf Trap Opera Company) and other special events, including other rentals.

### **Service**

The Service has responsibility for the operation, maintenance, and administration of the Park; technical/logistical support for all programming elements necessary for theatre presentation, i.e., House Manager, ushers, stagehands, crowd control, and safety; responsibility for interpretive programs; and responsibility for security, traffic control and parking.

Wolf Trap Farm Park provides Interpretive Programs in keeping with the Park's mandate for performing arts and related educational activities in a natural setting. These interpretive programs include: performances for children of all ages in the Theatre-in-the-Woods which introduce young people to a variety of performing arts; performance previews offering patrons a discussion regarding a particular performer or performance; orchestra rehearsals to participate in discussions with the conductor or guest artist; behind the scenes tours and nature walks to provide natural resource education concepts and interpretive talks for schools and organizations.

In addition, Wolf Trap Farm Park participates in many special events sponsored by third parties, but held at the Park. These include Chapter I Festivals of Music sponsored by the local departments of Education; International Children's Festival sponsored by the Fairfax County Council of the Arts; and the annual Christmas Carol Sing sponsored by the Foundation.

## **C. MANAGEMENT**

### **Foundation**

The Foundation produces and presents all programs and administers the programming and production, box office, advertising and public relations for all activities of the Foundation.

Outside of Park boundaries, on its own 39+ acres, the Foundation also manages several other programs and activities as a year round performing arts-educational organization. These include the Barns of Wolf Trap and the Wolf Trap Institute.

The Wolf Trap Associates, which consists of a committee with staff, is part of the Foundation, and is physically located on Park property.

The Foundation is developing a master plan for the eventual development of its 39+ acres which will include an educational complex, with offices, and possibly, housing for interns and the Wolf Trap Opera Company.

In October 1990, the Foundation released a document entitled, "A Report on Programs FY 89-91 and Program Plans FY 92-94". This report outlines an aggressive expansion program, encompassing both Park property and their 39+ acres. The areas related to the Park include:

- increasing the number of performances
- increasing seating
- increasing parking
- expanding activities related to performances  
(dinner theatre, concessions)
- providing increased support to interpretive activities
- transferring more of stagehands cost to Service
- performing more pro-active partnership role in some of  
Park management decisions which impact role of Foundation

### **Service**

The Service manages the operation, maintenance, and administration of the Park in accordance with Federal laws and regulations as a unit of the National Park System. The Service is currently preparing a data base for initiating the FY 1994 Draft General Management Plan/Environmental Impact Statement for Wolf Trap Farm Park.

**The Service wants to improve the quality of the visitor's experience to the Park by:**

- maintaining natural atmosphere at Park**
- improving access, parking, and reducing related safety hazards**
- supporting and participating in the level of programming with regard to the number and types of performances and length of season consistent with available budget and impact on Park resources**
- implementing maintenance program which will ensure quality of physical plant**
- strengthening interpretive activities**

**The Service has to abide by governing Federal laws and regulations, and maintain funding for the Park in line with Congressional appropriations.**

**It is clear that both the Foundation and the Service want to improve the quality of the visitor's experience while maintaining the integrity of the resources. A current issue is the Foundation's desire to expand the season to include more performances to take advantage of the facility. The Service does not have funds to support this endeavor. The Foundation hopes to expand the revenues received from the performances and related activities; however, the Service receives no financial advantage from these activities.**

**VI. SEPARATE ACCOUNTS/COMMINGLING**

**Section 2 -- Prohibition on Commingling Foundation Funds and Park Funds -- of Public Law 101-636, amended Section 5(c) of the Wolf Trap Farm Park Act, as follows:**

**"(4) the Foundation will maintain accounts for Foundation activities outside of the Park separate from Foundation activities for presentation of performing arts and related programs presented at the Center and other areas of the Park."**

**Amendment 1, dated January 2, 1991, to the 1990 Cooperative Agreement between the Foundation and the Service added Paragraph N. Separate Accounts, which stated:**

**"The Foundation shall, in accord with generally accepted accounting principles maintain accounts for its activities outside of the Park separate from accounts covering the presentation of performing arts and related programs presented within the Park."**

**The Department of the Interior, Office of the Inspector General's audit of the Wolf Trap Foundation, dated October 1991, directed that the Foundation establish a separate account for expenses applicable to National Park Service cooperative agreements.**

**An independent audit of the Foundation records was performed in FY 1991. The reports received to date comply with OMB Circular A-133, the requirements contained in Public Law 101-636. The Foundation is currently converting to a new general ledger system that will provide detailed custom reports regarding expenses by location.**

**Central to the issue of financial reporting is the requirement that annual financial reports be audited by an independent certified public accountant, and such report must include all revenues and expenses relating to the Foundation's activities, including third-party activities, and separating those activities occurring on parkland from those occurring off parkland. This is currently being implemented and will be expanded with the Foundation's new general ledger.**

## **VII. ANALYSIS OF FINANCIAL CONDITION OF THE WOLF TRAP FOUNDATION**

The Congress directed that the study contained in Public Law 101-636 include an analysis of the financial condition of the Wolf Trap Foundation.

Arthur Andersen and Company annually audit the basic financial statements of the Wolf Trap Foundation and prepare annual financial statements and auditors' reports. The most recent of these reports include the following and are included in the Appendix of this document:

October 31, 1990 and 1989 -- Arthur Andersen and Company - Financial Statements and Auditors' Report - Wolf Trap Foundation

October 31, 1991 and 1990 -- Arthur Andersen and Company - Financial Statements and Auditors' Report - Wolf Trap Foundation

October 31, 1991 -- Arthur Andersen and Company - Supplemental Financial Report and Auditors' Report (OMB Circular A-133) - Wolf Trap Foundation

In addition, the Inspector General's Office, Department of the Interior, conducted audits of the financial assistance given to the Wolf Trap Foundation by the United States Government; i.e., Program Support (Federal Financial Assistance) and Stagehands Grants for Fiscal Years 1986, 1987, and 1988. This audit report was dated October 1990. The Inspector General's Office proposed that audits be conducted every three (3) years instead of annually.

On March 8, 1990, the Office of Management and Budget (OMB) issued OMB Circular A-133. This Circular established audit requirements and defined Federal responsibilities for implementing and monitoring requirements for institutions of higher education and other nonprofit institutions receiving Federal awards. Nonprofit institutions that receive \$100,000 or more a year in Federal awards shall have an audit performed in accordance with A-133; with such audits usually performed annually but not less than every two years. The cost of such audits are allowable charges to Federal awards. The Circular outlines sanctions to be followed in cases of continued inability or unwillingness to have a proper audit performed in accordance with A-133.

The General Accounting Office (GAO) conducted, for the Subcommittee on Interior, Senate Committee on Appropriations and Related Agencies, the following audits:

May 16, 1988 -- GAO Audit Report - Government Loans: Financial Information on the Wolf Trap Foundation

September 19, 1988 -- GAO Audit Report - Government Loans: Loan Restructuring for the Wolf Trap Foundation

On September 27, 1990, GAO testified before the House Committee on Interior and Insular Affairs, Subcommittee on National Parks and Public Lands, regarding debt restructuring alternatives for the Wolf Trap Foundation. In its testimony, GAO stated the following:

- Page 1  
Paragraph 2 -- Based on GAO's analysis of information provided by the Foundation's Executive Vice President, "the Foundation is financially healthy and should be able to make annual payments of about \$500,000 in settlement of its debt to the U. S. government".
- Page 3  
Paragraph 3 -- "Due to additional fire, safety, and contract modifications, the final construction cost of the Filene Center was \$21.6 million, instead of the \$17 million originally estimated. The additional \$4.6 million is being paid by the Foundation."
- Page 5  
Paragraph 2 -- The Foundation had net "losses in 1981, 1982, 1983, and 1985. Since 1987, however, the Foundation's financial condition has been growing stronger".
- Page 5  
Paragraph 3 -- "The Foundation reported total assets of \$13.9 million at July 31, 1990. Of this amount, over \$10 million was cash and short-term investments. Also included were land and buildings, which were reported at a net book value of \$2.7 million, but which include 30 acres of land adjacent to Wolf Trap Farm Park with a market value that may be considerably higher than its book value."
- Page 5  
Paragraph 4 -- "Against its assets of \$13.9 million, the Foundation reported liabilities of about \$2.6 million, exclusive of its debt to the U. S. government. Over \$2 million of this amount consisted of deferred revenue from advance ticket sales."
- Page 6  
Paragraph 1 -- "The Foundation's net equity amounted to about \$11 million as of July 31, 1990, of which \$680,000 were endowment funds and \$3.5 million were funds otherwise restricted as to use."
- Page 6  
Paragraph 2 -- "Revenues from ticket sales grew from about \$7 million in 1988 to \$7.5 million in 1989; as of July 31, 1990, sales were \$1 million over the Foundation's projected budget. The Foundation's 1990 budget projected total sales of \$7.6 million."

[Note: The 1992 season resulted in ticket sales of \$9.5 million.  
The 1991 season resulted in ticket sales of \$9.1 million.  
The 1990 season resulted in ticket sales of \$8.5 million.]

Page 6 -- "Net contributions from the public through the Foundation's various  
Paragraph 4 fund raising programs amounted to about \$1.4 million in 1988,  
\$1.1 million in 1989, and \$1 million as of July 31, 1990."

[Note: Net contributions were \$1.2 million in 1990, \$1.4 million in 1991, and are projected to be \$1.6 million in 1992.]

Page 6 -- "The National Park Service pays certain Wolf Trap operating costs"  
Last Paragraph exceeding "\$2.8 million annually, including a \$600,000 grant."  
Page 7  
Paragraph 1

[Note: NPS funding for Fiscal Year 1991, totaled \$3,204,976 including a grant of \$431,769 for stagehands and \$168,507 in program support.]

Page 7 -- "These financial results indicate an organization that is  
Paragraph 3 financially sound."



# **VIII. COOPERATIVE AGREEMENT**

The current Cooperative Agreement was signed on March 23, 1990, and is in effect until April 30, 1993.

Since the signing of this Cooperative Agreement, the following has occurred:

Public Law 101-636, dated November 28, 1990, directed that a study and analysis be conducted on the operations and management practices being carried out by the Service and the Foundation, and specifying a prohibition on the Foundation commingling funds between activities within and outside of Park boundaries.

OMB Circular A-133 issued on March 16, 1990 - Audits of Institutions of Higher Education and Other Non-Profit Institutions.

The Service is currently preparing a data base for initiating the FY 1994 Draft General Management Plan/Environmental Impact Statement for Wolf Trap Farm Park.

The Foundation released "A Report on Programs FY 89-91 and Program Plans FY 92-94" in February 1992.

The following issues need further analysis and consultation:

Responsibility for providing funding to stagehands for pre and post season general and preventive maintenance and related activities.

Use of Park space -- defining the Service's area of responsibilities and that of the Foundation.

Consultation with Foundation regarding use of annual debt service payment.

Define roles and update the responsibilities of the Service and the Foundation.

Update concessions/commercial activities -- define proper controls, administrative procedures, reporting requirements, compliance with public health standards, and accountability; as well as comply with existing Department of the Interior regulations, policies and procedures.

**Address the issue of rental of the Filene Center and other Park areas.**

**Incorporate the loan repayment schedule pursuant to Public Law 101-636 in the basic Agreement.**

**Address the issue of Filene Center costs and outline length of season pursuant to the Park's level of funding at time of budget allocation.**

**Define interpretive responsibilities within the Park.**

**Address NPS-53, Special Park Uses Guideline.**

**IX. GENERAL MANAGEMENT PLAN/PROGRAM PLAN**

The Service is currently preparing a data base for initiating the FY 1994 Draft General Management Plan (GMP) for the Park. This data base gathering includes preparing an Interpretive Management Plan and an indepth traffic circulation study. Initial data was gathered in FY 1992 to provide data to implement temporary measures until the comprehensive traffic study and GMP are completed. Funding has been requested for a comprehensive traffic study in FY 1993. After careful consideration of the current use, traffic circulation and future needs, the Service has determined that an Environmental Impact Statement (EIS) will be prepared to accompany the GMP.

The GMP will be used to guide the direction of the Park for the next 15 years. When funding is made available, the GMP/EIS will take approximately three (3) years to complete incorporating public comment and those of Federal, State and local concerns. In February of 1992, the Foundation released a report of their Board entitled: "A Report on Programs FY 89-91 and Program Plans FY 92-94." This report outlines several areas in which the Foundation proposes to expand its activities, such as: increasing the number of performances; increasing parking; expansion of activities related to performances i.e., concessions; etc.

The Service and Foundation must assure close communication and coordination with respect to the Foundation's Programs Plans and the Service's General Management Plan.

**X. CONCESSIONS/COMMERCIAL ACTIVITIES**

Authority to provide commercial activities/concessions within the Park was granted to the Foundation under current and past agreements at the discretion of the Service.

Over the years concessions/commercial activities have increased in the Park as a result of increased attendance.

The Foundation receives all revenue sources provided by third parties as a result of negotiated arrangements with third party activities. Current arrangements are:

- Ogden Foods
- Dominoes Pizza
- Pastry Wagon
- TCBY
- Festivals
- Wearing Apparel and other performer souvenirs
- Soda Machines (except Maintenance Yard)
- Rental of Filene Center
- Special Event Vendors
- Giant Gourmet

Other revenue sources from commercial activity provided directly by the Foundation include the Canteen Operation.

The Foundation currently receives a percentage of gross receipts from Ogden Foods and a percentage of gross receipts from sales of wearing apparel and other performer souvenirs. At present, there is no financial return to the Government.

The current Cooperative Agreement requires the Foundation to submit to the Service copies of all third party agreements/financial statements. In addition, the Foundation is responsible for all costs related to utility services and routine maintenance in box office, concession, and third party occupant areas. The Foundation constructed, at their own expense, two additions to the Plaza area visitor facility. On the Plaza the Wolf Trap Associates sell merchandise and the Foundation in partnership with visiting artists sell souvenirs and merchandise.

The Foundation's Program Plans FY 92-94 proposes increasing concession activity.

The Foundation and Service must work cooperatively to achieve proper controls and accountability relating to concessions activity. It is important to recognize that there are public health and safety issues that both parties will continue to monitor closely.

The Service needs to have complete disclosure and financial reporting on all activities including agreements with third parties. This will assist the Service in determining that concession practices regarding quality and pricing of items sold are being followed.

## **XI. FUNDING**

### **A. Rental of Filene Center and Other Park Areas**

The current Cooperative Agreement gave the Foundation the authority to authorize the use of areas assigned to the Foundation for third party occupants as well as the responsibility for the cost of all services provided. As a result, the Foundation has primary use of the Filene Center without charge. Additionally, the Foundation utilizes the third floor of the Filene Center for their production office, as well as other structures throughout the Park without charge. This includes the Wolf Trap Associates' use as well.

Prior to 1991, the Foundation has rented, with Service approval, the Filene Center to such third party occupants as community high school and college graduations, community theatrical presentations such as Fairfax Family Night and the Suzuki Festival, Long and Foster Realtors employee appreciation and Twentieth Century Fox for the making of a major motion picture ("Broadcast News"). Each one of these organizations was charged either a rental fee or a finder's fee for the use of the Center by the Foundation. This fee was for the use of the Center only and did not include any services such as utilities, supplies, materials, or manpower. These costs were billed separately and collected by the Service. The fee was normally \$2,500. However, the finder's fee for Twentieth Century Fox was \$40,000. Stagehand expenses were, and continue to be, billed separately by the Foundation.

Pursuant to the Cooperative Agreement "to the extent that the Secretary provides any utilities or services in furtherance of rental of the Center and other facilities, by the Foundation, the Foundation shall reimburse the Secretary for such utilities and services on an actual cost basis."

In line with the Cooperative Agreement, copies of all third party agreements should be provided to the Park. Agreements should be complete, listing all provisions including fee charged and any other financial obligations.

Each request to engage in rental activities will be reviewed and evaluated by the Service according to the terms of applicable legislation, regulations, guidelines and management planning documents, using criteria and procedures outlined in NPS-53, Special Park Uses Guideline.

**B. Loan Repayment**

The original Filene Center was destroyed by fire on April 4, 1982. Public Law 97-310, enacted by Congress on October 14, 1982, authorized financial assistance to the Foundation in the form of a \$9.0 million grant and a \$8.0 million loan for reconstruction of the Filene Center.

Subsequently, Congress appropriated \$2.0 million, Public Law 97-257 dated September 10, 1982, and an additional \$15.0 million, Public Law 97-394 dated December 30, 1982, for the reconstruction of the Filene Center.

After the new Filene Center was opened, a fracture in the new building was discovered in one of the main roof beams. Congress authorized an additional \$1.5 million to repair the beam. This \$1.5 million was never appropriated by the Congress, so the National Park Service reprogrammed funds to provide for the repairs.

The total amount loaned to the Foundation for reconstruction of the Filene Center, as well as repairs to the beam, was \$9.5 million.

With the enactment of Public Law 101-636, Congress forgave all interest on this loan. As of January 2, 1991, the current principal balance on the loan was \$8,560,226. The Foundation is to repay the Loan Principal, within 25 years, in equal annual installments of \$359,783, commencing June 1, 1991. However, the first three (3) annual payments shall be \$215,000. Repayment of the Loan Principal may be reduced by a credit not to exceed \$60,000 annually for public service tickets. The public service tickets are distributed by the Wolf Trap Foundation to entities holding a tax exempt status as described in Section 501(c)(3) of the Internal Revenue Code of 1954. Entities which are organized and operated exclusively for charitable and educational purposes are eligible for such status. Tickets are distributed to organizations such as the American Red Cross, Salvation Army, and other charitable organizations which provide services for youth, disadvantaged, elderly and other people generally unable to attend Wolf Trap performances. Interested organizations must submit required IRS documentation and are responsible for the actual distribution of the tickets. Each year the National Park Service receives a full disclosure from the Wolf Trap Foundation on the distribution of the tickets -- organization receiving the tickets, date and name of the performances, and the number and value of the tickets distributed. Organizations receiving the tickets are located in the District of Columbia, Maryland, and Virginia. To date, the Foundation has provided to the Service satisfactory documentation on the distribution of public service tickets, for each year's distribution. The Foundation has promptly made payments, of \$155,000 in May 1991 and \$155,000 in May 1992.

Public Law 101-636 directed the Service to consult with the Foundation on expenditure of the annual loan payments for the maintenance of structures, facilities, and equipment in the Park. Currently, these funds are being utilized for repair/rehabilitation of the Filene Center.



### **C. Stagehands**

The Filene Center is, in the performance world, a "union house." Stagehands, from the International Alliance of Theatrical Stage Employees Union (IATSE), local union have performed all workload requirements associated with the performances since 1971. Stagehands work for the Foundation with partial Federal funding for their services. Their day-to-day work activities are generated by the National Park Service working in concert with the Foundation via the Cooperative Agreement. Service personnel identify work needs, direct work, and maintain the stagehands time sheets. The union contract is with the Foundation. The union basically has "exclusive rights" on the stage.

Federal funding for stagehands assistance began with a contract in 1971 with \$41,834 provided to the Foundation. A Scope of Services identified the work to be accomplished. This process was later changed to the Grant Process which the Service and the Foundation agree to on an annual basis regarding the expenditure of Federal funds. The current grant amount is not sufficient to cover the annual cost of the stagehands.

Each year funds have been transferred to the Foundation for stagehands expenses. Beginning in 1985, a fixed funding level was placed on the annual grant for stagehand expenses. Salaries and benefits for stagehands have steadily increased. In addition, costs have risen as the productions have become more complex.

In 1991, the Federal Government transferred \$431,769 for stagehand support. The content of the Scope of Services Agreement has remained basically the same since the early years. There has been recent disagreement over the content of the agreement in terms of which stagehands functions should be absorbed by the Service and which should be absorbed by the Foundation. The Service and the Foundation have agreed to review the existing Scope of Services Agreement with the objective being to resolve any differences.

As the stagehand costs have exceeded the grant, the Foundation has paid the difference. During the period from 1971 through 1991, the Foundation expended \$11,311,878, absorbing approximately \$3,040,429 of the stagehand expenses. During this same period, the Government contributed \$8,271,449. The Foundation has continually advised the Service that the annual stagehands assistance needs to be increased. The Service's authority for providing funds is limited to the amount appropriated by Congress.

Agreement needs to be reached on definitions of traditional stagehand activities in preparation for, during, and following a performance season. The Service and Foundation need to plan the yearly detailed performance schedule together in order to assure that the impact of the length of the performance season, the types of performances, and the availability of funding are fully considered.

**D. Program Support**

Funding for Federal financial assistance began in 1971 with \$75,000 provided to the Foundation. In 1991 this figure was \$168,507. From 1971 through 1991 the total Federal financial support provided to the Foundation was \$3,903,320, decreasing in the percentage of support for operations each year.

The Service's obligation for providing Federal financial program support to the Foundation is limited to the amount appropriated by Congress.

Since 1986, the Foundation has broadened and diversified its Filene Center programming. This is consistent with the Foundation's long term plans as adopted by the Board in 1990. A refreshed perspective of the Partnership needs to be coordinated and planned for the short and long term.

#### **E. Filene Center Costs/Maintenance Repairs**

The Filene Center II opened on July 30, 1984 at a cost of \$27,230,026, which included the beam repair. However, even though the Service and Foundation were in agreement with the design and construction, the structure had remaining problems related to the initial design and construction. Some of them were caused by lack of funds for general and preventive maintenance. This situation has contributed to increased maintenance costs to correct premature failure of parts and systems within the structure.

Also, the construction of the Center's Rehearsal Hall was not completed due to funding availability. Therefore, it was left in a rough, but usable condition. The shell, or structure of the Rehearsal Hall, was an integrated part of the whole design and it was completed as far as the foundation, steel framing, cladding, insulation, power supply, and plumbing rough-in. The space has been used since 1984 with temporary, minimal lighting and a used floor left over from the Meadow Center. The cost of completing the Rehearsal Hall is currently estimated at \$1,782,000. The work to complete the structure includes: interior wall finishes, replacing the temporary floor with permanent stage floor; painting; installing electrical distribution and lighting; heating, ventilating, and air conditioning system; acoustical treatment; miscellaneous hardware; and finishing. There needs to be a determination by the Service, working jointly with the Foundation as to the Scope of Services for this project and the responsibilities regarding the funding needed for its completion. The Service does not have the funds to complete this structure.

The Service has prioritized the Filene Center maintenance requirements, and is beginning to correct these by utilizing the annual loan repayment from the Foundation along with appropriated funds. The work performed has been on a reactive basis, as required to provide visitor and staff safety and to continue operations at the Center. The Service will work toward completion of known maintenance requirements in consultation with the Foundation.

In FY 1993 the Service plans to undertake an inventory and condition assessment of the Filene Center. This will identify: the components of the structure; the condition of the entire building including: the roof, all equipment, the foundations, heating, ventilating, and air-conditioning systems, fire protection systems, etc.; as-built drawings; and the required preventive maintenance needed and associated costs.

Once the inventory of the structure is completed, actual cost of maintaining the structure will be known. This will enable the Service to determine whether it has adequate funding to maintain this facility or if increases in base funds are required.

## **XII. INTERPRETATION/EDUCATIONAL PROGRAMS**

Public Law 89-671, dated October 15, 1966, established Wolf Trap Farm Park for the performing arts and related educational programs, and for recreation use therein. The Act specified that the Secretary of the Interior administer the Park in accordance with this Act and the Act of August 24, 1916--the National Park Service Organic Act.

On November 5, 1968, the Articles of Incorporation establishing the Wolf Trap Foundation were recorded in the District of Columbia. The Articles outlined that presentation of educational programs include the National Park Service programs in conjunction with the Harper's Ferry Training Center and augment National Capital Park System cultural resources by expanding the interpretive programs of the Park.

The 1970 Cooperative Agreement between the Foundation and the Service specified that the Foundation has exclusive authority and responsibility for production of performing arts and related educational programs in the Theatre. This agreement is silent on any other educational programming.

The 1980 Agreement and the 1990 Cooperative Agreement between the Foundation and the Service specified that interpretive programs which are traditionally conducted throughout the National Park System and which are tailored to the unique characteristics of each unit of that System, shall remain the responsibility of the Service. The Service is also held responsible for information pamphlets and services for the visitors to the Park and for public tours and related activities in the Park and the Center. The Foundation shall contract for the production and presentation of and/or itself present performing arts and related educational programs in the Filene Center or in other areas of the Park when authorized by the Park Director.

Clearly the Foundation and the Service each have a role to play in interpretation/education at the Park according to the current Cooperative Agreement (1990). There are some areas of exclusive education responsibility and some areas where both the Foundation and the Service have overlapping responsibility for educational programming.

Within the Filene Center, the Foundation has exclusive authority for producing and presenting performing arts and related educational programs. Upon approval of the Secretary of the Interior, the Foundation may also provide performing arts and related educational programs in Park locations other than the Center. Other than the Secretary's approval, as listed above, the Cooperative Agreement lists two limitations on the Foundation's educational programming. The educational programming must be related to the performing arts and the Foundation must be financially responsible for its presentations and associated impacts to the Park. Examples of appropriate Foundation education programs include: masters classes in performing arts, programs to introduce children to the arts, and demonstrations of different forms of performing arts.

The National Park Service has responsibilities for interpretive programs which are traditionally conducted throughout the National Park System and which are tailored to the unique characteristics of each unit of the National Park System. Traditional interpretive programs of the Service include non-personal services such as exhibits, wayside exhibits (interpretive signs), films, videos, visual arts, and publications such as books, pamphlets and posters. Traditional interpretive programs of the Service also include personal services such as guided tours, nature walks, lectures, demonstrations, living history presentations, and performing arts. More than 25 Service areas currently use performing arts in their interpretive programs.

Service interpretation in the Park is limited by Servicewide guidelines on interpretation which include the stipulations that interpretation must be for educational purposes and that interpretation must be related to the resources and purposes of the Park or to the mission of the National Park Service itself.

Examples of appropriate Service interpretive services include: guided tours of the Park including the Center, lectures on the history and purposes of the Park, talks on performing arts including pre-performance lectures, educational programs for children on performing arts, exhibits on the mission of the National Park Service, and environmental education programs focusing on the stream, forest, and meadow in the Park.

The Foundation in its Program Plans (FY 92-94) has indicated a desire to enlarge its role in educational programming/interpretation. The Foundation should be encouraged to participate in educational offerings in coordination with the Service. The Service would welcome additional Foundation-produced educational programs provided that the programs are offered free to the public and provided that the Foundation negotiates with the Service on the number and timing of the education programs so that these programs do not overtax the Service's ability to provide support services.

The Service will continue its current role in interpretation and in fact plans to increase that role. Optimally, the Service and the Foundation will find ways to complement each other's education efforts. It is the intent of the Service to prepare an Interpretive Management Plan as part of the GMP planning process. The Interpretive Management Plan will identify the interpretive themes and media appropriate for use in providing education opportunities to Park visitors. The GMP will provide a framework for discussions and cooperation with the Foundation in coordinating educational offerings.

**XIII. PERTINENT CHARTS/MATERIALS RELATED TO WOLF TRAP STUDY**

**PUBLIC LAW 101-636**

**PROPERTY MAP (Service)**

**PROPERTY MAP (Foundation)**

**REFERENCE FOR FOUNDATION PROPERTY**

**WOLF TRAP FARM PARK FOR THE PERFORMING ARTS  
ORGANIZATIONAL CHART (Service)**

**WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS  
ORGANIZATIONAL CHART**

**FUNDING PROVIDED TO FOUNDATION**

**SUPPORT TO WOLF TRAP FOUNDATION (GRANTS) (Service)**

**SUPPORT TO WOLF TRAP FOUNDATION (GRANTS) (Foundation)**

**WOLF TRAP FARM PARK BUDGET EXPENDITURES FY 1969 - 1991**

**FILENE CENTER FACTS**

**VISITATION/ACTIVITIES FIGURES**

104 STAT. 4536

PUBLIC LAW 101-636—NOV. 28, 1990

Public Law 101-636  
101st Congress

An Act

Nov. 28, 1990  
[S. 1859]

To restructure repayment terms and conditions for loans made by the Secretary of the Interior to the Wolf Trap Foundation for the Performing Arts for the reconstruction of the Filene Center in Wolf Trap Farm Park in Fairfax County, Virginia, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. REPAYMENT OF LOANS MADE WITH RESPECT TO WOLF TRAP FARM PARK.

Section 4(b) of the Wolf Trap Farm Park Act (16 U.S.C. 284(c)) is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by inserting at the end the following:

"(2)(A) The term of the loans made pursuant to paragraph (1) which are outstanding on the effective date of this paragraph may not exceed the 25-year period beginning on such date. The remaining obligation of such loans shall be paid in equal annual installments, commencing June 1, 1991, except that for the first 3 payments, the payment shall be \$215,000 each year. In addition, such payments (including the first 3 payments) may be reduced in any year by a credit not to exceed \$60,000 annually. Such credit shall equal 100 percent of the market value of public service tickets determined at prevailing Foundation box office prices. Such credit shall be allowed only for tickets contributed to entities holding a status referred to in section 501(c)(3) of the Internal Revenue Code of 1986.

"(B)(i) Unpaid interest on such amount which accrued before the effective date of this paragraph is hereby forgiven.

"(ii) Notwithstanding paragraph (1), there shall be no interest on the loan referred to in subparagraph (A) after the effective date of this paragraph if, within 120 days after such date, the Foundation modifies its agreement with the Secretary to implement this paragraph, paragraph (3), and section 5(c)(4). If such agreement is not modified within the 120-day period, interest shall accrue from the effective date of this paragraph in accordance with paragraph (1).

"(C) Notwithstanding any other provision of law, amounts paid to the Secretary pursuant to this paragraph may be retained until expended by the Secretary, in consultation with the Foundation, for the maintenance of structures, facilities, and equipment of the Park.

"(D) The Secretary shall, within 120 days after the effective date of this paragraph, submit a payment schedule to the Foundation specifying the amount of each annual payment to be made by the Foundation pursuant to this paragraph.

"(3) If the Foundation is in default on its obligations under this subsection for more than 60 consecutive days, the Secretary, acting in the public interest, shall terminate the cooperative agreement described in section 5. In the event of a major catastrophe or severe economic situation, the Secretary may submit to the Committee on



PUBLIC LAW 101-636—NOV. 28, 1990

104 STAT. 4587

Interior and Insular Affairs of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate a recommendation that this paragraph be temporarily suspended. In submitting such a request, the Secretary shall submit clear evidence of the financial status of the Foundation."

## SEC. 2. PROHIBITION ON COMMINGLING FOUNDATION FUNDS AND PARK FUNDS.

Section 5(c) of the Wolf Trap Farm Park Act (16 U.S.C. 284d(c)) is amended—

- (1) by striking "and" at the end of paragraph (2);
- (2) by striking the period at the end of paragraph (3) and inserting "; and"; and
- (3) by adding after paragraph (3) the following:
 

"(4) the Foundation will maintain accounts for Foundation activities outside of the Park separate from Foundation accounts for presentation of performing arts and related programs presented at the Center and other areas of the Park."

## SEC. 3. STUDY OF PARK FUTURE.

The Wolf Trap Farm Park Act (16 U.S.C. 284 et seq.) is amended by adding at the end the following:

### SEC. 13. STUDY.

16 USC 284 note.

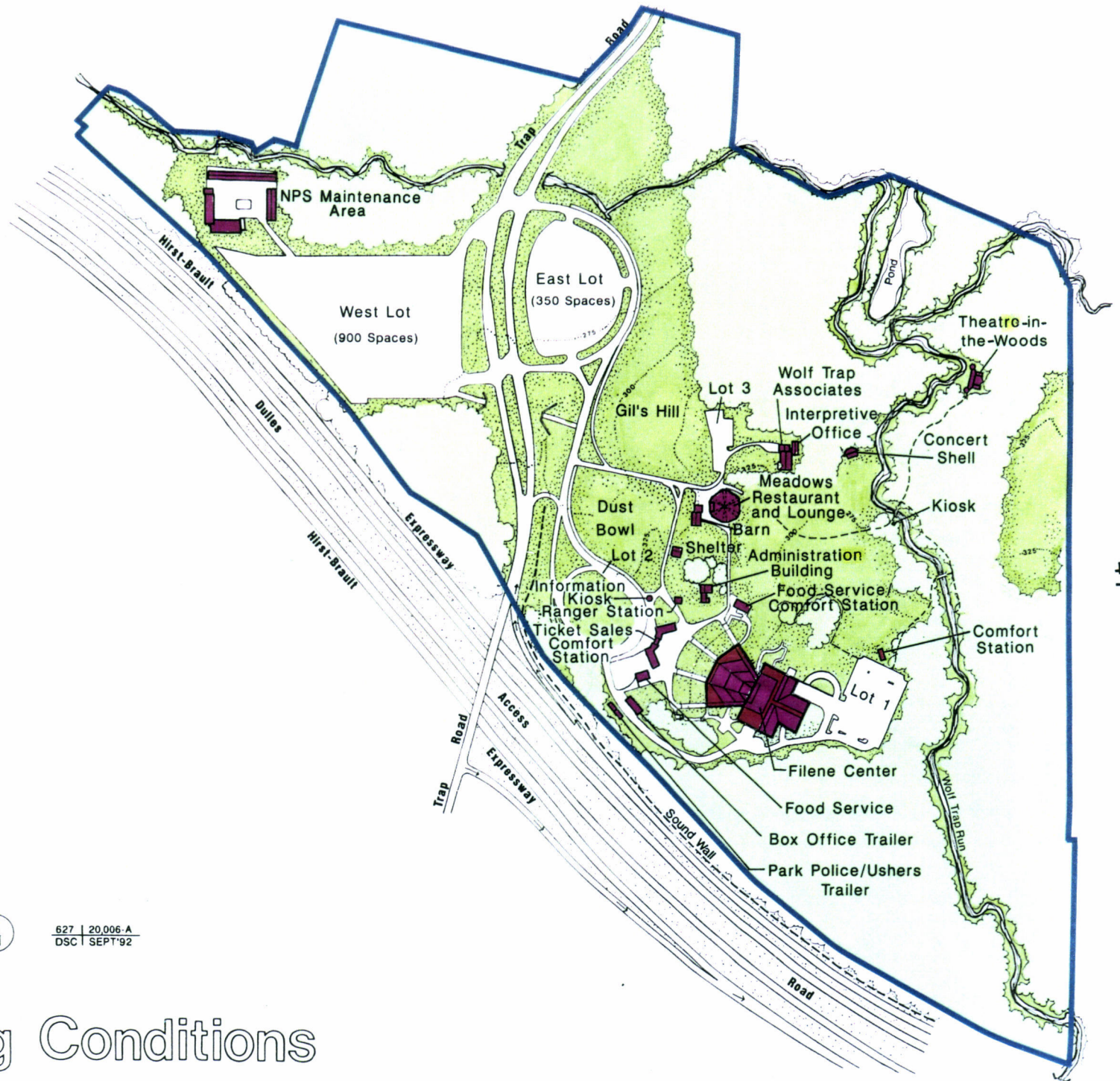
"The Secretary, acting jointly with the Foundation, shall conduct a study and analysis of the operations and management practices which are being used to carry out the purposes of this Act. The study shall include analysis of the management relationship between the Foundation and the Park, a delineation of the operational responsibilities of the Foundation and the Park, and an analysis of the financial condition of the Foundation. Not later than 2 years after the date of enactment of this section, the Secretary shall submit a report of such study and analysis to the Committee on Interior and Insular Affairs of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate."

Reports.

## SEC. 4. EFFECTIVE DATES.

16 USC 284c note.

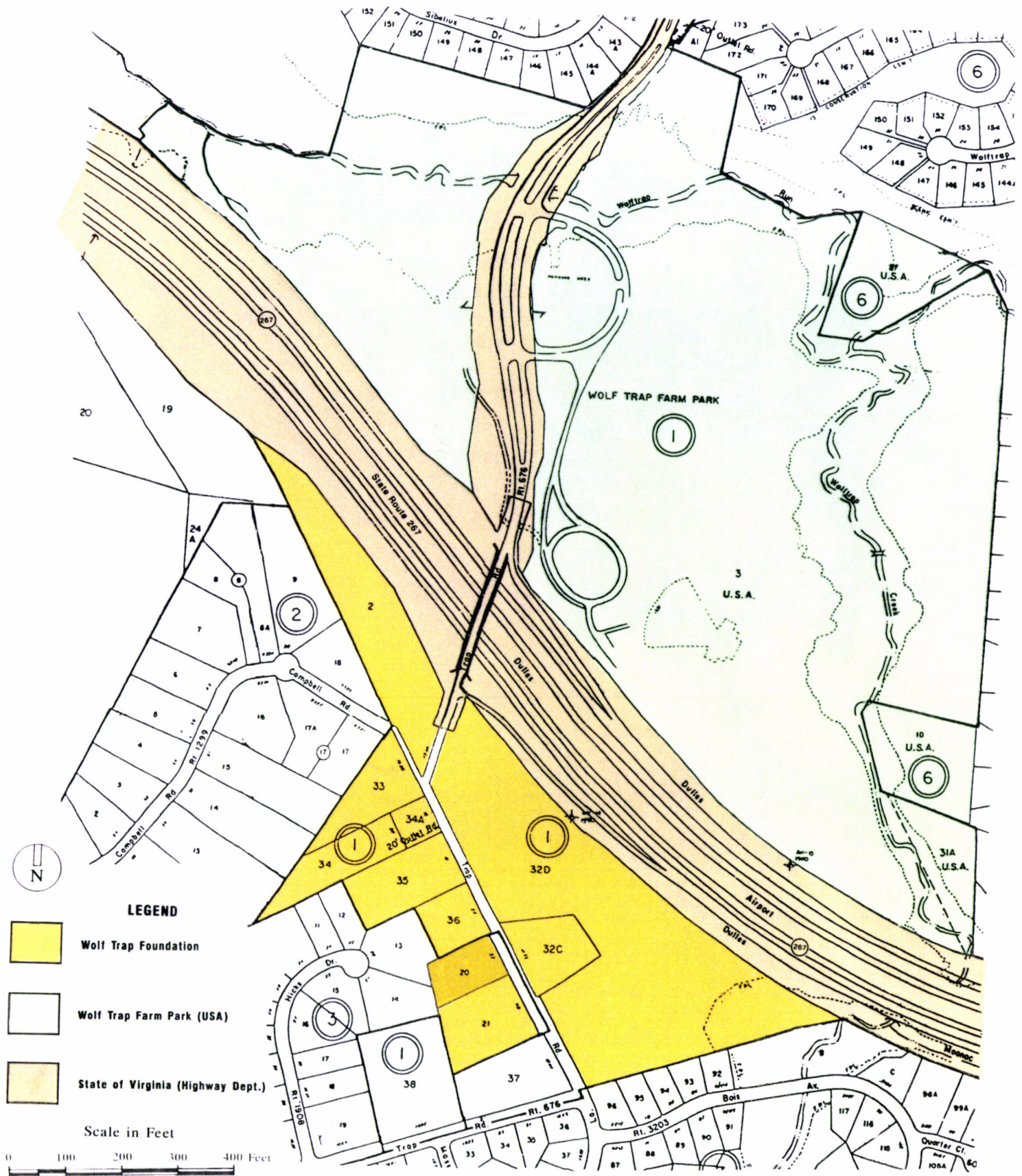
- (a) The amendments made by sections 1 and 2 shall take effect on the date on which the Wolf Trap Foundation for the Performing Arts modifies its agreements entered into pursuant to the Wolf Trap



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# Existing Conditions





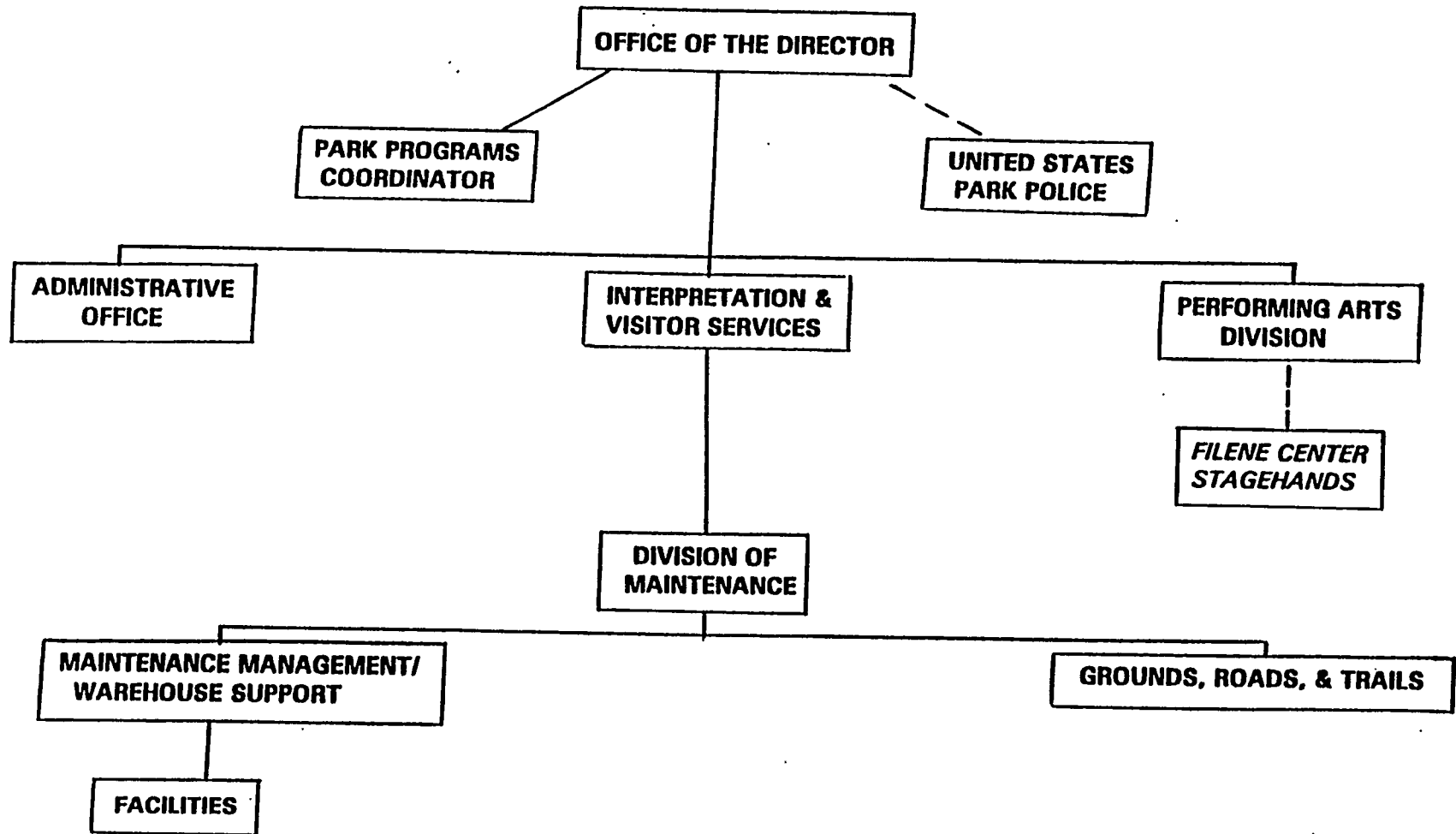
## REFERENCE FOR FOUNDATION PROPERTY

<u>Property #</u>	<u>Address</u>	<u>Owner</u>	<u>Purchased in:</u>
37	1644 Trap Road	Luther Marshall	1984 (see deed)
21	1640 Trap Road	Wolf Trap Foundation	1984 (see deed)
20	1632 Trap Road	Wolf Trap Foundation	1993 (see deed)
32C	1635 Trap Road	Wolf Trap Foundation	1981 (see deed)
36	1624 Trap Road	Wolf Trap Foundation	1986 (see deed)
32D	1635 Trap Road	Wolf Trap Foundation	1981 (see deed)
35	1616 Trap Road	Wolf Trap Foundation	1986 (see deed)
34	1608 Trap Road	Wolf Trap Foundation	1986 (see deed)
34A	1610 Trap Road	Wolf Trap Foundation	1986 (see deed)
33	1600 Trap Road	David Wood	1977 (deed book unav.)
18	9326 Campbell Rd	Gisela Klose	1982 (see deed)
2	1540 Trap Road	Wolf Trap Foundation	
19	5.3 acre parcel - See deed book 3689/372 Nicholas Cherok is the Trustee Mr. Cherok lives at property #8A 9334 Campbell Road		

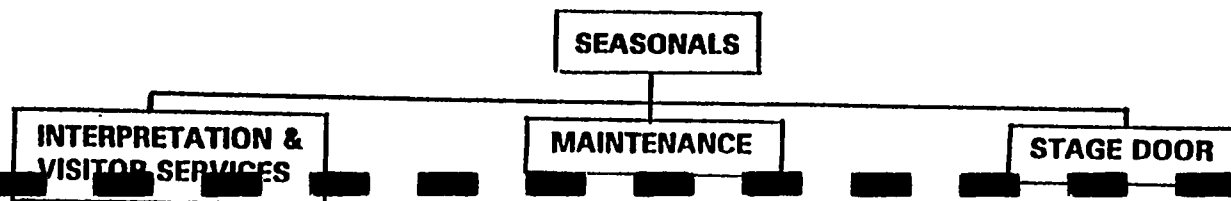
dbl. circle #6 U.S. Government - see deed book 3022/684

Cartographer at the mapping office said a double circle denotes un-subdivided or "acreage" parcels. Any number higher than double circle 1 notes a subdivision of land.

**WOLF TRAP FARM PARK FOR THE PERFORMING ARTS  
NATIONAL PARK SERVICE  
ORGANIZATIONAL CHART**



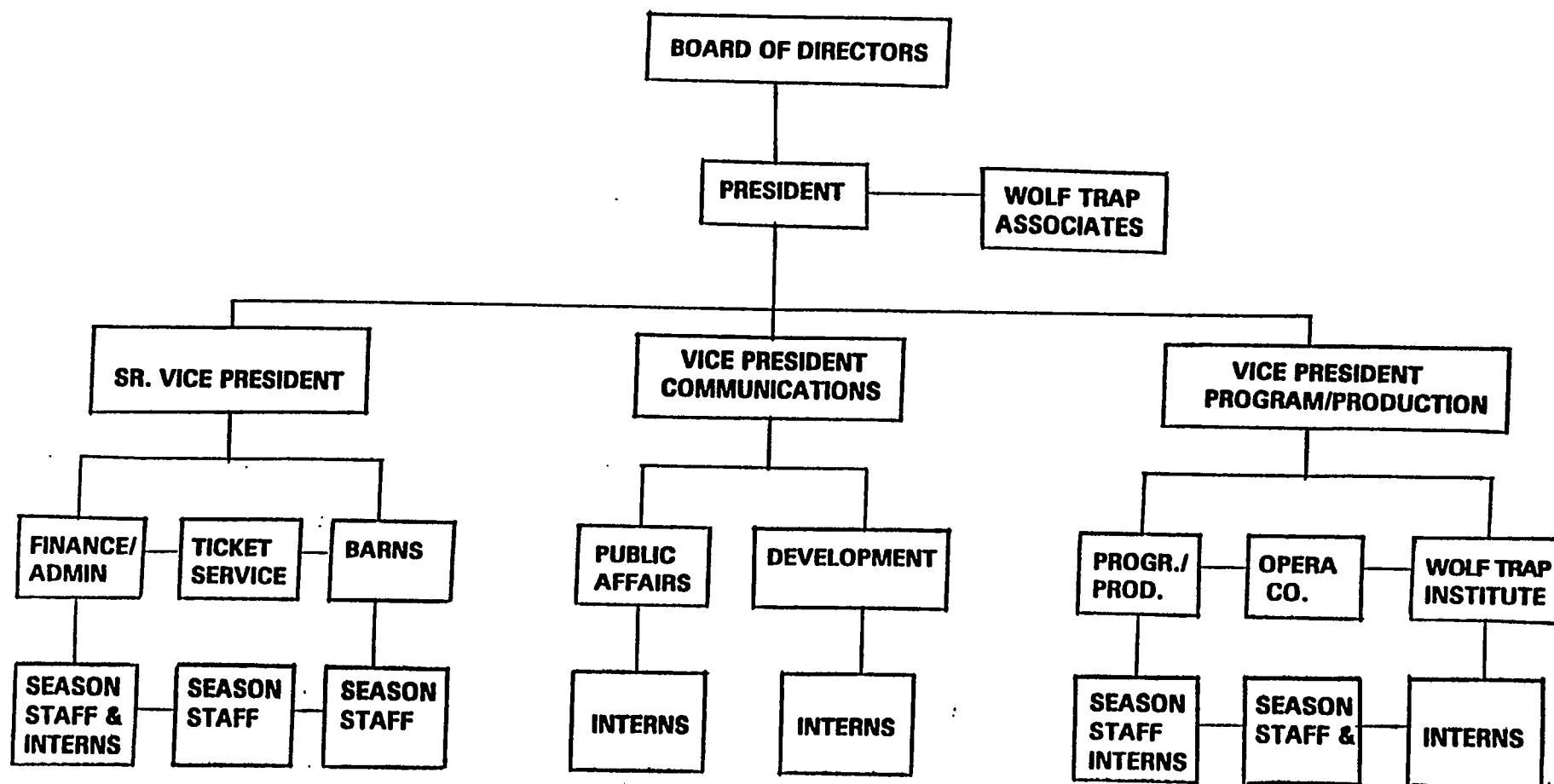
44



# WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS ORGANIZATIONAL CHART

Wolf Trap Foundation is a dynamic growing organization, committed to a course of sound, diversified growth in the performing arts industry. The larger the Foundation grows the greater will be the diversity of talents, functions and interfaces required to operate successfully. A careful balance must be maintained between retaining the simplicity and flexibility which permitted the Foundation's prior development and providing sufficient structure to ensure that the total effort continues to be directed toward achieving Foundation objectives.

Below is a generalized organizational chart of the Foundation.



**FUNDING PROVIDED TO FOUNDATION**

The following items represent support that has been provided to the Foundation from Federal/State sources:

Program Support (FY 1971-91)	\$ 3,903,321.00
Stagehands Assistance (FY 1971-91)	8,271,451.00
Grant (for Reconstruction of Filene Center II -- FY 1983-84)	9,000,000.00
Interest forgiven by P.L. 101-636	8,700,000.00
Amount forgiven by State of Virginia for Foundation portion of cost for sound barrier	541,820.00
	<hr/>
Total	\$30,416,592.00

**SUPPORT TO WOLF TRAP FOUNDATION  
(GRANTS)**

(Figures Rounded to the Nearest Dollar)

<u>FISCAL YEAR</u>	<u>RECONSTRUCTION</u>	<u>SUPPORT</u>	<u>STAGEHANDS</u>	<u>TOTAL</u>
1970	-----	-----	-----	-----
1971	-----	75,000.00	41,838.00	116,838.00
1972	-----	125,000.00	214,956.00	339,956.00
1973	-----	274,765.00	259,751.00	534,516.00
1974	-----	236,188.00	334,028.00	570,216.00
1975	-----	150,000.00	293,142.00	443,142.00
1976	-----	350,000.00	654,559.00	1,004,559.00
1977	-----	150,000.00	383,247.00	533,247.00
1978	-----	265,000.00	392,004.00	657,004.00
1979	-----	250,000.00	428,181.00	678,181.00
1980	-----	150,000.00	450,000.00	600,000.00
1981	-----	175,000.00	450,000.00	625,000.00
1982	-----	168,000.00	432,000.00	600,000.00
1983	7,220,000.00 1/	175,000.00	450,000.00	7,845,000.00
1984	9,770,520.00 2/	175,000.00	450,000.00	10,395,520.00
1985	-----	171,500.00	441,000.00	612,500.00
1986	1,509,480.00 3/	163,153.00	419,505.00	2,092,138.00
1987	-----	170,900.00	437,900.00	608,800.00
1988	-----	170,900.00	437,900.00	608,800.00
1989	-----	170,900.00	437,900.00	608,800.00
1990	-----	168,507.00	431,769.00	600,276.00 4/
1991	-----	<u>168,507.00</u>	<u>431,769.00</u>	<u>600,276.00 4/</u>
TOTALS	\$18,500,000.00	\$3,903,320.00	\$8,271,449.00	\$30,674,769.00

1/ \$7,220,000 OF A \$9.0 MILLION GRANT.

2/ \$1,780,000 OF A \$9.0 MILLION GRANT AND \$7,990,520 OF \$8.0 MILLION LOAN.

3/ \$9,480 OF \$8.0 MILLION LOAN AND \$1,500,000 ADDITIONAL LOAN.

4/ \$608,800 APPROP. MINUS GRH DECREASE.



**WOLF TRAP FARM PARK**  
**BUDGET EXPENDITURES FISCAL YEAR (FY) 1969 - 1991**  
 (Figures Rounded to the Nearest Dollar)

Filene Center I (FY 1969-71) . . . . .	\$5,418,802.00
<u>Filene Center II</u>	
Reconstruction Grant (FY 1983-84) . . . . .	\$9,000,000.00
Reconstruction Loan** (8.0 mil. & 1.4 mil.) (FY 1984-86) . . . . .	\$9,435,500.00
subtotal:	\$18,435,500.00
NPS Operating Program (FY 1969-91) . . . . .	\$33,253,300.00
Transition Quarter - FY 1976 . . . . .	\$559,200.00
WTF Stagehands (FY 1971-91) . . . . .	\$8,271,449.00
WTF Fed. Fin. Asst./Program Support (Grant) (FY 1971-91) . . . . .	\$3,903,320.00
WTF Program Support (Bicentennial) (FY 1975) . . . . .	\$100,000.00
subtotal:	\$46,087,272.00
Cyclic Maintenance (FY 1975-91) . . . . .	\$1,176,150.00
Emergency & Unscheduled Project Funds (FY 1982-91) . . . . .	\$82,500.00
Repair/Rehab (FY 1974-91) . . . . .	\$478,800.00
Health & Safety (PRIP*) (FY 1981-85) . . . . .	\$851,700.00
Energy (FY 1983) . . . . .	\$3,800.00
subtotal:	\$2,592,950.00
TOTAL:	=====
	\$72,534,520.00

**\*\*\*\*NOTE\*\*\*\***

1. Above figures do not include any costs for annual United States Park Police or Guard assistance.
2. Above figures do not include any costs for GSA Lease for Buildings for WTF. (FY 1971 - 1978)

\* Park Restoration and Improvement Program (PRIP)

\*\* Loan does not include interest on the loan to be collected per PL 101-636.  
 WTF made first loan repayment on May 6, 1991.

**WOLF TRAP FARM PARK  
BUDGET EXPENDITURES FISCAL YEAR (FY) 1969 - 1991**

	National Park Service (NPS)	Wolf Trap Foundation (WTF)
<b><u>FY 1969 - FY 1971</u></b>		
<b><u>Filene Center I</u></b>		
Land . . . . .	\$71,000.00	
Buildings . . . . .	\$2,374,300.00	
Maintenance . . . . .	\$764,100.00	
Parking and Roads . . . . .	\$984,000.00	
Utilities . . . . .	\$424,000.00	
Miscellaneous Improvements . . . . .	\$172,400.00	
Grounds and Other Improvements . . . . .	\$604,500.00	
WHF Furniture . . . . .	\$24,502.00	
	-----	
	\$5,418,802.00	
<b><u>Fiscal Year</u></b>		
1969 -		
NPS Operating Program . . . . .	\$69,500.00	
1970 -		
NPS Operating Program . . . . .	\$248,100.00	
1971 -		
NPS Operating Program . . . . .	\$297,200.00	
WTF Stagehands (Contract) . . . . .	\$41,838.00	
WTF Federal Financial Assistance . . . . .	\$75,000.00	
	-----	-----
	\$414,038.00	\$1,406,700.00*
1972 -		
NPS Operating Program . . . . .	\$380,800.00	
WTF Stagehands (Contract) . . . . .	\$214,956.00	
WTF Federal Financial Assistance . . . . .	\$125,000.00	
	-----	-----
	\$720,756.00	\$4,998,800.00*

\* Funds raised from all sources for operations (includes NPS stagehands and program support).

	<u>NPS</u>	<u>WTF</u>
<b>1973 -</b>		
NPS Operating Program .....	\$1,144,700.00	
WTF Stagehands (Contract) .....	\$259,751.00	
WTF Federal Financial Assistance .....	\$274,765.00	
	<hr/>	<hr/>
	\$1,679,216.00	\$2,053,954.00*
<b>1974 -</b>		
NPS Operating Program .....	\$1,336,100.00	
WTF Stagehands (Contract) .....	\$334,028.00	
WTF Federal Financial Assistance .....	\$236,188.00	
Repair/Rehab Funds .....	\$4,400.00	
	<hr/>	<hr/>
	\$1,910,716.00	\$2,573,000.00*
<b>1975 -</b>		
NPS Operating Program .....	\$1,482,200.00	
WTF Stagehands (Contract) .....	\$293,142.00	
WTF Federal Financial Assistance .....	\$150,000.00	
WTF Fed. Fin. Asst. (Bicentennial) .....	\$100,000.00	
Cyclic Maintenance Funds .....	\$31,100.00	
	<hr/>	<hr/>
	\$2,056,442.00	\$3,698,100.00*
<b>1976 -</b>		
NPS Operating Program .....	\$1,645,300.00	
NPS Transition Quarter .....	\$559,200.00	
WTF Stagehands (Contract) .....	\$654,559.00	
WTF Federal Financial Assistance .....	\$350,000.00	
Cyclic Maintenance Funds .....	\$102,500.00	
	<hr/>	<hr/>
	\$3,311,558.00	\$3,926,500.00*
<b>1977 -</b>		
NPS Operating Program .....	\$1,562,300.00	
WTF Stagehands (Contract) .....	\$383,247.00	
WTF Federal Financial Assistance .....	\$150,000.00	
Cyclic Maintenance Funds .....	\$117,000.00	
	<hr/>	<hr/>
	\$2,212,547.00	\$3,968,000.00*

\* Funds raised from all sources for operations (includes NPS stagehands and program support).

	<u>NPS</u>	<u>WTF</u>
<b>1978 -</b>		
NPS Operating Program . . . . .	\$1,932,900.00	
WTF Stagehands (Contract) . . . . .	\$392,004.00	
WTF Federal Financial Assistance . . . . .	\$265,000.00	
Cyclic Maintenance Funds . . . . .	\$24,000.00	
Repair/Rehab Funds . . . . .	15,000.00	
	<hr/>	<hr/>
	\$2,628,904.00	\$5,385,000.00*
<b>1979 -</b>		
NPS Operating Program . . . . .	\$2,010,600.00	
WTF Stagehands (Contract) . . . . .	\$428,181.00	
WTF Program Support (Grant) . . . . .	\$250,000.00	
Cyclic Maintenance Funds . . . . .	\$11,000.00	
	<hr/>	<hr/>
	\$2,699,781.00	\$5,377,100.00*
<b>1980 -</b>		
NPS Operating Program . . . . .	\$1,298,200.00	
WTF Stagehands . . . . .	\$450,000.00	
WTF Program Support (Grant) . . . . .	\$150,000.00	
Cyclic Maintenance Funds . . . . .	\$15,700.00	
Repair/Rehab Funds . . . . .	\$49,800.00	
	<hr/>	<hr/>
	\$1,963,700.00	\$6,136,800.00*
<b>1981 -</b>		
NPS Operating Program . . . . .	\$1,340,300.00	
WTF Stagehands . . . . .	\$450,000.00	
WTF Program Support (Grant) . . . . .	\$175,000.00	
Cyclic Maintenance Funds . . . . .	\$101,100.00	
Health & Safety (PRIP) Funds . . . . .	\$82,300.00	
	<hr/>	<hr/>
	\$2,148,700.00	\$6,788,100.00*
<b>1982 -</b>		
NPS Operating Program . . . . .	\$1,379,800.00	
WTF Stagehands . . . . .	\$432,000.00	
WTF Program Support (Grant) . . . . .	\$168,000.00	
Emergency & Unscheduled Project Funds:		
Correct Unsafe Condition ASOL Bldg . . . . .	\$30,000.00	
Cyclic Maintenance Funds . . . . .	\$66,450.00	
Health & Safety (PRIP):		
Meadow Center (Temp. Theatre Structure) . . .	\$547,800.00	
Resurface Parking Lot . . . . .	\$50,400.00	
	<hr/>	<hr/>
	\$2,674,450.00	\$6,449,800.00*

\* Funds raised from all sources for operations (includes NPS stagehands and program support).

	<u>NPS</u>	<u>WTF</u>
<b>1983 -</b>		
NPS Operating Program .....	\$1,611,000.00	
WTF Stagehands .....	\$450,000.00	
WTF Program Support (Grant) .....	\$175,000.00	
Repair/Rehab Funds .....	\$51,800.00	
Energy Funds .....	\$3,800.00	
Reconstruction Funds:		
Part of a \$9,000,000.00 Grant .....	\$7,220,000.00	
	<hr/>	<hr/>
	\$9,511,600.00	\$5,587,700.00*
<b>1984 -</b>		
NPS Operating Program .....	\$1,638,400.00	
WTF Stagehands .....	\$450,000.00	
WTF Program Support (Grant) .....	\$175,000.00	
Repair/Rehab Funds .....	\$137,900.00	
Reconstructions Funds:		
Part of a \$9,000,000.00 Grant .....	\$1,780,000.00	
Part of \$8,000,000 Loan .....	\$7,990,520.00	
	<hr/>	<hr/>
	\$12,171,820.00	\$8,304,900.00*
<b>1985 -</b>		
NPS Operating Program .....	\$1,805,600.00	
WTF Stagehands .....	\$441,000.00	
WTF Program Support (Grant) .....	\$171,500.00	
Cyclic Maintenance Funds .....	\$15,700.00	
Repair/Rehab Funds .....	\$34,900.00	
Health and Safety Funds (PRIP) .....	\$171,200.00	
	<hr/>	<hr/>
	\$2,639,900.00	\$8,128,900.00*
<b>1986 -</b>		
NPS Operating Program .....	\$1,767,200.00	
WTF Stagehands .....	\$419,505.00	
WTF Program Support (Grant) .....	\$163,153.00	
Cyclic Maintenance Funds .....	\$13,900.00	
Repair/Rehab Funds .....	\$12,000.00	
Reconstruction Funds:		
Part of \$8,000,000.00 Loan .....	\$9,480.00	
Additional Loan (Girder Fracture) .....	\$1,435,500.00**	
	<hr/>	<hr/>
	\$3,820,738.00	\$12,306,100.00*

\* Funds raised from all sources for operations (includes NPS stagehands and program support).

\*\* \$1,500,000 adjusted to \$1,435,500 pursuant to 4.3% reduction mandated by Gramm-Rudman-Hollings legislation.

	<u>NPS</u>	<u>WTF</u>
<b>1987 -</b>		
NPS Operating Program .....	\$1,753,300.00	
WTF Stagehands .....	\$437,900.00	
WTF Program Support (Grant) .....	\$170,900.00	
Cyclic Maintenance Funds .....	\$60,200.00	
Repair/Rehab Funds .....	\$128,400.00	
	-----	-----
	\$2,550,700.00	\$11,103,100.00*
<b>1988 -</b>		
NPS Operating Program .....	\$1,990,100.00	
WTF Stagehands .....	\$437,900.00	
WTF Program Support (Grant) .....	\$170,900.00	
Cyclic Maintenance Funds .....	\$111,200.00	
Repair/Rehab Funds .....	\$27,500.00	
	-----	-----
	\$2,737,600.00	\$12,107,700.00*
<b>1989 -</b>		
NPS Operating Program .....	\$2,154,900.00	
WTF Stagehands .....	\$437,900.00	
WTF Program Support (Grant) .....	\$170,900.00	
Cyclic Maintenance Funds .....	\$47,600.00	
Repair/Rehab Funds:		
Install Security System-Filene Center .....	\$10,300.00	
	-----	-----
	\$2,821,600.00	\$12,357,100.00*
<b>1990 -</b>		
NPS Operating Program .....	\$2,202,400.00	
WTF Stagehands .....	\$431,769.00	
WTF Program Support (Grant) .....	\$168,507.00	
Cyclic Maintenance Funds .....	\$108,900.00	
Repair/Rehab Funds .....	\$6,800.00	
	-----	-----
	\$2,918,376.00	\$12,636,200.00*
<b>1991 -</b>		
NPS Operating Program .....	\$2,202,400.00	
WTF Stagehands .....	\$431,769.00	
WTF Program Support (Grant) .....	\$168,507.00	
Emergency & Unscheduled Project Funds .....	\$52,500.00	
Cyclic Maintenance Funds .....	\$349,800.00	
	-----	-----
	\$3,204,976.00	\$13,921,200.00*
<b>GRAND TOTAL</b>	<b>\$72,534,520.00</b>	<b>\$149,214,754.00 ***</b>

\* Funds raised from all sources for operations (includes NPS stagehands and program support).

\*\*\* This total figure includes funds raised from all sources including \$30,674,772 from the NPS for stagehands and program support.

**WOLF TRAP FARM PARK  
FILENE CENTER FACTS**

**FILENE CENTER II****First Performances**

July 30, 1984

**Building Height**

13 stories

**Stage Dimensions  
Stage Floor**

125' wide x 60' deep

**Proscenium Arch**

71' wide x 44'8" high

**Square Footage**

Lower Level	33,704 sq. ft.
Stage Level	30,704 sq. ft.
Upper Levels	6,400 sq. ft.
Orchestra	<u>22,000 sq. ft.</u>

TOTAL: 98,808 sq. ft.

**No. of Fly Lines**

105

**Orchestra Pit Size**67'7" wide x 24' deep  
(partially recessed under stage)**Capacity**

104 musicians (14 sq. ft./person)

**Rehearsal Hall**

95'8" wide x 57' deep

**FILENE CENTER I****First Performances**

July 1, 1971

**Building Height**

10 stories

**Stage Dimensions  
Stage Floor**

97' wide x 63'10" deep

**Proscenium Arch**

70'8" wide x 28' high

**Square Footage**

Lower Level	13,350 sq. ft.
Stage Level	13,350 sq. ft.
Upper Levels	6,400 sq. ft.
Orchestra	<u>22,000 sq. ft.</u>

TOTAL: 55,100 sq. ft.

**No. of Fly Lines**

109

**Orchestra Pit Size**

60' wide x 25' deep

**Capacity**

107 musicians (14 sq. ft./person)

**Rehearsal Hall**

none

FILENE CENTER IINo. of Dressing Rooms

13 principal  
3 chorus (larger)  
2 star  
1 conductor's

Capacity: 205

Seating Capacity

Orchestra: 2,641  
Loge: 1,145  
Lawn: 3,000

TOTAL: 6,786

FILENE CENTER INo. of Dressing Rooms

9 principal  
3 chorus  
2 star  
none for conductor

Capacity: 130

Seating Capacity

Orchestra: 2,452  
Loge: 1,010  
Lawn: 3,000

TOTAL: 6,462



**WOLF TRAP FARM PARK VISITATION/ACTIVITIES FIGURES  
1971 - 1977**

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Box Office			273,708	273,358	295,461	359,723	314,430
Casual Visits			50,391	38,731	37,919	52,913	34,735
Interpretive Programs			18,597	17,832	46,001	56,197	59,451
Special Events							
International Children's Festival			20,200	26,500	12,100	24,163	23,862
Christmas Carols			3,750	6,500	5,500	4,500	4,500
Other			113,390	146,810	173,750	62,100	62,450
<u>GRAND TOTAL:</u>	282,000*	432,400*	480,036	509,731	570,731	559,596	499,428
No. of Filene Center Activities**	92	107	107	94	100	88	80

\* Information obtained from the Statistical Information Office, Denver, Colorado

\*\* Includes theatrical presentations, graduation ceremonies, community activities, rental activities, Wolf Trap Associates, Ball, Christmas Carols, etc.

**VISITATION GRAND TOTAL 1971 - 1991: 10,744,322**

**WOLF TRAP FARM PARK VISITATION/ACTIVITIES FIGURES  
1978 - 1984**

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Box Office	345,387	402,872	395,412	393,392	197,174	125,520	160,522
Casual Visits	36,645	44,310	49,395	27,241	18,324	37,742	34,391
Interpretive Program	97,266	92,314	89,193	113,345	101,287	88,857	91,217
Special Events							
International Children's							
Festival	22,901	21,620	17,259	20,394	19,500	10,971	18,487
Christmas Carols	5,500	7,000	8,100	8,500	5,000	0	5,000
Other	60,345	20,900	60,435	28,315	7,046	4,896	20,997
<u>GRAND TOTAL:</u>	568,044	589,016	619,794	591,187	348,331	267,986	330,614
 No. of Filene Center Activities*	 91	 93	 109	 100	 79	 57	 40

\* Includes theatrical presentations, graduation ceremonies, community activities, rental activities, Wolf Trap Associates Ball, Christmas Carols, etc.

**WOLF TRAP FARM PARK VISITATION/ACTIVITIES FIGURES  
1985 - 1992**

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Box Office	282,558	353,862	395,303	418,742	434,936	446,272	471,451	497,681
Casual Visits	52,443	50,916	49,187	40,964	22,991	12,484	17,008	50,725
Interpretive Program	107,360	101,311	82,117	83,524	70,623	70,173	77,325	108,820
Special Events								
International Children's Festival	16,799	29,860	15,350	27,636	35,220	28,400	25,400	18,500
Christmas Carols	7,058	7,500	8,500	9,030	5,400	9,017	7,865	6,957
<u>GRAND TOTAL:</u>	466,218	543,449	550,457	579,896	569,170	566,346	599,049	682,683
No. of Filene Center Activities*	77	103	93	94	96	100	101	106

\* Includes theatrical presentations, graduation ceremonies, community activities, rental activities, Wolf Trap Associates Ball, Christmas Carols, etc.

**XIV. APPENDIX**

**OCTOBER 31, 1990 AND 1989 -- ARTHUR ANDERSEN AND COMPANY  
FINANCIAL STATEMENTS AND AUDITORS' REPORT - WOLF TRAP FOUNDATION**

**OCTOBER 31, 1991 AND 1990 -- ARTHUR ANDERSEN AND COMPANY  
FINANCIAL STATEMENTS AND AUDITORS' REPORT - WOLF TRAP FOUNDATION**

**OCTOBER 31, 1991 -- ARTHUR ANDERSEN AND COMPANY  
SUPPLEMENTAL FINANCIAL REPORT AND AUDITORS' REPORT  
(OMB CIRCULAR A-133) - WOLF TRAP FOUNDATION**

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ARTHUR  
ANDERSEN  
& CO.



WOLF TRAP FOUNDATION FOR  
THE PERFORMING ARTS

FINANCIAL STATEMENTS  
AS OF OCTOBER 31, 1990 AND 1989,  
TOGETHER WITH AUDITORS' REPORT

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## ARTHUR ANDERSEN &amp; CO.

WASHINGTON, D. C.

## Report of Independent Public Accountants

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

We have audited the accompanying balance sheets of Wolf Trap Foundation for the Performing Arts (the "Foundation," a District of Columbia nonprofit organization) as of October 31, 1990 and 1989, and the related statements of revenues and support, expenses and changes in unrestricted and restricted fund balances, changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of October 31, 1990 and 1989, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule I of operational revenues, support and expenses, and Schedule II of operating expenses for the year ended October 31, 1990 (with comparative totals for 1989), are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



January 2, 1991

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSBALANCE SHEETSAS OF OCTOBER 31, 1990 AND 1989ASSETS

	<u>1990</u>	<u>1989</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 295,738	\$ 394,752
Investments (Note 3)	8,143,840	8,544,054
Pledges receivable	12,500	25,000
Interest and dividends receivable	45,465	53,493
Prepaid expenses and other current assets	118,320	68,074
<b>Total current assets</b>	<u>8,615,863</u>	<u>9,085,373</u>
 <b>PROPERTY AND EQUIPMENT:</b>		
Land	806,791	806,791
Barns building	1,706,174	1,706,174
Other buildings and improvements	906,951	892,045
Furniture, equipment and other property	563,611	457,385
Less- Accumulated depreciation	(1,077,698)	(939,910)
<b>Total property and equipment, net</b>	<u>2,905,829</u>	<u>2,922,485</u>
	<u><u>\$11,521,692</u></u>	<u><u>\$12,007,858</u></u>

LIABILITIES AND FUND BALANCES

	<u>1990</u>	<u>1989</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 451,588	\$ 522,244
Deferred revenue	192,614	450,804
Notes payable to U.S. Government, current portion (Note 4)	215,000	-
Construction settlement payable, current portion (Note 6)	135,000	135,000
<b>Total current liabilities</b>	<u>994,202</u>	<u>1,108,048</u>
 <b>NOTES PAYABLE TO U.S. GOVERNMENT, net of current portion (Note 4)</b>	<u>8,345,226</u>	<u>8,560,226</u>
 <b>INTEREST PAYABLE TO U.S. GOVERNMENT</b> (entire amount forgiven by legislation, effective as of January 2, 1991 - Note 4)	<u>9,086,307</u>	<u>7,200,841</u>
 <b>CONSTRUCTION SETTLEMENT PAYABLE, net of current portion (Note 6)</b>	<u>135,000</u>	<u>270,000</u>
<b>Total liabilities</b>	<u>18,560,735</u>	<u>17,139,115</u>
 <b>COMMITMENTS (Notes 8 and 9)</b>		
 <b>FUND BALANCES (DEFICIT):</b>		
Unrestricted funds	7,645,702	7,528,607
Restricted funds	(15,364,745)	(13,339,864)
Endowment funds	680,000	680,000
<b>Total fund deficit</b>	<u>(7,039,043)</u>	<u>(5,131,257)</u>
	<u><u>\$11,521,692</u></u>	<u><u>\$12,007,858</u></u>

The accompanying notes are an integral part of these balance sheets.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSSTATEMENTS OF REVENUES AND SUPPORT, EXPENSESAND CHANGES IN UNRESTRICTED AND RESTRICTED FUND BALANCES (DEFICIT)FOR THE YEARS ENDED OCTOBER 31, 1990 AND 1989

	<u>1990</u>	<u>1989</u>
<b>REVENUES AND SUPPORT:</b>		
Filene Center	\$ 8,614,886	\$ 7,534,520
Barns	634,022	556,942
Education	121,176	108,973
Wolf Trap Opera Company	459,436	305,361
Television	86,200	182,900
Wolf Trap Institute	374,316	246,805
Special projects	297,087	337,790
Wolf Trap Associates	789,035	746,876
Development	1,069,832	1,008,479
Other operating income	190,187	165,211
	<u>12,636,177</u>	<u>11,193,857</u>
<b>OPERATING EXPENSES:</b>		
Program and Production--		
Filene Center, net of NPS stagehand grant of \$431,769 in 1990 and \$437,900 in 1989	6,647,999	5,131,123
Barns	640,372	579,457
Education	106,228	99,772
Wolf Trap Opera Company	697,147	617,908
Television	116,258	476,276
Wolf Trap Institute	368,881	327,803
	<u>8,576,885</u>	<u>7,232,339</u>
Publicity	1,768,441	1,618,567
Special projects	185,456	252,089
Wolf Trap Associates	521,967	489,427
Development	288,666	263,654
General and administrative	1,119,262	963,853
	<u>12,460,677</u>	<u>10,819,929</u>
Net revenues from operations	175,500	373,928
<b>RESTRICTED AND OTHER REVENUES (LOSSES)</b>	(196,933)	725,330
<b>REBUILD COSTS, Filene Center (including interest of \$1,885,466 in 1990 and \$1,666,898 in 1989 - Note 4)</b>	1,886,353	1,665,412
<b>EXPENSES IN EXCESS OF REVENUES AND SUPPORT</b>	(1,907,786)	(566,154)
<b>FUND DEFICIT, beginning of year</b>	(5,131,257)	(4,565,103)
<b>FUND DEFICIT, end of year</b>	<u><u>\$(7,039,043)</u></u>	<u><u>\$(5,131,257)</u></u>

The accompanying notes are an integral part of these statements.



## WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

## STATEMENTS OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED OCTOBER 31, 1990 AND 1989

	Balance October 31, 1988	Revenues and Support in Excess of Expenses	Balance October 31, 1989	Revenues and Support in Excess of Expenses	Balance October 31, 1990
Unrestricted, undesignated	\$ 2,291,664	\$ 728,177	\$ 3,019,841	\$ 426,839	\$ 3,446,680
Unrestricted, designated:					
Packard Fund	\$ 3,729,788	\$ 456,401	\$ 4,186,189	\$ (211,377)	\$ 3,974,812
NEA/Packard Challenge Fund	716,004	38,355	754,359	(68,309)	686,050
Television Fund	(138,406)	(293,376)	(431,782)	(30,058)	(461,840)
Total Unrestricted	<u>\$ 6,599,050</u>	<u>\$ 929,557</u>	<u>\$ 7,528,607</u>	<u>\$ 117,095</u>	<u>\$ 7,645,702</u>
Restricted:					
Rebuild Fund	\$(15,155,693)	\$(1,639,962)	\$(16,795,655)	\$(1,896,323)	\$(18,691,978)
Education Fund	3,311,540	144,251	3,455,791	(128,558)	3,327,233
Total Restricted	<u>\$(11,844,153)</u>	<u>\$(1,495,711)</u>	<u>\$(13,339,864)</u>	<u>\$(2,024,881)</u>	<u>\$(15,364,745)</u>
Endowments:					
Packard Challenge Fund	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ 400,000
NEA	280,000	-	280,000	-	280,000
Total Endowments	<u>\$ 680,000</u>	<u>\$ -</u>	<u>\$ 680,000</u>	<u>\$ -</u>	<u>\$ 680,000</u>
TOTAL FUND DEFICIT	<u>\$ (4,565,103)</u>	<u>\$ (566,154)</u>	<u>\$ (5,131,257)</u>	<u>\$(1,907,786)</u>	<u>\$ (7,039,043)</u>

The accompanying notes are an integral part of these statements.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSSTATEMENTS OF CASH FLOWSFOR THE YEARS ENDED OCTOBER 31, 1990 AND 1989

	<u>1990</u>	<u>1989</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Expenses in excess of revenues and support	\$(1,907,786)	\$ (566,154)
Adjustments to reconcile expenses in excess of revenues and support to net cash provided by (used in) operating activities-		
Depreciation	137,787	128,847
Decrease in pledges, interest and dividends receivable	20,528	47,928
(Increase) decrease in prepaid expenses and other current assets	(50,246)	127,370
Decrease in accounts payable and accrued liabilities	(70,656)	(357,656)
Decrease in deferred revenue	(258,190)	(6,286)
Increase in interest payable to U.S. Government	1,885,466	1,666,898
	<u>1,885,466</u>	<u>1,666,898</u>
Net cash (used in) provided by operating activities	(243,097)	1,040,947
CASH FLOWS FROM INVESTING ACTIVITIES-		
Capital expenditures	(121,131)	(88,585)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on construction settlement payable	(135,000)	(135,000)
Payments on note payable to bank	-	(80,000)
	<u>(135,000)</u>	<u>(215,000)</u>
NET (DECREASE) INCREASE IN CASH AND INVESTMENTS	(499,228)	737,362
CASH AND INVESTMENTS, beginning of year	8,938,806	8,201,444
CASH AND INVESTMENTS, end of year	<u>\$8,439,578</u>	<u>\$8,938,806</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION-		
Cash paid during the year for interest	\$ 8,537	\$ 4,252
	<u>8,537</u>	<u>4,252</u>

The accompanying notes are an integral part of these statements.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSNOTES TO FINANCIAL STATEMENTSAS OF OCTOBER 31, 1990 AND 19891. GENERAL PURPOSE:

Wolf Trap Farm Park for the Performing Arts ("Wolf Trap") was formed on October 15, 1966, by Public Law 89-671. The Wolf Trap Foundation for the Performing Arts (the "Foundation") was formed at the request of the U.S. Government to be responsible for the presentation of performing arts and related educational and cultural programs at Wolf Trap. The Foundation is also responsible for public relations, publicity, marketing, ticketing, general administration and underwriting of these programs. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. SIGNIFICANT ACCOUNTING POLICIES:Fund Accounting

To comply with limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting, whereby resources for various purposes are classified for accounting and reporting purposes into Funds established according to their nature and purpose. The Foundation maintains the following Funds.

Unrestricted Funds - Represents resources received without stipulation as to use or purpose by the donor. The resources are available for any program and/or activity of the Foundation consistent with the fiscal plan, as adopted, by the Board of Directors.

Designated Funds - Represents resources received for specific programs and/or activities. The Designated Funds may only be used for the program and/or activity designated by the donor. The President of the Foundation, or appointed designee, determines the functional expenses authorized for the designated program and/or activity.

Restricted Funds - Represents resources received for programs and/or activities with specific instructions as to what functional expense the resources are to be used. Generally, the Foundation accepts these resources and gifts-in-kind, with the understanding that the donor may request the right to audit the books of the Foundation related to the use of these specific donations and may require the Foundation to send periodic reports verifying the use of these gifts.

Endowment Funds - represent funds that are subject to restrictions of gift instruments requiring, in perpetuity, that the principal be invested and only the income be used for the Foundation's operations. Endowment Funds include the portion of the Packard Challenge Fund which was stipulated to be set up as an endowment by the Packards and a grant received from the National Endowment for the Arts ("NEA").

#### Property and Equipment

Property is depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years for furniture, equipment and other property, and 40 years for buildings.

#### Revenue Recognition

Revenue from restricted grants and contributions is generally deemed to be earned and is reported as the Foundation incurs expenditures which are in compliance with the specific restrictions of the grants and contributions, except for amounts received for the Education Fund, which are recorded when received. Restricted grants and contributions received but not yet earned are reported as deferred revenue. Revenues from unrestricted contributions are recorded when received. Cash received by the Foundation prior to October 31, 1990, related to rental of the Barns and ticket sales for events after that date is recorded as deferred revenue and recognized at the time of the event.

#### Cash Equivalents

The Foundation considers highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents. These cash equivalents have been classified as investments on the balance sheets.

#### Prior Year's Reclassifications

Certain amounts included in the accompanying financial statements have been reclassified to conform with the current year's presentation.

### 3. INVESTMENTS:

Investments are carried at the lower of cost or market. As of October 31, 1990, investments included the following.

	<u>Cost</u>	<u>Market</u>
Corporate and U.S. Government debt	\$3,649,087	\$3,737,536
Equity funds, and common and preferred stock	4,057,919	3,691,408
Other cash equivalents	714,897	714,896
	<hr/>	<hr/>
Total investments	8,421,903	8,143,840
Less- Endowment Fund investments	680,000	680,000
	<hr/>	<hr/>
	\$7,741,903	\$7,463,840
	<hr/>	<hr/>

Investments, by Fund, are as follows.

<u>Fund</u>	As of October 31,	
	<u>1990</u> <u>(at market)</u>	<u>1989</u> <u>(at cost)</u>
Undesignated Funds	\$ 30,000	\$ 30,000
Packard Fund	4,000,222	4,211,716
NEA/Packard Challenge Fund	220,098	279,353
Education Fund	3,213,520	3,342,985
Endowment Funds (Packard Challenge and NEA)	680,000	680,000
Total	<u>\$8,143,840</u>	<u>\$8,544,054</u>

4. NOTES PAYABLE TO U.S. GOVERNMENT AND  
LEGISLATIVE RESTRUCTURING SUBSEQUENT TO YEAR END:

Significant legislative action was completed after fiscal year end applicable to the notes and interest payable to the U.S. Government, in which the principal payments were restructured and accrued interest payable of approximately \$9 million was forgiven. The following discussion reflects the history of these debt obligations and their current accounting treatment:

On April 4, 1982, the Filene Center at Wolf Trap was completely destroyed by fire. In October 1982, the President of the United States signed the Wolf Trap Farm Park Act, Public Law 97-310, creating a \$9 million grant to the Foundation for the reconstruction of the Filene Center. In addition to the grant, the legislation provided for loans to the Foundation to the extent needed to complete the reconstruction of the Filene Center and to provide for noise mitigation measures, including those on adjacent public property. The loan agreement was amended in July 1986 to increase the maximum loan amount from \$8.0 million to \$9.5 million. As of October 31, 1990, the Foundation has promissory notes payable to the U.S. Government of \$8,560,226. Interest rates on the original notes ranged from 7.4 to 13.4 percent.

On November 23, 1988, the Foundation was unable to meet its obligations on the original notes and accrued interest which together totaled approximately \$15.8 million on October 31, 1989. Thus, the entire amount was reported as a current liability in the 1989 financial statements, but has been reclassified in these current financial statements as long-term due to subsequent events described below.

On November 28, 1990, Public Law 101-636 was signed by the President of the United States which restructured the repayment terms of the debt. The legislation provides for the forgiveness of all accrued interest on the debt and specified repayment terms, interest free, over twenty-five years. Furthermore, the Foundation was required to modify its cooperative agreement

with the National Park Service ("NPS") within 120 days in order for the provisions of the debt restructuring to take effect. The modified cooperative agreement was signed on January 2, 1991. In management's opinion, all conditions of the legislation have been met. For financial statement presentation as of October 31, 1990 and 1989, the debt, net of current portion, and related accrued interest have been classified as long-term. All principal payments will be due annually on June 1. Future principal obligations of the debt will be as follows:

<u>Year Ending</u> <u>October 31,</u>	
1991	\$ 215,000
1992	215,000
1993	215,000
1994	359,783
1995	359,783
Thereafter	7,195,660
	<hr/>
	8,560,226
Less current portion	(215,000)
	<hr/>
	<u>\$8,345,226</u>
	<u>=====</u>

Principal payments on the debt may be reduced in any year by a credit equal to 100% of the market value of public service tickets issued, determined at prevailing Foundation box office rates, but not to exceed \$60,000 annually. All principal payments made to NPS are to be retained and expended, in consultation with the Foundation, for the maintenance of structures, facilities, and equipment at Wolf Trap Farm Park.

The pro forma balance sheet of the Foundation at October 31, 1990, reflecting the U.S. Government debt restructuring which occurred subsequent to that date follows.

	<u>Historical</u>	<u>Pro forma</u>
Total assets	<u>\$11,521,692</u>	<u>\$11,521,692</u>
Current liabilities	\$ 994,202	\$ 994,202
Other liabilities	17,566,533	8,480,226
Total fund balance (deficit)	(7,039,043)	2,047,264
Total liabilities and fund balance	<u>\$11,521,692</u>	<u>\$11,521,692</u>
	<u>=====</u>	<u>=====</u>

5. NOTE PAYABLE TO BANK:

The Foundation has a line-of-credit agreement with a bank which provides for borrowings up to \$500,000. The line of credit bears interest at the bank's prime rate plus 0.25% and is collateralized by marketable securities held in the Packard Challenge Fund. There were no draws on the line-of-credit during the two fiscal years ended October 31, 1990.

6. SETTLEMENT OF FILENE CENTER REBUILD CONTINGENCIES AND CLAIMS:

In 1987, the Foundation settled a dispute with the construction contractor of the new Filene Center. Under the terms of the settlement, Wolf Trap was to pay a specified amount over a six-year period. The remaining balance at October 31, 1990 of \$270,000 is due in two annual installments of \$135,000 in 1991 and 1992.

7. TAX-DEFERRED ANNUITY:

The Foundation has adopted a tax-deferred annuity plan for all full-time employees with more than one year of service. Employees may contribute up to 17.5% of their gross salary into the plan. The Foundation will match 50% of each employee's contribution up to 5% of their gross salary. The Foundation's president and vice presidents can receive 50% matching contributions up to 10% of their gross salary. Total contributions to the defined contribution plan made by the Foundation were approximately \$36,000 and \$34,000 in 1990 and 1989, respectively.

8. OPERATING LEASE COMMITMENTS:

The Foundation leases office equipment under a lease agreement expiring in March 1991. The remaining obligation under this lease is approximately \$3,900 as of October 31, 1990. The Foundation leases vehicles, storage facilities, and other equipment on a month-to-month basis during the peak season. Total rent expense was approximately \$45,000 and \$51,000 during 1990 and 1989, respectively.

9. CONSULTING AGREEMENT:

On December 5, 1990, the Foundation entered into a consulting agreement with an individual for professional services related to television production. The term of the agreement is through August 30, 1991, and provides for compensation of \$8,000 per month and reimbursement of travel and out-of-pocket expenses. The agreement may be terminated by either party at any time.

## WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

## SUPPLEMENTAL SCHEDULE OF OPERATIONAL REVENUES, SUPPORT AND EXPENSES

FOR THE YEAR ENDED OCTOBER 31, 1990  
(With Comparative Totals for 1989)

	1990							1989	
	Fileene Center	Barns	Education	Wolf Trap Opera Company	Television	Wolf Trap Institute	General and Administrative	Total	Total
EARNED REVENUES:									
Ticket sales	\$8,160,422	\$307,624	\$17,428	\$ 248,311	\$ -	\$ -	\$ -	\$ 8,733,785	\$ 7,533,399
Rental income	9,500	232,021	-	-	-	-	14,970	256,491	223,797
Other	302,298	69,377	3,515	-	46,200	197,616	125,217 (1)	744,223	612,923
Total earned revenues	8,472,220	609,022	20,943	248,311	46,200	197,616	140,187	9,734,499	8,370,119
DIRECT EXPENSES:									
Direct expenses	8,848,209	640,372	106,228	697,147	116,258	368,881	1,119,262	11,896,357	10,252,659
Less- NPS stagehand grant	(431,769)	-	-	-	-	-	-	(431,769)	(437,900)
Net direct expenses	8,416,440 (2)	640,372	106,228	697,147	116,258	368,881	1,119,262	11,464,588	9,814,759
EARNED REVENUES IN EXCESS OF (LESS THAN) DIRECT EXPENSES	55,780	(31,350)	(85,285)	(448,836)	(70,058)	(171,265)	(979,075)	(1,730,089)	(1,444,640)
SUPPORT:									
Endowment allocation	-	-	62,500	171,000	-	84,500	50,000	368,000	416,250
Other designated	142,666	25,000	37,733	40,125	40,000	92,200	-	377,724	314,343
Total support	142,666	25,000	100,233	211,125	40,000	176,700	50,000	745,724	730,593
EXCESS (DEFICIENCY) OF EARNED REVENUES AND SUPPORT OVER DIRECT EXPENSES	\$ 198,446	\$ (6,350)	\$14,948	\$(237,711)	\$(30,058)	\$ 5,435	\$ (929,075)	(984,365)	(714,047)
SPECIAL PROJECTS:									
Revenue								297,087	337,790
Expenses								185,456	252,089
Net special projects revenues								111,631	85,701
WOLF TRAP ASSOCIATES:									
Revenue								789,035	746,876
Expenses								521,967	489,427
Net Wolf Trap Associates revenues								267,068	257,449
DEVELOPMENT:									
Revenue								1,069,832	1,008,479
Expenses								288,666	263,654
Net development revenues								781,166	744,825
REVENUES AND SUPPORT FROM OPERATIONS IN EXCESS OF EXPENSES								175,500	373,928
RESTRICTED AND OTHER REVENUES (LOSSES)								(196,933)	725,330
REBUILD EXPENSE (PRIMARILY INTEREST)								(1,886,353)	(1,665,412)
EXPENSES IN EXCESS OF REVENUES AND SUPPORT								\$(1,907,786)	\$ (566,154)

(1) Amount primarily represents income earned from operating funds.  
(2) Amount includes expenses related to Publicity on Schedule II.



## WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

## SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES

FOR THE YEAR ENDED OCTOBER 31, 1990  
(With Comparative Totals for 1989)

	1990														1989
	Fileene Center	Barns	Education	Wolf Trap Opera Company	Television	Wolf Trap Institute	Publicity	General and Administrative	Total Direct Expenses	Special Projects	Wolf Trap Associates	Development	Total	Total	
PRODUCTION COSTS:															
Performance fees	\$5,058,510	\$222,334	\$ 5,250	\$ 71,160	\$ 2,273	\$ 91,572	\$ -	\$ -	\$ 5,451,099	\$ 1,000	\$ -	\$ -	\$ 5,452,099	\$ 4,359,488	
Scenery	16,208	265	-	45,653	-	-	-	-	62,126	-	-	-	62,126	71,354	
Orchestra	216,296	-	-	41,081	-	-	-	-	257,377	-	-	-	257,377	164,647	
Props	240	-	-	5,953	-	-	-	-	6,193	-	30,782	-	36,975	26,731	
Other production costs	64,962	18,352	1,170	95,305	12,037	-	-	41	191,867	3,875	-	-	195,742	312,376	
Total production costs	5,356,216	240,951	6,420	259,152	14,310	91,572	-	41	5,968,662	4,875	30,782	-	6,004,319	4,934,596	
SALARIES AND BENEFITS:															
Salaries and benefits	1,434,414	193,126	88,974	211,673	-	123,427	194,563	566,387	2,812,564	40,300	125,465	189,263	3,167,592	2,793,344	
Less- NPS stagehand grant	(431,769)	-	-	-	-	-	-	-	(431,769)	-	-	-	(431,769)	(437,900)	
Net salaries and benefits	1,002,645	193,126	88,974	211,673	-	123,427	194,563	566,387	2,380,795	40,300	125,465	189,263	2,735,823	2,355,444	
ADVERTISING:															
Radio	-	-	-	-	-	-	628,845	-	628,845	-	-	-	628,845	545,225	
TV	-	-	-	-	-	-	39,554	-	39,554	-	-	-	39,554	54,673	
Print	-	-	950	-	-	263	478,347	3,929	483,489	-	-	114	483,603	465,448	
Total advertising	-	-	950	-	-	263	1,146,746	3,929	1,151,888	-	-	114	1,152,002	1,065,346	
PROFESSIONAL FEES:															
Legal, accounting and other	13,029	-	-	201,509	-	69,575	87,889	98,033	470,035	10,700	15,749	21,854	518,338	477,846	
Consultants	41,328	-	-	-	101,597	-	21,047	15,000	178,972	-	-	-	178,972	188,314	
Total Professional fees	54,357	-	-	201,509	101,597	69,575	108,936	113,033	649,007	10,700	15,749	21,854	697,310	666,160	
OTHER:															
Travel/representation	11,976	762	3,169	9,179	278	42,738	31,576	36,206	135,884	733	58,519	5,105	200,241	183,288	
Utilities	15,899	29,695	604	1,482	-	907	2,535	19,852	70,974	302	1,192	2,507	74,975	108,140	
Food	15,846	38,762	40	190	-	10,253	3,192	151	68,434	102,012	116,590	6,636	293,672	319,782	
Postage	8,602	899	1,200	2,689	-	3,379	77,759	4,676	99,204	2,950	21,167	10,720	134,041	116,787	
Printing and publications	6,111	1,591	3,034	2,065	-	5,284	175,200	22,079	215,364	17,601	45,472	36,889	315,326	297,934	
Miscellaneous	15	9,859	-	-	-	-	15,830	37,092	62,796	-	44,309	848	107,953	124,581	
Merchandise	-	-	-	-	-	-	-	-	-	-	48,903	-	48,903	29,854	
Training/scholarships	745	-	1,180	-	-	13,262	2,218	1,906	19,311	324	2,306	2,956	24,897	33,805	
Depreciation	-	75,725	-	-	-	-	-	58,895	134,620	-	3,167	-	137,787	128,847	
Insurance/taxes and licenses	-	529	-	-	-	-	-	128,474	129,003	-	-	-	129,003	96,368	
Interest	-	-	-	-	-	-	-	8,537	8,537	-	-	-	8,537	3,567	
Facilities rental/maintenance	2,079	40,708	10	7,432	-	-	643	34,609	85,481	-	2,075	1,502	89,058	91,537	
Restricted Fund fees	-	-	-	-	-	-	-	39,586	39,586	-	-	-	39,586	37,756	
Furniture/equipment/supplies	13,578	7,765	647	1,776	73	8,221	9,243	43,809	85,112	5,659	6,271	10,272	107,314	87,254	
Ticket sales commissions	159,930	-	-	-	-	-	-	-	159,930	-	-	-	159,930	138,883	
Total other	234,781	206,295	9,884	24,813	351	84,044	318,196	435,872	1,314,236	129,581	349,971	77,435	1,871,223	1,798,383	
	\$6,647,999	\$640,372	\$106,228	\$697,147	\$116,258	\$368,881	\$1,768,441	\$1,119,262	\$11,464,588	\$185,456	\$521,967	\$288,666	\$12,460,677	\$10,819,929	

The accompanying notes are an integral part of this schedule.

ARTHUR  
ANDERSEN  
& CO.



**Wolf Trap Foundation for the Performing Arts**

**Financial Statements**

**As of October 31, 1991 and 1990,  
Together With Auditors' Report**

## ARTHUR ANDERSEN &amp; CO.

WASHINGTON, D. C.

## Report of Independent Public Accountants

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

We have audited the accompanying balance sheets of Wolf Trap Foundation for the Performing Arts (the "Foundation," a District of Columbia nonprofit organization) as of October 31, 1991 and 1990, and the related statements of revenues and support, expenses and changes in unrestricted and restricted fund balances, changes in fund balances, and cash flows for the years then ended. These financial statements and the schedules referred to below are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wolf Trap Foundation for the Performing Arts as of October 31, 1991 and 1990, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule I of operational revenues, support and expenses, and supplemental Schedule II of operating expenses for the year ended October 31, 1991, with summarized totals for 1990, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Arthur Andersen & Co.*

December 13, 1991

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSBALANCE SHEETSAS OF OCTOBER 31, 1991 AND 1990ASSETS

	<u>1991</u>	<u>1990</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 38,412	\$ 295,738
Investments (Note 3)	9,033,971	8,143,840
Pledges receivable	10,000	12,500
Interest and dividends receivable	43,107	45,465
Prepaid expenses and other current assets	137,978	118,320
<b>Total current assets</b>	<b>9,263,468</b>	<b>8,615,863</b>
<b>PROPERTY AND EQUIPMENT:</b>		
Land	806,791	806,791
Barns building	1,706,174	1,706,174
Other buildings and improvements	910,142	906,951
Furniture, equipment and other property	557,161	563,611
Less- Accumulated depreciation	(1,199,533)	(1,077,698)
<b>Total property and equipment, net</b>	<b>2,780,735</b>	<b>2,905,829</b>
	<b>\$12,044,203</b>	<b>\$11,521,692</b>

LIABILITIES AND FUND BALANCES

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 464,954	\$ 451,588
Deferred revenue	207,317	192,614
Note payable to bank (Note 5)	350,000	-
Note payable to U.S. government, current portion (Note 4)	215,000	215,000
Construction settlement payable, current portion (Note 6)	135,000	135,000
<b>Total current liabilities</b>	<b>1,372,271</b>	<b>994,202</b>
<b>NOTES PAYABLE TO U.S. GOVERNMENT, net of current portion (Note 4)</b>	<b>8,130,226</b>	<b>8,345,226</b>
<b>INTEREST PAYABLE TO U.S. GOVERNMENT (entire amount forgiven by legislation effective as of January 2, 1991 — Note 4)</b>	<b>-</b>	<b>9,086,307</b>
<b>CONSTRUCTION SETTLEMENT PAYABLE, net of current portion (Note 6)</b>	<b>-</b>	<b>135,000</b>
<b>Total liabilities</b>	<b>9,502,497</b>	<b>18,560,735</b>
<b>COMMITMENTS (Notes 4 and 5)</b>		
<b>FUND BALANCES (DEFICIT):</b>		
Unrestricted funds	(1,818,757)	7,645,702
Restricted funds	3,680,463	(15,364,745)
Endowment funds	680,000	680,000
<b>Total fund balance (deficit)</b>	<b>2,541,706</b>	<b>(7,039,043)</b>
	<b>\$12,044,203</b>	<b>\$11,521,692</b>

The accompanying notes are an integral part of these balance sheets.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSSTATEMENTS OF REVENUES AND SUPPORT, EXPENSESAND CHANGES IN UNRESTRICTED AND RESTRICTED FUND BALANCESFOR THE YEARS ENDED OCTOBER 31, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
<b>REVENUES AND SUPPORT:</b>		
Filene Center	\$ 9,356,115	\$ 8,614,886
Barns	685,282	634,022
Education	81,916	121,176
Wolf Trap Opera Company	506,310	459,436
Media	507,545	86,200
Wolf Trap Institute	470,283	374,316
Special projects	419,697	297,087
Wolf Trap Associates	807,680	789,035
Development	945,527	1,069,832
Other operating income	140,788	190,187
	<u>13,921,143</u>	<u>12,636,177</u>
<b>OPERATING EXPENSES:</b>		
Program and Production-		
Filene Center, net of NPS stagehand grant of \$435,605 in 1991 and \$431,769 in 1990	8,949,104	7,785,997
Barns	1,150,056	1,007,105
Education	65,347	106,228
Wolf Trap Opera Company	527,183	697,147
Media	616,302	116,258
Wolf Trap Institute	407,334	368,881
	<u>11,715,326</u>	<u>10,081,616</u>
Publicity	350,958	263,710
Special projects	240,509	185,456
Wolf Trap Associates	647,957	521,967
Development	247,505	288,666
General and administrative	1,084,151	1,119,262
	<u>14,286,406</u>	<u>12,460,677</u>
Net (loss) revenues from operations	(365,263)	175,500
<b>RESTRICTED AND OTHER REVENUES (LOSSES) (including investment income of \$1,457,675 in 1991 and \$17,342 in 1990)</b>	925,675	(196,933)
<b>REBUILD COSTS, Filene Center (including interest of \$358,500 in 1991 and \$1,885,466 in 1990 — Note 4)</b>	(358,500)	(1,886,353)
<b>WOLF TRAP FARM PARK IMPROVEMENTS</b>	(65,970)	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND SUPPORT OVER EXPENSES</b>	135,942	(1,907,786)
<b>FUND DEFICIT, beginning of year</b>	(7,039,043)	(5,131,257)
<b>ADJUSTMENT TO FUND BALANCES (forgiveness of interest by legislation — Note 4)</b>	9,444,807	-
<b>FUND BALANCE (DEFICIT), end of year</b>	<u>\$ 2,541,706</u>	<u>\$(7,039,043)</u>

The accompanying notes are an integral part of these statements.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

STATEMENTS OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED OCTOBER 31, 1991 AND 1990

	Balance October 31, 1989	Excess (Deficiency) of Revenues and Support Over Expenses	Balance October 31, 1990	Excess (Deficiency) of Revenues and Support Over Expenses	Adjustments to Fund Balances (Note 4)	Balance October 31, 1991
Unrestricted, undesignated	\$ 3,019,841	\$ 426,839	\$ 3,446,680	\$(218,604)	\$(9,605,671)	\$(6,377,595)
Unrestricted, designated:						
Packard Fund	4,186,189	(211,377)	3,974,812	471,697	-	4,446,509
NEA/Packard Challenge Fund	754,359	(68,309)	686,050	62,847	-	748,897
Media Fund	(431,782)	(30,058)	(461,840)	(108,758)	-	(570,598)
Wolf Trap Farm Park Improvements	-	-	-	(65,970)	-	(65,970)
Total Unrestricted	<u>\$ 7,528,607</u>	<u>\$ 117,095</u>	<u>\$ 7,645,702</u>	<u>\$ 141,212</u>	<u>\$(9,605,671)</u>	<u>\$(1,818,757)</u>
Restricted:						
Rebuild Fund	\$(16,795,655)	\$(1,896,323)	\$(18,691,978)	\$(358,500)	\$19,050,478	\$ -
Shouse Education Fund	3,455,791	(128,558)	3,327,233	353,230	-	3,680,463
Total Restricted	<u>\$(13,339,864)</u>	<u>\$(2,024,881)</u>	<u>\$(15,364,745)</u>	<u>\$ (5,270)</u>	<u>\$19,050,478</u>	<u>\$ 3,680,463</u>
Endowments:						
Packard Challenge Fund	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000
NEA	280,000	-	280,000	-	-	280,000
Total Endowments	<u>\$ 680,000</u>	<u>\$ -</u>	<u>\$ 680,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,000</u>
TOTAL FUND BALANCE (DEFICIT)	<u><u>\$ (5,131,257)</u></u>	<u><u>\$(1,907,786)</u></u>	<u><u>\$ (7,039,043)</u></u>	<u><u>\$ 135,942</u></u>	<u><u>\$ 9,444,807</u></u>	<u><u>\$ 2,541,706</u></u>

The accompanying notes are an integral part of these statements.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSSTATEMENTS OF CASH FLOWSFOR THE YEARS ENDED OCTOBER 31, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenues and support over expenses	\$ 135,942	\$(1,907,786)
Adjustments to reconcile expenses in excess of revenues and support to net cash provided by (used in) operating activities-		
Depreciation	136,941	137,787
Loss on disposal of property and equipment	23,261	-
Forgiveness of current year interest by legislation	358,500	-
Donation of public service tickets	(60,000)	-
Decrease in pledges, interest and dividends receivable	4,858	20,528
Increase in prepaid expenses and other current assets	(19,658)	(50,246)
Increase (decrease) in accounts payable and accrued liabilities	13,366	(70,656)
Increase (decrease) in deferred revenue	14,703	(258,190)
Net cash provided by (used in) operating activities	<u>607,913</u>	<u>(2,128,563)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES-</b>		
Capital expenditures, net	<u>(35,108)</u>	<u>(121,131)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on construction settlement payable	(135,000)	(135,000)
Payments on note payable to U.S. government	(155,000)	-
Advances on note payable to bank	350,000	-
Net cash provided by (used in) financing activities	<u>60,000</u>	<u>1,750,466</u>
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<u>632,805</u>	<u>(499,228)</u>
<b>CASH AND INVESTMENTS, beginning of year</b>	<u>8,439,578</u>	<u>8,938,806</u>
<b>CASH AND INVESTMENTS, end of year</b>	<u>\$9,072,383</u>	<u>\$ 8,439,578</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION-</b>		
Cash paid during the year for interest	<u>\$ 733</u>	<u>\$ 8,537</u>

The accompanying notes are an integral part of these statements.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSNOTES TO FINANCIAL STATEMENTSAS OF OCTOBER 31, 1991 AND 19901. GENERAL PURPOSE:

Wolf Trap Farm Park for the Performing Arts ("Wolf Trap") was formed on October 15, 1966, by Public Law 89-671. The Wolf Trap Foundation for the Performing Arts (the "Foundation") was formed at the request of the U.S. government to be responsible for the presentation of performing arts and related educational and cultural programs at Wolf Trap. The Foundation is also responsible for public relations, publicity, marketing, ticketing, general administration and underwriting of these programs. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. SIGNIFICANT ACCOUNTING POLICIES:Fund Accounting

To comply with limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting, whereby resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. The Foundation maintains the following funds:

Unrestricted Funds -- Represents resources received without stipulation as to use or purpose by the donor. The resources are available for any program and/or activity of the Foundation consistent with the fiscal plan, as adopted, by the Board of Directors.

Designated Funds -- Represents resources received for programs and/or activities. The Board of Directors of the Foundation, or appointed designee, determines the functional expenses authorized for the designated program and/or activity.

Restricted Funds -- Represents resources received for programs and/or activities with specific instructions as to what functional expense the resources are to be used. Generally, the Foundation accepts these resources and gifts-in-kind, with the understanding that the donor may request the right to audit the books of the Foundation related to the use of these specific donations and may require the Foundation to send periodic reports verifying the use of these gifts.

Endowment Funds -- Represents funds that are subject to restrictions of gift instruments requiring, in perpetuity, that the principal be invested and only the income be used for the Foundation's operations. Endowment



Funds include the portion of the Packard Challenge Fund which was stipulated to be set up as an endowment by the Packards and a grant received from the National Endowment for the Arts ("NEA").

#### Property and Equipment

Property is depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years for furniture, equipment and other property, and 40 years for buildings.

#### Revenue Recognition

Revenue from restricted grants and contributions is generally deemed to be earned and is reported as the Foundation incurs expenditures which are in compliance with the specific restrictions of the grants and contributions. Restricted grants and contributions received but not yet earned are reported as deferred revenue. Revenues from unrestricted contributions are recorded when received. Cash received by the Foundation prior to October 31, 1991, related to rental of the Barns and ticket sales for events after that date is recorded as deferred revenue and recognized at the time of the event.

#### Cash Equivalents

The Foundation considers highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents. These cash equivalents have been classified as investments on the accompanying balance sheets.

#### Prior Year's Reclassifications

Certain amounts included in the accompanying financial statements have been reclassified to conform with the current year's presentation.

### 3. INVESTMENTS:

Investments are carried at the lower of cost or market. As of October 31, 1991, investments included the following.

	<u>Cost</u>	<u>Market</u>
Corporate and U.S. government debt	\$3,856,747	\$4,095,163
Equity funds and common and preferred stock	4,702,291	4,824,860
Other cash equivalents	474,933	474,933
Total investments	<u>\$9,033,971</u>	<u>\$9,394,956</u>

Investments, by fund, are as follows:

Fund	As of October 31,	
	1991	1990
Undesignated funds	\$ 30,000	\$ 30,000
Packard Fund	4,474,680	4,000,222
NEA/Packard Challenge Fund	280,607	220,098
Shouse Education Fund (restricted)	3,568,684	3,213,520
Endowment Funds (Packard Challenge and NEA)	680,000	680,000
Total	<u>\$9,033,971</u>	<u>\$8,143,840</u>

#### 4. NOTES PAYABLE TO U.S. GOVERNMENT:

Significant legislative action was completed during fiscal year 1991 with respect to the notes and interest payable to the U.S. government, in which the principal payments were restructured and accrued interest payable of approximately \$9.4 million was forgiven. Due to the related-party nature of the relationship between the Foundation and the U.S. government, the interest forgiveness was recorded as an adjustment to fund balance in the accompanying financial statements. The following discussion reflects the history of these debt obligations and their current accounting treatment:

On April 4, 1982, the Filene Center at Wolf Trap was completely destroyed by fire. In October 1982, the President of the United States signed the Wolf Trap Farm Park Act, Public Law 97-310, creating a \$9 million grant to the Foundation for the reconstruction of the Filene Center. In addition to the grant, the legislation provided for loans to the Foundation to the extent needed to complete the reconstruction of the Filene Center and to provide for noise mitigation measures, including those on adjacent public property. The loan agreement was amended in July 1986 to increase the maximum loan amount from \$8.0 million to \$9.5 million.

On November 28, 1990, Public Law 101-636 was signed by the President of the United States which restructured the repayment terms of the debt. The legislation provides for the forgiveness of all accrued interest on the debt and specified repayment terms, interest free, over 25 years. Furthermore, the Foundation was required to modify its cooperative agreement with the National Park Service ("NPS") within 120 days in order for the provisions of the debt restructuring to take effect. The modified cooperative agreement was signed on January 2, 1991.

After the restructuring, a deficit balance of approximately \$9.6 million remained in the restricted rebuild fund which has been reclassified to the unrestricted, undesignated fund.

Future principal obligations of the debt will be as follows:

<u>Year Ending</u> <u>October 31,</u>	
1992	\$ 215,000
1993	215,000
1994	359,783
1995	359,783
1996	359,783
Thereafter	6,835,877
	<hr/>
	8,345,226
Less- Current portion	(215,000)
	<hr/>
	\$8,130,226
	<hr/>

Principal payments on the debt may be reduced in any year by a credit equal to 100 percent of the market value of public service tickets issued, determined at prevailing Foundation box office rates, but not to exceed \$60,000 annually. All principal payments will be due annually on June 1. All principal payments made to the U.S. government are to be retained and expended, in consultation with the Foundation, for the maintenance of structures, facilities, and equipment at Wolf Trap Farm Park.

#### 5. NOTE PAYABLE TO BANK:

The Foundation has a line-of-credit agreement with a bank, which expires September 30, 1992, which provides for borrowings up to \$500,000. The line of credit bears interest at the bank's prime rate (8.0 percent at October 31, 1991) and is collateralized by marketable securities held in the Packard Challenge Fund. There was \$350,000 and \$0 outstanding on the line of credit at October 31, 1991 and 1990, respectively.

#### 6. SETTLEMENT OF FILENE CENTER REBUILD CONTINGENCIES AND CLAIMS:

In 1987, the Foundation settled a dispute with the construction contractor of the new Filene Center. Under the terms of the settlement, the Foundation was to pay a specified amount over a six-year period. The remaining balance at October 31, 1991, of \$135,000 is due in 1992.

#### 7. TAX-DEFERRED ANNUITY:

The Foundation has adopted a tax-deferred annuity plan for all full-time employees with more than one year of service. Employees may contribute up to 17.5 percent of their gross salary into the plan. The Foundation will match 50 percent of each employee's contribution up to 5 percent of their gross salary. The Foundation's president and vice presidents can receive 100 percent matching contributions up to 10 percent of their gross salary. Total contributions to the defined contribution plan made by the Foundation were approximately \$38,000 and \$36,000 in 1991 and 1990, respectively.

## WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

## SUPPLEMENTAL SCHEDULE OF REVENUES, SUPPORT AND EXPENSES

FOR THE YEAR ENDED OCTOBER 31, 1991, WITH SUMMARIZED TOTALS FOR 1990

	1991							1990 Total
	Fileene Center	Barns	Education	Wolf Trap Opera Company	Media	Wolf Trap Institute	General and Administrative	
EARNED REVENUES:								
Ticket sales	\$8,757,585	\$ 448,553	\$14,534	\$275,479	\$ 125,313	\$ -	\$ -	\$ 9,621,464
Rental income	5,600	146,115	-	-	-	-	17,630	169,345
Other	384,330	88,214	1,632	100	42,600	166,214	73,158	756,248
Total earned revenues	9,147,515	682,882	16,166	275,579	167,913	166,214	90,788	10,547,057
DIRECT EXPENSES:								
Direct expenses	8,923,631	922,958	65,347	527,183	616,302	407,334	1,084,151	12,546,906
Allocated indirect expenses	696,220	342,914	-	-	-	-	-	1,039,134
Less- NPS stagehand grant	(435,605)	-	-	-	-	-	-	(435,605)
Net direct expenses	9,184,246 (1)	1,265,872	65,347	527,183	616,302	407,334	1,084,151	13,150,435
EARNED REVENUES IN EXCESS OF (LESS THAN) DIRECT EXPENSES	(36,731)	(582,990)	(49,181)	(251,604)	(448,389)	(241,120)	(993,363)	(2,603,378)
SUPPORT:								
Endowment allocation	-	-	62,500	187,000	90,000	135,926	50,000	525,426
Other designated	208,600	2,400	3,250	43,731	249,632	168,143	-	675,756
Total support	208,600	2,400	65,750	230,731	339,632	304,069	50,000	1,201,182
EXCESS (DEFICIENCY) OF EARNED REVENUES AND SUPPORT OVER DIRECT EXPENSES	\$ 171,869	\$ (580,590)	\$16,569	\$(20,873)	\$(108,757)	\$ 62,949	\$ (943,363)	(1,402,196)
SPECIAL PROJECTS:								
Revenues								419,697
Expenses								240,509
Net special projects revenues								179,188
WOLF TRAP ASSOCIATES:								
Revenues								807,680
Expenses								647,957
Net Wolf Trap Associates revenues								159,723
DEVELOPMENT:								
Revenues								945,527
Expenses								247,505
Net development revenues								698,022
EXCESS (DEFICIENCY) OF REVENUES AND SUPPORT FROM OPERATIONS OVER EXPENSES								(365,263)
RESTRICTED AND OTHER REVENUES (LOSSES)								925,675
REBUILD EXPENSE (PRIMARILY INTEREST)								(358,500)
WOLF TRAP FARM PARK IMPROVEMENTS								(65,970)
EXCESS (DEFICIENCY) OF REVENUES AND SUPPORT OVER EXPENSES								\$ 135,942
								\$(1,907,786)

(1) Amount includes expenses related to Publicity on Schedule II.

The accompanying notes are an integral part of this schedule.

## WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

## SCHEDULE II

## SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES

FOR THE YEAR ENDED OCTOBER 31, 1991, WITH SUMMARIZED TOTALS FOR 1990

1991

	Fileene Center	Barns	Education	Wolf Trap Opera Company	Media	Wolf Trap Institute	Publicity	General and Administrative	Total Direct Expenses	Special Projects	Wolf Trap Associates	Development	Total	1990 Total
<b>PRODUCTION COSTS:</b>														
Performance fees	\$5,342,945	\$ 360,948	\$ 8,850	\$ 61,547	\$ 58,742	\$ 85,482	\$ -	\$ -	\$ 5,918,514	\$ -	\$ -	\$ -	\$ 5,918,514	\$ 5,452,099
Scenery	(1,052)	188	-	59,904	17,110	-	-	-	76,150	-	-	-	76,150	62,126
Orchestra	29,814	-	-	80,028	32,514	-	-	-	142,356	-	-	-	142,356	257,377
Props	(40)	-	-	7,773	-	-	-	-	7,733	-	20,775	-	28,508	36,975
Other production costs	327,723	24,375	171	45,493	145,163	-	-	50	542,975	5,370	-	-	548,345	195,742
<b>Total production costs</b>	<b>5,699,390</b>	<b>385,511</b>	<b>9,021</b>	<b>254,745</b>	<b>253,529</b>	<b>85,482</b>	<b>-</b>	<b>50</b>	<b>6,687,728</b>	<b>5,370</b>	<b>20,775</b>	<b>-</b>	<b>6,713,873</b>	<b>6,004,319</b>
<b>SALARIES AND BENEFITS:</b>														
Salaries and benefits	1,596,714	347,486	52,544	114,213	75,271	120,449	294,979	598,912	3,200,568	51,879	162,520	170,464	3,585,431	3,167,592
Less- NPS stagehand grant	(435,605)	-	-	-	-	-	-	-	(435,605)	-	-	-	(435,605)	(431,769)
<b>Net salaries and benefits</b>	<b>1,161,109</b>	<b>347,486</b>	<b>52,544</b>	<b>114,213</b>	<b>75,271</b>	<b>120,449</b>	<b>294,979</b>	<b>598,912</b>	<b>2,764,963</b>	<b>51,879</b>	<b>162,520</b>	<b>170,464</b>	<b>3,149,826</b>	<b>2,735,823</b>
<b>ADVERTISING:</b>														
Radio	715,559	7,668	-	-	-	-	36	-	723,263	-	-	-	723,263	628,845
TV	78,193	-	-	-	17,915	-	-	-	96,108	-	-	-	96,108	39,554
Print	494,077	84,263	-	-	-	-	15	6,237	584,592	-	-	325	584,917	483,603
<b>Total advertising</b>	<b>1,287,829</b>	<b>91,931</b>	<b>-</b>	<b>-</b>	<b>17,915</b>	<b>-</b>	<b>51</b>	<b>6,237</b>	<b>1,403,963</b>	<b>-</b>	<b>-</b>	<b>325</b>	<b>1,404,288</b>	<b>1,152,002</b>
<b>PROFESSIONAL FEES:</b>														
Legal, accounting and other	69,457	276	-	104,923	94,823	78,933	-	73,373	421,785	14,230	19,260	26,171	481,446	518,338
Consultants	27,690	22,144	-	-	104,877	-	1,975	20,000	176,686	-	-	-	176,686	178,972
<b>Total Professional fees</b>	<b>97,147</b>	<b>22,420</b>	<b>-</b>	<b>104,923</b>	<b>199,700</b>	<b>78,933</b>	<b>1,975</b>	<b>93,373</b>	<b>598,471</b>	<b>14,230</b>	<b>19,260</b>	<b>26,171</b>	<b>658,132</b>	<b>697,310</b>
<b>OTHER:</b>														
Travel/representation	39,936	2,127	2,124	9,548	50,086	33,020	8,751	42,415	188,007	3,724	105,950	2,090	299,771	200,241
Utilities	13,871	31,939	354	1,858	1,078	1,702	7,234	14,900	72,936	761	7,319	6,570	87,586	74,975
Food	9,692	31,332	40	212	596	7,386	2,003	118	51,379	136,631	120,524	9,473	318,007	293,672
Postage	87,775	24,795	355	2,159	1,970	3,232	1,731	5,377	127,394	4,305	24,936	12,896	169,531	134,041
Printing and publications	438,320	51,187	263	3,639	-	57,695	9,898	17,981	578,983	21,099	55,520	14,557	670,159	315,326
Miscellaneous	4,523	3,518	-	-	7,864	-	16,217	17,533	49,655	-	49,413	1,134	100,202	107,953
Merchandise	-	-	-	-	-	-	-	-	-	-	65,029	-	65,029	48,903
Training/scholarships	(1,285)	403	500	26,668	-	5,076	715	348	32,425	570	5,603	500	39,098	24,897
Depreciation	-	72,560	-	-	-	-	-	62,051	134,611	-	2,330	-	136,941	137,787
Insurance/taxes and licenses	-	519	-	-	8,071	-	-	120,904	129,494	-	-	-	129,494	129,003
Interest	-	-	-	-	-	-	-	733	733	-	-	-	733	8,537
Facilities rental/maintenance	2,183	26,667	-	7,590	-	-	389	20,119	56,948	-	2,256	90	59,294	89,058
Restricted Fund fees	-	-	-	-	-	-	-	37,902	37,902	-	-	-	37,902	39,586
Furniture/equipment/supplies	12,981	10,558	146	1,628	222	14,359	7,015	45,198	92,107	1,940	6,522	3,235	103,804	107,314
Ticket sales commissions	95,633	47,103	-	-	-	-	-	-	142,736	-	-	-	142,736	159,930
<b>Total other</b>	<b>703,629</b>	<b>302,708</b>	<b>3,782</b>	<b>53,302</b>	<b>69,887</b>	<b>122,470</b>	<b>53,953</b>	<b>385,579</b>	<b>1,695,310</b>	<b>169,030</b>	<b>445,402</b>	<b>50,545</b>	<b>2,360,287</b>	<b>1,871,223</b>
	<b>\$8,949,104</b>	<b>\$1,150,056</b>	<b>\$65,347</b>	<b>\$527,183</b>	<b>\$616,302</b>	<b>\$407,334</b>	<b>\$350,958</b>	<b>\$1,084,151</b>	<b>\$13,150,435</b>	<b>\$240,509</b>	<b>\$647,957</b>	<b>\$247,505</b>	<b>\$14,286,406</b>	<b>\$12,460,677</b>

The accompanying notes are an integral part of this schedule.

ARTHUR  
ANDERSEN  
& CO.



**Wolf Trap Foundation for the Performing Arts**

**OMB Circular A-133  
Supplementary Financial Report  
For the Year Ended October 31, 1991,  
Together With Auditors' Report and Comments**

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WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

OMB CIRCULAR A-133 SUPPLEMENTARY FINANCIAL REPORT

FOR THE YEAR ENDED OCTOBER 31, 1991

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## ARTHUR ANDERSEN &amp; Co.

1666 K STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 862-3100

December 13, 1991

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS  
OF THE FOUNDATION AS AN ENTITY

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

We have audited the basic financial statements of Wolf Trap Foundation for the Performing Arts (the "Foundation") as of and for the year ended October 31, 1991, and have issued our report thereon dated December 13, 1991.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the basic financial statements of the Foundation, for the year ended October 31, 1991, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

The management of the Foundation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories.

- o Financial Reporting Cycle (includes controls established to ensure compliance with laws and regulations that have a material impact on the financial statements)



## ARTHUR ANDERSEN &amp; Co.

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts

December 13, 1991

- o Treasury Cycle
- o Revenue Cycle (Federal Grants Cycle)
- o Payroll Expenditure Cycle
- o Vendor Expenditure Cycle

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Foundation in a separate letter dated December 13, 1991.

This report is intended for the information of the Foundation and the Department of the Interior and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation, is a matter of public record.

*Arthur Andersen & Co.*

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ARTHUR ANDERSEN & CO.

1666 K STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 862-3100

December 13, 1991

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS  
OF THE FOUNDATION'S FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

We have audited the basic financial statements of Wolf Trap Foundation for the Performing Arts (the "Foundation") as of and for the year ended October 31, 1991, and have issued our report thereon dated December 13, 1991. We have also audited the Foundation's compliance with requirements applicable to its two major Federal financial assistance programs, and have issued our report thereon dated December 13, 1991.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in **Government Auditing Standards** (1988 Revision), issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133, **Audits of Institutions of Higher Education and Other Nonprofit Institutions**. Those standards and OMB Circular A-133 require that we plan and perform an audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement and whether the Foundation complied with laws and regulations, noncompliance with which would be material to a major Federal financial assistance program.

In planning and performing our audit of the basic financial statements of the Foundation for the year ended October 31, 1991, we considered the Foundation's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Foundation's basic financial statements and on its compliance with requirements applicable to major Federal financial assistance programs and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to Federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the Foundation's basic financial statements in a separate report dated December 13, 1991.

The management of the Foundation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that (1) assets are safeguarded against loss from unauthorized use or disposition, (2) transactions are executed in accordance with management's authorization and

## ARTHUR ANDERSEN &amp; CO.

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts

December 13, 1991

recorded properly to permit the preparation of the basic financial statements in accordance with generally accepted accounting principles, and (3) Federal assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering Federal financial assistance programs in the following categories.

**Accounting Control Categories**

- o Financial Reporting Cycle (includes controls established to ensure compliance with laws and regulations that have a material impact on the financial statements)
- o Treasury Cycle
- o Revenue Cycle (Federal Grant Cycle)
- o Payroll Expenditure Cycle
- o Vendor Expenditure Cycle

**Administrative Control Categories**

- o General Requirements
  - Political activity
  - Davis-Bacon Act
  - Civil rights
  - Cash management
  - Relocation assistance and real property acquisition\*
  - Federal financial reports
  - Allowable costs/cost principles
  - Drug-Free Workplace Act
  - Administrative requirements
- o Specific Requirements
  - Types of services allowed or unallowed
  - Eligibility
  - Matching, level of support and/or earmarking
  - Reporting

## ARTHUR ANDERSEN &amp; Co.

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts

December 13, 1991

- Special requirements \*
- Monitoring subrecipients \*
- Indirect cost allocation \*
- Claims for advances and reimbursements
- Amounts claimed or used for matching

(\* = not applicable to the Foundation's 1991 Federal programs)

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended October 31, 1991, the Foundation, expended 100 percent of its total Federal financial assistance under its two major Federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the Foundation's two major Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted no matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Foundation's ability to administer Federal financial assistance programs in accordance with applicable laws and regulations.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a Federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all

## ARTHUR ANDERSEN &amp; Co.

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts

December 13, 1991

reportable conditions that are also considered to be material weaknesses as defined above. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Foundation in a separate letter dated December 13, 1991.

This report is intended for the information of the Foundation and the Department of the Interior and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation, is a matter of public record.

*Arthur Andersen & Co.*

## ARTHUR ANDERSEN &amp; CO.

1666 K STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 862-3100

December 13, 1991

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
OF THE FOUNDATION AS AN ENTITY**

---

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

We have audited the basic financial statements of Wolf Trap Foundation for the Performing Arts (the "Foundation") as of and for the year ended October 31, 1991, and have issued our report thereon dated December 13, 1991.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Foundation is the responsibility of Foundation management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Foundation's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Foundation complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Foundation had not complied, in all material respects, with those provisions.

This report is intended for the information of the Foundation and the Department of the Interior and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation, is a matter of public record.

*Arthur Andersen & Co.*

## ARTHUR ANDERSEN &amp; Co.

1666 K STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 862-3100

December 13, 1991

**INDEPENDENT AUDITORS' REPORT ON GENERAL  
COMPLIANCE MATTERS — FEDERAL PROGRAMS OF THE FOUNDATION**

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

We have applied procedures to test Wolf Trap Foundation for the Performing Arts (the "Foundation") compliance with the following requirements applicable to its two major Federal financial assistance programs (\* = not applicable to the Foundation's 1991 Federal programs), which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended October 31, 1991.

- o Political activity
- o Davis-Bacon Act
- o Civil rights
- o Cash management
- o Relocation assistance and real property acquisition \*
- o Federal financial reports
- o Allowable costs/cost principles
- o Drug-Free Work Place Act
- o Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments (September 1990 Revision — No document for A-133 Single Audits has been issued). Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Foundation's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Foundation had not complied, in all material respects, with those requirements.

## ARTHUR ANDERSEN &amp; CO.

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts

December 13, 1991

This report is intended for the information of the Foundation and the Department of the Interior and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation, is a matter of public record.

*Arthur Andersen & W.*



## ARTHUR ANDERSEN &amp; CO.

1666 K STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 862-3100

December 13, 1991

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO THE FOUNDATION'S  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

We have audited Wolf Trap Foundation for the Performing Arts (the "Foundation") compliance with the requirements governing (1) types of services allowed or unallowed, (2) eligibility, (3) matching, level of effort, or earmarking, (4) reporting, (5) claims for advances and reimbursements, and (6) amounts claimed or used for matching that are applicable to the Foundation's two major Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended October 31, 1991. The management of the Foundation is responsible for the Foundation's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that we plan and perform an audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Foundation complied, in all material respects, with the requirements governing (1) types of services allowed or unallowed, (2) eligibility, (3) matching, level of effort, or earmarking, (4) reporting, (5) claims for advances and reimbursements, and (6) amounts claimed or used for matching that are applicable to the Foundation's two major Federal financial assistance programs for the year ended October 31, 1991.

This report is for the information of the Foundation and the Department of the Interior and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation, is a matter of public record.

*Arthur Andersen & Co.*

## ARTHUR ANDERSEN &amp; Co.

1666 K STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 862-3100

December 13, 1991

**INDEPENDENT AUDITORS' REPORT ON THE FOUNDATION'S COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL  
ASSISTANCE PROGRAM TRANSACTIONS**

To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

In connection with our audit of the 1991 basic financial statements of Wolf Trap Foundation for the Performing Arts (the "Foundation") and with our study and evaluation of the Foundation's internal control systems used to administer Federal financial assistance programs, as required by Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions, we selected certain transactions applicable to the Foundation's two nonmajor Federal financial assistance programs for the year ended October 31, 1991.

As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing (1) types of services allowed or unallowed and (2) eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Foundation's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Foundation had not complied, in all material respects, with those requirements.

This report is intended for the information of the Foundation and the Department of the Interior and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation, is a matter of public record.

*Arthur Andersen & Co.*

## ARTHUR ANDERSEN &amp; Co.

1666 K STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 862-3100

December 13, 1991

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE**

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To the Board of Directors of  
Wolf Trap Foundation for the Performing Arts:

We have audited the basic financial statements of Wolf Trap Foundation for the Performing Arts (the "Foundation") as of and for the year ended October 31, 1991, and have issued our report thereon dated December 13, 1991. These financial statements and the schedule referred to below are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the basic financial statements and schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

*Arthur Andersen & Co.*

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSSCHEDULE OF FEDERAL FINANCIAL ASSISTANCEFOR THE YEAR ENDED OCTOBER 31, 1991

<u>Federal Grantor Agency and Grant Description</u>	<u>Accrued (Deferred) Grant Revenue October 31, 1990</u>	<u>Cash Receipts</u>	<u>Principal Payments</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Grant Revenue October 31, 1991</u>
DEPARTMENT OF THE INTERIOR:					
Wolf Trap Farm Park Act Loan	\$8,560,226	\$ -	\$(215,000)	\$ -	\$8,345,226
National Park Service Grant (includes NPS stagehand grant of \$435,605)	-	605,610	-	(605,610)	-
OTHER FEDERAL ASSISTANCE	-	79,743	-	(79,743)	-

The accompanying notes are an integral part of this schedule.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTSNOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCEFOR THE YEAR ENDED OCTOBER 31, 19911. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133:

All Federal grants of Wolf Trap Foundation for the Performing Arts (the "Foundation") are included in the scope of the OMB Circular A-133 audit (the "single audit"). The single audit was performed in accordance with the provisions of the Office of Management and Budgets Compliance Supplement for Single Audits of Educational Institutions and Other Nonprofit Organizations (1991). Compliance testing of all general requirements, as described in the Compliance Supplement, was performed. Compliance testing of specific requirements was performed for the Wolf Trap Farm Park Act Loan and National Park Service Grant programs.

2. FISCAL PERIOD AUDITED:

The audit covered the period November 1, 1990, through October 31, 1991, and audit fieldwork was performed during the period from December 4, 1991, to December 13, 1991.

A compliance audit was not performed for the fiscal year ended October 31, 1990, as the provisions of OMB Circular A-133 do not apply to fiscal years beginning prior to January 1, 1990.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

SCHEDULE I -- SCHEDULE OF FINDINGS -- 1991

There were no findings in fiscal 1991.

WOLF TRAP FOUNDATION FOR THE PERFORMING ARTS

SCHEDULE II -- STATUS OF PRIOR YEAR (1990) AUDIT FINDINGS

RELATING TO THE FEDERAL ASSISTANCE PROGRAMS

Not applicable since 1991 is the first year that the Wolf Trap Foundation for the Performing Arts is subject to the OMB Circular A-133 audit requirements.