

WINTER 2008

SAN FRANCISCO BALLET ENDOWMENT  
ENSURING THE FUTURE OF DANCE

# Legacy News

*Swan Lake*  
**2006**  
*Helgi Tomasson*

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## 7 For Eight 2007 Helgi Tomasson

# SF Ballet: Investing for the Future

Amidst celebrations of its 75<sup>th</sup> anniversary and preparations for the momentous New Works Festival opening in April, San Francisco Ballet is hard at work crafting its long range plan for the next five years. This plan, which builds on a five-year plan ending in 2008, is the Ballet's road map for the future. Artistic Director Helgi Tomasson and Executive Director Glenn McCoy, joined by the Board and staff members, are envisioning how the Ballet will grow, what programs it will expand or create to achieve its mission, and how it will obtain the funds needed to realize those goals. Funding must come from many sources in order to meet the increasing financial demands of maintaining a world-class ballet company.

While ticket sales and donations to the Annual Fund are the backbone of the Ballet's revenue, it may surprise patrons to learn of the meaningful role that the Ballet's endowment plays in the institution's financial position. In Fiscal Year 2007, the Endowment Foundation transferred \$6 million to the Ballet Association to cover operating expenses, capital, and depreciation. This represents 15 percent of the Association's expenses of \$39 million. Comparatively, ticket sales revenues and annual fund contributions, including special events, each provided 38 percent. Thus, the distribution of endowment funds to the Association greatly contributed to the Ballet's successful completion of a remarkable 16<sup>th</sup> consecutive year with a balanced budget.

"Income from the endowment has become a much bigger part of the Ballet's revenue stream," explains John S. Osterweis, president of the San Francisco Ballet Endowment Foundation. "We want to educate people about

its importance, because the more money we can raise for the endowment now and in the future, the better it will be for the Ballet in the long run. The endowment is integral to the Ballet's ability to plan for and meet its artistic goals."

### MANAGING THE ENDOWMENT

San Francisco Ballet's endowment is a fund that is invested to generate income for the institution. It was established in 1980 as the San Francisco Ballet Endowment Foundation, a charitable organization separate from San Francisco Ballet Association. This separation provides a level of fiscal discipline by ensuring that endowment transfers are prudently managed in a manner that allows the endowment to continue generating income in support of the Association's operations.

Under current policy, each year an amount equal to five percent of the average fair market value of the endowment investments over the previous three years is transferred to the Ballet Association to help meet operating expenses. (This transfer percentage is fairly standard for non-profit endowments.) A supplemental amount beyond the usual five percent may be transferred at the discretion of the Endowment Foundation board.

Because the Endowment Foundation is separate from the Association, it is run by its own board of directors. The board includes experts in areas such as banking, investments, and law. Most members also serve on the Association board, and several were involved in the establishment of the Endowment Foundation 27 years ago. Members meet regularly to review endowment investments. They also

periodically update investment policies and bylaws, and are currently developing corporate governance policies that are recently required by California law.

### INVESTING FOR THE BALLET

As the endowment has grown, the Endowment Foundation's board has recognized the need to engage financial experts to provide an objective viewpoint on how the Ballet should manage its "nest egg." Hall Capital Partners (formerly Offit Hall Capital Management) was retained in 2005 to evaluate and recommend asset allocations and investment managers on an ongoing basis. (To illustrate the top-notch expertise offered through Hall Capital Partners, the Ballet's initial liaison, John Powers, left the company in 2006 to become President and CEO of Stanford Management Company, which oversees Stanford University's financial and real estate assets. Mr. Powers is now also a member of the Ballet Association Board.)

With Hall Capital Partner's advice, the Ballet has kept abreast of endowment portfolio management trends and achieved an increasingly diversified asset allocation, with investments overseen by six firms. What was several years ago a well-selected mix of fixed income assets and domestic and international stocks now includes alternative assets to balance its traditional investments. It is expected that the alternative investment portion of the portfolio will reach up to 30 percent of total investments.

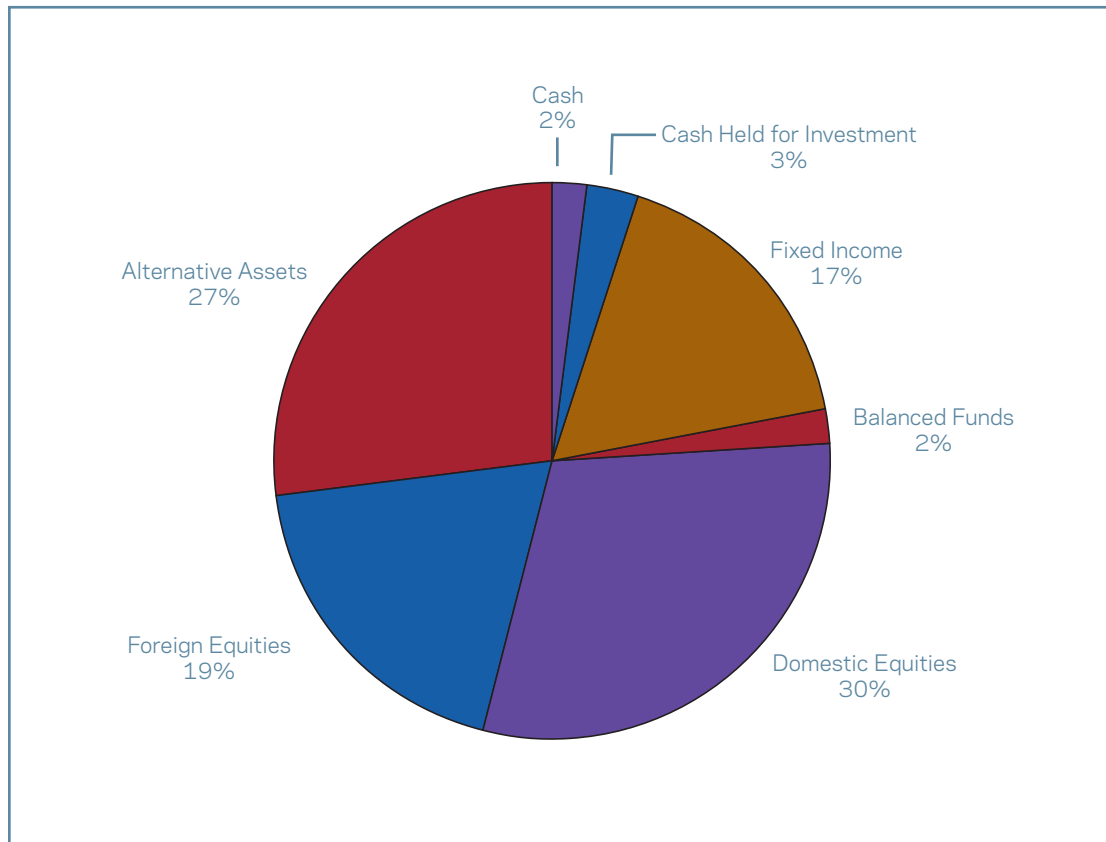
This strategy has helped shield the endowment from extreme fluctuations in value. Ballet CFO Kim Carim notes, "The endowment's investment in alternative assets dates back to Fiscal Year 2001. This asset allocation strategy was the key to allowing the endowment to come through the dot com-driven market downturn of the early 2000s relatively unscathed." Since 1991, the endowment has achieved an average annual return of 12.5 percent. Ms. Carim notes that

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John S. Osterweis, PRESIDENT  
SF BALLET ENDOWMENT FOUNDATION

the endowment grew by \$18.7 million in the 2007 fiscal year, a combination of new gifts and Pinnacle Campaign pledge payments as well as income and appreciation. Endowment investments stood at \$88.4 million when the fiscal year ended on June 30, 2007, and have grown to approximately \$91.2 million as of October 31.

As San Francisco Ballet plans for future milestone anniversaries, it will count on the endowment's strength to support its mission and expanding impact on the art of dance. The endowment has grown — and should continue to grow — from strategic investments and a strong history of donations, many as part of the current Performing at the Pinnacle Campaign. Endowment gifts, like those to the annual fund, come in all sizes from a large and diverse group of patrons. The Ballet does not succeed by the generosity of a few benefactors. It maintains itself through a community effort. Each donor is important, and each gift helps to keep the organization at the top of its field. The participation of all San Francisco Ballet patrons in the endowment, whether through gifts to the Pinnacle Campaign or through future estate gifts, will ensure that San Francisco Ballet can share and celebrate continued excellence and creativity in the coming years.



Asset allocation of endowment investments as of October 31, 2007

# A Special Thanks from San Francisco Ballet

San Francisco Ballet gratefully thanks the generous donors whose commitments to the San Francisco Ballet Endowment Foundation have, as of October 31, 2007, established the following funds since the endowment's inception 1980. Each fund plays a vital role in building the strength and success of San Francisco Ballet. Funds may be established with endowment gifts totaling \$25,000 or more, and may be used to support specific aspects of the Ballet's mission, such as new works, touring, or education and outreach programs. Patrons interested in establishing their own funds may contact Allison Groves, planned giving manager, at 415.865.4784 or [agroves@sfballet.org](mailto:agroves@sfballet.org).

Michael C. Abramson Fund  
Lois and David Anderson Fund  
AT&T Foundation Endowment Fund  
Rosemary and Edward D. Baker, III Foundation Fund  
Richard C. Barker Fund  
William Bason Fund  
Ernest A. Bates New Works Fund  
Mr. and Mrs. Joachim Bechtle Fund  
Philip P. Berelson Scholarship Fund  
Wendy and W. Richard Bingham Fund  
Christopher Boatwright Memorial Scholarship Fund  
Deborah and Richard A. Bocci Fund  
Ron and Susan Briggs Fund  
Eva Benson Buck Charitable Trusts Fund  
Edith Bundy Fund  
Burnett Family New Works Fund  
Peter Byram Fund  
Jennifer Caldwell and John H.N. Fisher Fund  
Lewis and Emily Callaghan Fund  
Dr. and Mrs. John N. Callander Dancer Wellness Fund  
Margaret Carver Fund  
Dan and Stacey Case Fund  
Dan and Stacey Case New Works Fund  
Dr. and Mrs. George Cassady Student Scholarship Fund  
Harold and Ruby Christensen Scholarship Fund  
Robert Clegg New Works Fund  
Angelina and Christopher Cohan Fund  
Columbia Foundation New Works Fund  
David and Vicki Cox Fund  
Mary and Hal Cranston New Works Fund  
Suzy Kellems Dominik New Works Fund  
Suzy Kellems Dominik School and Education Fund  
Rudolph W. Driscoll Fund  
Eunice Elton Fund  
Jacqueline and Christian P. Erdman Fund  
Mildred Maureen Johnson Fund  
Sonia H. Evers Fund  
Sonia H. Evers New Works Fund  
Sonia H. Evers School Fund  
Concepcion S. and Irwin Federman Fund  
Doris and Donald Fisher Fund  
Mr. and Mrs. Robert S. Fisher Fund  
Kirby Ward Fitzpatrick Fund  
Frannie and Mort Fleishhacker Touring Fund  
Ford Foundation New Works Fund  
Diana Stark and J. Stuart Francis Fund  
Diana Stark and J. Stuart Francis New Works Fund  
Frances and Theodore Geballe Fund  
Stephen and Margaret Gill Family Foundation Touring Fund  
Stephen and Margaret Gill New Works Fund  
Robert D. Glynn, Jr. and Kathleen O. Glynn Fund  
Teri and Andy Goodman Fund  
Margaret Stuart Graupner Fund  
Eugene H. and Stephanie Gray Fund  
James Gries Fund  
Rita A. Gustafson Scholarship Fund  
Walter & Elise Haas Education Fund  
Walter & Elise Haas Fund  
Walter & Elise Haas New Works Fund  
Evelyn and Walter Haas, Jr. Fund  
Evelyn and Walter Haas, Jr. New Works Fund  
Mimi Haas Fund  
Mimi Haas New Works Fund  
Sally and William Hambrecht Fund  
Sally and William Hambrecht New Works Fund  
Betty and John Hamilton Scholarship Fund  
Katharine Harrahan Fund  
Dr. and Mrs. Jeffrey P. Hays Fund  
The William Randolph Hearst Foundation Building Fund  
The William Randolph Hearst Foundation Scholarship Fund  
Libby and Craig Heimark Fund  
Eric Hellman Scholarship Fund  
F. Warren Hellman DISC Fund  
The Hellman Family Fund  
The Hellman Family New Works Fund  
The Hellman Family Touring Fund  
Cecilia and James Herbert Fund  
Cecilia and James Herbert New Works Fund  
The William and Flora Hewlett Foundation New Works Fund  
Richard S. Hirsch Fund  
Beth and Hank Holland Fund  
Brian and Rene Hollins Fund  
Thomas E. Horn Fund  
John E. and Jeanne Hulse New Works Fund  
Hurlbut-Johnson Charitable Trusts  
Introduction to Ballet Scholarship Fund  
Dora Donner Ide Fund  
Dora Donner Ide Scholarship Fund  
Joan J. Jacobs Fund  
George B. James New Works Fund  
George B. James Scholarship Fund  
Dorothy and Bradford Jeffries Scholarship Fund  
G. William Jewell Dance in Schools Endowed  
Scholarship Fund  
G. William Jewell Touring Fund  
Lucy and Fritz Jewett Fund  
Lucy and Fritz Jewett New Works Fund  
Grace Eleanor Johnson Fund  
Pamela J. Joyner and Alfred J. Giuffrida  
Dancer Wellness Fund  
Pamela J. Joyner and Alfred J. Giuffrida Touring Fund  
Heinrich J. Killian Fund  
Dr. and Mrs. Jerome Ormond Kirschbaum  
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 Susan B. Levine and James W. Lauer Fund  
 The Debra Leylegian Adagio Fund  
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 The Marver Family New Works Fund  
 Alison and Michael L. Mauzé Fund  
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 Byron R. Meyer Choreographers Fund  
 Natalie Lauterstein Miller Fund  
 C. Kenneth and Maureen M. More Fund  
 Berit and Robert A. Muh New Works Fund  
 Elizabeth H. and Bradford G. Murphey Fund  
 National Endowment for the Arts New Works Fund  
 Phyllis Nelson Fund  
 Melvin Novikoff Trust Fund  
 Osher Touring Fund  
 Barbara Ravizza and John Osterweis Fund  
 Barbara Ravizza and John Osterweis New Works Fund  
 Shirley Black Palmer Scholarship Fund  
 Yurie and Carl Pascarella Fund  
 Greta R. Pofcher Fund  
 Marie-Louise and David L. Pratt Fund  
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 Kenneth Rainin New Works Fund  
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Kate and George W. Rowe New Works Fund  
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 Christine H. Russell Fund of the Columbia Foundation  
 Music Fund  
 Leontine Sassell Fund  
 Kathleen Scutchfield Fund  
 Randee and Joseph Seiger Fund  
 O.J. and J. Gary Shansby Fund  
 Anne and Michelle Shonk Touring Fund  
 Gail and Robert M. Smelick Fund  
 The Smelick Family New Works Fund  
 Cherida Collins Smith Fund  
 Michael Smuin Memorial Fund  
 Scott C. Sollers Fund  
 Donald G. Speakman Fund  
 David Stanton and Shanna McBurney Fund  
 The Swanson Foundation Fund  
 Gretchen and L. Jay Tenenbaum Fund  
 Richard J. Thalheimer Fund  
 Richard J. Thalheimer New Works Fund  
 Carmen S. Thornton Fund  
 Helgi Tomasson Innovation Fund  
 Transforming the Lives of Children Fund  
 The Charlotte and Harry Turner Family Fund  
 Marion Ury Fund  
 Susan A. Van Wagner Fund  
 Mrs. S. W. Veitch Fund  
 Helen Von Ammon New Works Fund  
 Harry J. Wagner Fund  
 Gene Walker Fund  
 Elizabeth F. Wallace Fund  
 Phyllis C. Wattis Fund  
 Karen and David Wegmann New Works Fund  
 Keith White Scholarship Fund  
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 Akiko Yamazaki and Jerry Yang New Works Fund  
 Akiko Yamazaki and Jerry Yang Touring Fund  
 Janice and Jonathan Zakin Fund  
 Cici and Stephen Zellerbach Fund  
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 William Zoller Fund



Yuan Yuan Tan and  
 Ruben Martin  
 rehearse Stanton  
 Welch's World  
 Premiere for the  
 New Works Festival.

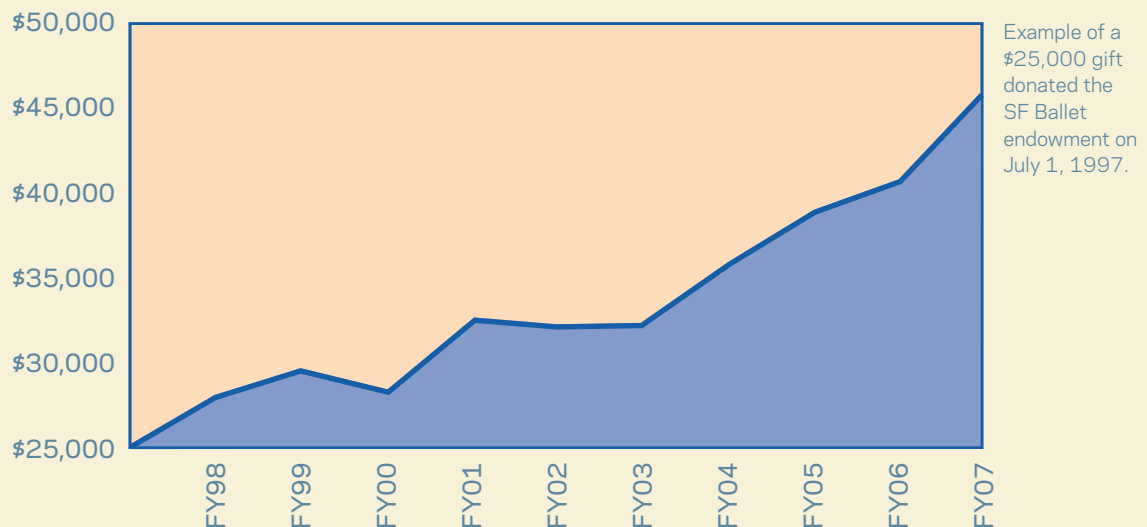
# Performing at the Pinnacle

CAMPAIGN UPDATE

As the Performing at the Pinnacle Campaign nears its conclusion on June 30, 2008, San Francisco Ballet is offering all patrons the opportunity to participate in this important endeavor. Letters and phone calls to patrons have expanded the Pinnacle Campaign's reach, and a growing number of people have chosen to support its goal of raising \$35 million for the endowment. The Ballet is grateful for their generous contributions and is confident that their support will allow the campaign to surpass its goals by June 30, 2008.

*Legacy News* strives to provide helpful information to donors and to those patrons still considering a campaign commitment. It is important for them to understand how endowment gifts work, and to feel comfortable that their investment in the institution will be well managed and wisely used to secure the institution's future.

The investment and impact of endowment gifts is best explained visually. (See graph below.) Shrewd financial strategies have allowed gifts to perform beyond expectations. Under current policy, approximately five percent of the endowment's value is transferred to the Ballet each year to help meet operating expenses; the principal (initial) amount of an endowment gift is never invaded. A donor who gives \$25,000 to the endowment can assume that the gift will provide \$1,250 annually to help the Ballet — an amount that adds up to \$12,500 every 10 years, a handsome source of ongoing support. But the extraordinary success of the endowment's investment performance makes these figures even more dramatic. Investment returns in recent years have allowed gifts to grow, resulting in increased annual distributions to the Ballet. An endowment gift of \$25,000 made in 1997 would have grown to almost \$46,000 and would have provided over \$15,000 to the Ballet in the past 10 years. Although past performance cannot guarantee future success, the Ballet hopes that its strong endowment record enables donors to take pride in their support and feel assured that their gifts are well invested to build a stronger San Francisco Ballet.



## SAN FRANCISCO BALLET ENDOWMENT FOUNDATION BOARD OF DIRECTORS

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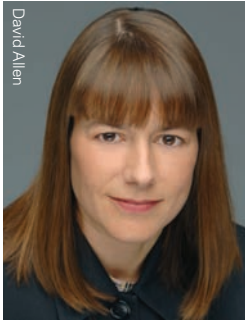
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# From the Planned Giving Desk



Allison K. Groves,  
Planned Giving Manager

Approaching San Francisco Ballet's 75<sup>th</sup> anniversary, I join others in considering how the Ballet has grown over the years. My own Ballet history dates only to 2000, but I have learned much from patrons who have shared with me their excitement of seeing the Company rise to the top of its field.

Hearing their stories and learning of their personal connection to the Ballet and its history increases my appreciation of this institution's success. It also reminds me that the 75<sup>th</sup> Anniversary Season of America's oldest professional ballet company is more than a milestone for SF Ballet and American dance. It is one year in a continuum of years filled with fantastic people — both artists and patrons — who have made the Ballet's history and growth possible, and whose devotion to the art form enables the Ballet to celebrate this anniversary while looking toward an even brighter future.

## Profile: Judy and Woody Hobbs

In 1995, Judy Hobbs joined the SF Ballet Auxiliary and found an energetic group of volunteers who shared her enthusiasm for dance. She also found enthusiasm in an unexpected source: her husband, Woody, the CEO of a technology company and an active man who enjoys "boating and anything that's fast." As a new subscriber, Hobbs assumed that her husband might occasionally attend performances with her. It turned out that he wouldn't miss any. Although she was the one who had once dreamed of becoming a ballerina, dance quickly became a passion they could share together and with others.

She appreciates how SF Ballet shares dance through its community involvement. "I love that it places a value on outreach, that it makes every effort to present dance to any person that has an interest. There are young people and older people, and affluent people and people that are not affluent at all... No segment is forgotten."

The youngest of their five children, Brooke, became involved when she saw her first *Nutcracker* at age two. Now 13 and a regular at the Ballet, she shares the magic each year by inviting a young girl to join her for a performance of the holiday classic. "We usually try to think of somebody, maybe five years old or so, who wouldn't ordinarily go to the Ballet," Hobbs explains. "A couple of years ago we took a little girl who had just come here from Russia and been adopted. With her heritage, I thought it would be really great for her to start seeing classical ballet."

Active in their church as well as the Ballet, the Hobbs family is devoted to helping those in need, both locally and through mission trips to Africa. This past summer, Judy, Woody, and Brooke traveled to Liberia to work on a "mercy ship." People walk from throughout the war-torn country to use the hospital services offered by the ship. The experience was "really eye opening."

Ballet serves as a wonderful counterbalance. "When you go to Africa or other places and see so much that's very sad, it's

I am pleased that *Legacy News* is able to share some of their stories. I hope it also encourages readers to become part of that great continuum. Each patron can create a personal legacy of dance by supporting the endowment and helping SF Ballet grow and build its future. Whether it is a gift to the Pinnacle Campaign or a future estate gift, endowment gifts will enable the Ballet to reach its next milestone with the same brilliance that is celebrated this season.

There are many ways to participate. Options include gifts from a retirement fund; naming the Ballet as a beneficiary of an insurance policy; including a bequest to the Ballet in a will or living trust; and making a gift to the Ballet now and in turn receiving an annual income during life. This last category includes gifts through charitable remainder trusts or the Ballet's pooled income fund, and will soon include charitable gift annuities, an option that is especially attractive for older donors seeking a fixed and guaranteed annual income. Every gift to SF Ballet is important. I am honored to discuss the options with patrons and their advisors and help determine how a gift can fit their plans while building the future of dance. I welcome inquiries at 415.865.4784 or [agroves@sfballet.org](mailto:agroves@sfballet.org).

really important to have that other part that gets to witness and invest in the beauty that has been created." Hobbs believes that art, like social work, has a meaningful role in the community, and must be supported.

Her support of SF Ballet as a volunteer — including two years as Auxiliary President — and annual fund donor now includes a gift to the Pinnacle Campaign. "I was excited about the campaign right from the get-go — the comprehensive goals that it covers, the idea that there is going to be a permanence, that it is going to ensure future excellence." She hopes the artists and staff view her gift as a vote of confidence and a sign that she and other patrons care about their hard work. "It feels like a privilege to have the chance and the means to do something for the Ballet. I love sharing it with others, and I can feel pride because I've invested myself in it."

She and her husband feel most proud when they watch the Company perform abroad. "When the applause hits, you almost feel your own glow. I want to go around and say 'I'm from San Francisco. This is my company.' To see the Ballet reflected in other people who haven't had a chance to see it before has been really exciting for us, and we get to see again how beautiful and how excellent it is."





*Nutcracker*  
**2005**  
*Helgi Tomasson*

WHAT'S INSIDE  
SF Ballet: Investing for the Future  
Performing at the Pinnacle Campaign Update

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Judy Hobbs, DONOR AND VOLUNTEER

455 Franklin Street, San Francisco, CA 94102

**SAN FRANCISCO BALLET**  
HELGI TOMASSON, ARTISTIC DIRECTOR

**BALLET**

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