

Budapesti Fesztiválzenekar Alapítvány

*Public Benefit
Simplified Annual Report
and
Independent Auditors' Report*

December 31, 2016

Translation of the Hungarian original

INDEPENDENT AUDITOR'S REPORT

on the Public Benefit Simplified Annual Report submitted for the forthcoming Board Meeting of the Budapesti Fesztiválzenekar Alapítvány

To the Board of Trustees of the Budapesti Fesztiválzenekar Alapítvány

Opinion

We have audited the public benefit simplified annual report of Budapesti Fesztiválzenekar Alapítvány (the "Foundation") for the year 2016 which comprise the balance sheet as at December 31, 2016 (which shows an equal amount of total assets and total liabilities of thHUF 1,532,012 and an after-tax loss for the year of thHUF 128,021), as well as the related profit and loss account for the year then ended and the notes to the public benefit simplified annual report including a summary of significant accounting policies.

In our opinion, the public benefit simplified annual reports give a true and fair view of the financial position of the Foundation as at December 31, 2016 and its financial performance for the year then ended in accordance with Act C of 2000 on Accounting effective in Hungary and the Government Decree No. 224/2000 (XII.19.) and accounting principles generally accepted in Hungary.

Basis for the opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "*The auditor's responsibilities for the audit of the public benefit simplified annual report*" section of our report.

We are independent of the Foundation in compliance with the Hungarian ethical requirements pertaining to our audit of the simplified annual report, and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the simplified annual report

Management is responsible for the preparation and fair presentation of the public benefit simplified annual report in accordance with the Account Act and with the Government Decree No. 224/2000 (XII.19.) and accounting principles, and for such internal control as management determines is necessary to enable

the preparation of public benefit simplified annual report that are free from material misstatement, whether due to fraud or error.

In preparing the public benefit simplified annual report, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

The auditor's responsibilities for the audit of the simplified annual report

Our objectives during the audit are to obtain reasonable assurance about whether the public benefit simplified annual report as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these simplified annual report.

As part of an audit in accordance with the Hungarian National Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the public benefit simplified annual report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the public benefit simplified annual report or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the public benefit simplified annual report, including the disclosures, and whether the public benefit simplified annual report represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the Foundation's internal control that we identify during the audit.

Budapest, May 23, 2017

The original Hungarian version has been signed.

Gabor Gion
on behalf of Deloitte Auditing and Consulting Ltd
and as a statutory registered auditor

Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C.
Registration number: 000083

Registration number of statutory registered auditor: 005252

BUDAPEST FESTIVAL ORCHESTRA FOUNDATION

2016 SIMPLIFIED NON-PROFIT ANNUAL REPORT

Budapest, 23 May 2017



Stefan Englert
Managing Director

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2. SIMPLIFIED NON-PROFIT ANNUAL REPORT**2.1 Balance sheet of simplified non-profit annual report
2016**

Tax number: 18005488-2-41

Data in THUF

No.	Description	Previous year	Previous years' adjustments	Reporting year
a	B	c		e
1. A.	FIXED ASSETS	97,907	0	114,772
2. I.	Intangible assets	9,710	0	8,581
3. II.	Tangible assets	88,197	0	99,013
4. III.	Investments	0	0	7,178
5. IV.	Upwards revaluation of investments	0	0	0
6. B.	CURRENT ASSETS	1,491,042	0	1,378,995
7. I.	Inventories	1,186	0	1,047
8. II.	Receivables	267,329	0	196,402
9. III.	Securities	1,042,337	0	969,366
10. IV.	Liquid assets	180,190	0	212,180
11. C.	DEFERRED AND ACCRUED INCOME	71,799	0	38,245
12.	TOTAL ASSETS	1,660,748	0	1,532,012
13. D.	SHAREHOLDER'S EQUITY	1,363,489	0	1,235,468
14. I.	Initial equity	231,075	0	231,075
15. II.	Change in equity	1,299,233	0	1,132,414
16. III.	Allocated reserve	0	0	0
17. IV.	Valuation reserve	0	0	0
18. V.	Reporting year profit/loss from core activity	- 220,120	0	-142,657
19. VI.	Reporting-year profit/loss from business activity	53,301	0	14,636
20. E.	PROVISIONS	0	0	0
21. F.	LIABILITIES	195,571	0	139,516
22. I.	Subordinated liabilities	0	0	0
23. II.	Long-term liabilities	0	0	0
24. III.	Current liabilities	195,571	0	139,516
25. G.	ACCRUED EXPENSES AND DEFERRED INCOME	101,688	0	157,028
26.	TOTAL EQUITY AND LIABILITIES	1,660,748	0	1,532,012

Budapest, 23 May 2017



Stefan Englert
Managing Director

2.2 Income statement of simplified non-profit annual report 2016

Tax number: 18005488-2-41

Data in THUF

Description		Core activity			Business activity			Total		
		previous year	previous year adj.	reporting year	previous year	previous year adj.	reporting year	previous year	previous year adj.	reporting year
1	Net sales revenue	1,088,674	0	1,078,548	18,180	0	6,739	1,106,854	0	1,085,287
2	Own work capitalised	0	0	0	0	0	0	0	0	0
3	Other income	1,593,781	0	1,835,033	4,105	0	1,789	1,597,886	0	1,836,822
	<i>from founder:</i>	0	0	0	0	0	0	0	0	0
	<i>funding</i>	1,502,594	0	1,757,378	0	0	0	1,502,594	0	1,757,378
	<i>donations</i>	89,462	0	72,324	0	0	0	89,462	0	72,324
	<i>miscellaneous</i>	1,652	0	5,331	4,103	0	1,789	5,755	0	7,120
4	Income from financial transactions	61,748	0	5,715	59,471	0	31,213	121,219	0	36,928
A	Total income (1+2+3+4+5)	2,744,203	0	2,919,296	81,756	0	39,741	2,825,959	0	2,959,037
	of which: income from non-profit activity	2,744,203	0	2,919,296	0	0	0	2,744,203	0	2,919,296
5	Material-type expenses	2,294,272	0	2,435,375	7,106	0	2,143	2,301,378	0	2,437,518
6	Staff costs	647,517	0	595,303	18,282	0	3,257	665,799	0	598,560
7	Depreciation	14,535	0	13,305	266	0	118	14,801	0	13,423
8	Other expenses	588	0	1,011	2,580	0	11	3,168	0	1,022
9	Expenses on financial transactions	7,411	0	16,959	221	0	19,576	7,632	0	36,535
B	Total costs and expenses (6+7+8+9+10+11)	2,964,323	0	3,061,953	28,455	0	25,105	2,992,778	0	3,087,058
	of which: expenses on non-profit activity	2,964,323	0	3,061,953	0	0	0	2,964,323	0	3,061,953
C	Profit/loss before tax (A-B)	-220,120	0	-142,657	53,301	0	14,636	-166,819	0	-128,021
10	Tax payment liability	0	0	0	0	0	0	0	0	0
D	Profit/loss after tax (C-10)	-220,120	0	-142,657	53,301	0	14,636	-166,819	0	-128,021

Budapest, 23 May 2017



Stefan Englert
Managing Director

2.3 Income statement of simplified non-profit annual report
Additional Information
2016

Tax number: 18005488-2-41

Data in THUF

No.	Description	Previous year	Previous years' adjustments	Reporting year
a	b	c		e
A.	Funding from central budget	1,050,000	0	1,210,000
B.	Budgetary grants from City Council	260,000	0	60,000
C.	Grants from EU Structural Funds and Cohesion Fund	0	0	0
D.	Normative funding	0	0	0
E.	Amount paid based on Act CXXVI of 1996 on the Use of a Specified Portion of Personal Income Tax at the Discretion of the Taxpayer.	837	0	1,872
F.	Public service income	0	0	0
G.	Staff expenses	665,799	0	598,560
1.	Wage cost	175,045	0	179,321
2.	Other staff benefits	45,238	0	32,308
3.	Engagement fees	385,320	0	327,768
4.	Honoraria	0	0	0
5.	Social security contributions	60,196	0	59,163
H.	Funding provided by organisation	60	0	0

Budapest, 23 May 2017



Stefan Englert
 Managing Director

2.4 SUPPLEMENTARY NOTES

General information

Registration number of Foundation: 2935

Name of Foundation: Budapest Festival Orchestra Foundation

Registered office of Foundation: H-1033 Budapest, Polgár utca 8-10.

Name of Foundation representative: Stefan Englert

Address of Foundation representative: H-1022 Budapest, Árvácska utca 1.

Tax number of Foundation: 18005488-2-41

Purpose of Foundation: To run the Budapest Festival Orchestra with a view to promoting Hungarian music culture – specifically promoting the highest standard of musical life in Budapest – as well as create the conditions required for the functioning of the Orchestra.

Classification of Foundation according to purpose:

Non-profit ranking of Foundation: NON-PROFIT

Effective date: 1 January 1998

Non-profit activity: Cultural activity

Number of final court resolution: Pk.67817/1991

Date of final court resolution: 16 March 1992

General notes

Accounting policies

Basis for the accounting policies of the Budapest Festival Orchestra Foundation (hereinafter referred to as: Foundation):

- Act C of 2000 on Accounting, and
- Government Decree No. 224/2000 (XII.19.) on the reporting and bookkeeping obligations of other organisations as provided for in the Act on Accounting
- Government Decree 350/2011 (XII.30) on the financial management of foundations
- Act CLXXV of 2011 on Non-Profit Organisations
- Act V of 2013 on the Civil Code of the Republic of Hungary.

General provisions in accounting policies:

- bookkeeping method: double entry

The accounting records must be kept in a way that separates the Foundation's business income and expenses (costs) from its non-profit income and expenses (costs), in order to ensure a reliable reporting-year result for the organisation.

- type of annual report: simplified non-profit annual report
- reporting date: 31 December 2016
- balance sheet preparation date: 31 March after reporting date of financial year

The Foundation discloses and publishes its annual reports on its website – www.bfz.hu – while they can also be inspected at the registered office.

The Foundation must be audited in accordance with Government Decree 224/2000 (XII.19.).

Filing and publishing

The Foundation must file and publish the Annual Report approved by the competent body, the Non-Profit Supplement and the Independent Auditor's Report by the last day of the fifth month after the reporting date for the given financial year. This filing and publishing requirement must be fulfilled in accordance with Sections 39-40 of the Act on Judicial Procedures, which means the Annual Report must be sent to the National Office for the Judiciary electronically.

The Foundation has its own website, which means the publication obligation also includes placing the annual report and the non-profit supplement on the website. The published data must be permanently accessible on the organisation's own website at least until the figures on the second financial year after the given publication are disclosed.

Significant errors

An error is significant if, in the year when discovered by any form of audit, the total of all errors (whether negative or positive) for a given financial year (separately for each year) and the impacts thereof – increasing or decreasing profit/loss or equity – exceeds the threshold set forth in the accounting policies. Errors shall be construed as significant in all cases if, in the year when discovered by audit, the aggregate amount of all errors (whether negative or positive) for the same year and the impacts thereof – increasing or decreasing profit/loss or equity – exceeds 2 (two) percent of the balance sheet total of the audited financial year, or HUF 1 million, if 2 percent of the balance sheet total does not exceed HUF 1 million.

Provisioning

Provisions must be allocated as required against the pre-tax profit for payment obligations to third parties derived from past or present transactions or contracts which, on the reporting date, are expected or certain to arise, however, their amount or the date of occurrence are uncertain and the entity has not provided for them in any other way. When allocating provisions, liabilities prevailing on the reporting date must still be taken into consideration even if they only became known between the reporting date and the balance sheet preparation date.

Allocation of costs and expenses

The Foundation allocates its costs and expenses to non-profit and business activities if such can be clearly allocated; in the event it cannot be clearly identified which activity the given cost or expense relates to, the costs and expenses are distributed in proportion to income.

There were no material changes to the accounting policies in the reporting year.

The figures in the Foundation's simplified annual report are stated in thousands of forints.

Valuation methods

Valuation of foreign currency and exchange items

The Foundation proceeds as follows to determine the forint value of currency reserves, FX on account, receivables, investments and securities denominated in foreign currency (collectively: foreign currency assets) and FX liabilities:

- Foreign currency and exchange are converted into forints using the mean of the account-holding bank's buying and selling rates.
- The foreign exchange rate defined above shall not be used for the conversion into forints of any non-convertible currency, or of assets and liabilities denominated in such currency, which are listed neither by banks nor by the National Bank of Hungary. In these cases, the foreign currency must be converted into forints at the free-market rate.

If the difference between the book value before the reporting date valuation and the HUF value as of the valuation date of foreign currencies in petty cash, foreign exchange on account, FX receivables, investments, securities and liabilities

- a) is an aggregate loss, it must be accounted for as an exchange loss under other expenses on financial transactions,
- b) is an aggregate gain, it must be accounted for under other income on financial transactions.

Valuation of assets

Fixed assets and current assets are measured at cost net of any depreciation.

If the market value of an asset is lower than its book value at the reporting date of the financial year, the difference shall be settled as extraordinary depreciation or impairment.

Any reversals of extraordinary depreciation or impairment shall be carried out during the valuation as of the balance sheet reporting date for the financial year.

Depreciation of assets

Annual depreciation shall be planned with regard to the useful life of the individual asset, its physical wear and tear and market obsolescence, as well as to the circumstances typical of the

given activity, and after being recorded shall be applied from the date of first use or capitalisation. Depreciation follows the straight-line method.

Depreciation rates:

– Rights and concessions	12.5%
– Investments on rented property	6%
– Office equipment	14.5%
- Strings	0%
– IT equipment	33%
– Low-value assets (less than THUF 100)	100%

The Foundation does not revalue assets upwards.

Detailed notes

Notes to the balance sheet

Figures in THUF

Description	Previous year	Reporting year	Change
Fixed assets	97,907	114,772	16,865

Description	Gross value				Accumulated amort/deprec.				Net value	
	Openin g	Addit.	Disp.	Closing	Openin g	Addit.	Disp.	Closing	Openin g	Closing
Rights and concessions	18,446	0	0	18,446	8,736	1,129	0	9,865	9,710	8,581
Total intangible assets	18,446	0	0	18,446	8,736	1,129	0	9,865	9,710	8,581
Investments on rented property	54,044	3,280	0	57,324	28,661	3,380	0	32,041	25,383	25,283
Musical instruments	186,836	19,011	6,613	199,234	139,135	5,179	6,613	137,701	47,701	61,533
IT equipment	17,277	288	1,849	15,716	14,094	1,073	1,796	13,371	3,183	2,345
Office machinery	4,577	0	2,301	2,276	4,370	0	2,301	2,069	207	207
Furniture	9,400	52	2,961	6,491	8,038	543	2,960	5,621	1,362	870
Other office equipment, machinery	29,814	533	3,673	26,674	19,452	2,119	3,673	17,898	10,362	8,776
Tangible assets without assets under construction and upwards revaluations	301,947	23,164	17,397	307,714	213,750	12,294	17,343	208,701	88,197	99,013
Total intangible and tangible assets	320,393	23,164	17,397	326,160	222,486	13,423	17,343	218,566	97,907	107,594

Description	Previous year	Reporting year	Change
Investments (security deposit)	0	7,178	7,178

Description	Previous year	Reporting year	Change
Inventories	1,186	1,047	-139

Description	Opening	Additions	Disposals	Closing
Channel Classics Records CD	525 units	220 units	377 units	368 units
	THUF 940	THUF 617	THUF 750	THUF 807
CD celebrating BFO's 20th anniversary	715 units	0	18 units	697 units
	THUF 246	0	THUF 6	THUF 240
Total	1,240 units	220 units	395 units	1,065 units
Total	THUF 1,186	THUF 618	THUF 757	THUF 1,047

Inventories include the Mahler, Rachmaninoff, Tchaikovsky and Strauss recordings and the CD issued for the Foundation's 20th anniversary, all purchased from Channel Classics Records.

Description	Previous year	Reporting year	Change
Receivables	267,329	196,402	-70,927
Trade receivables	98,353	58,904	-39,449
Tax receivables	168,793	131,791	-37,002
Other receivables	183	5,707	5,524

On the reporting date the Foundation had domestic receivables of THUF 29,141 and foreign receivables of THUF 29,763.

Receivables from trade creditors comprise receivables owing to cancellation invoices received in connection with the self-revision.

Tax receivables comprise the receivable owing to reclaimed VAT for Q3-Q4 2016.

Description	Previous year	Reporting year	Change
Securities	1,042,337	969,366	-72,971

The Foundation holds its securities accounts at Concorde Értékpapír Zrt. Please see the 'Changes in investments' for the presentation of securities.

Description	Previous year	Reporting year	Change
Liquid assets	180,190	212,180	31,990
Cash, cash equivalents	248	404	156
Bank deposits	175,325	211,776	36,451

Description	Previous year	Reporting year	Change
Accrued income	12,799	4,499	-8,300
Interest on bonds	6,682	4,499	-2,183
CD sales commission	6,117	0	-6,117

Deferred expenses	59,000	33,746	-25,254
Foreign travel costs charged to following year	38,581	19 952	-18,629
Travel costs of guest musicians	5,952	6,432	480
Engagement fees	5,556	2,223	-3,333
Printed music	2,204	1,871	-333
Insurance	903	1,294	391
Office rental	0	967	967
Hall rental	4,340	0	-4,340
Advertising costs	183	0	-183
Other	1,281	1,007	-274

Deferred expenses and accrued income	71,799	38,245	-33,554
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Description	Previous year	Reporting year	Change
Shareholder's equity	1,363,489	1,235,468	-128,021

Description	Opening 31 December 2015	Reclassification of profit/loss after tax	Reporting year profit/loss after tax	Closing 31.12.2016
Initial equity	231,075	0	0	231,075
Change in equity	1,299,233	-166,819	0	1,132,414
Reporting-year profit/loss from core activity	-220,120	220,120	-142,657	-142,657
Reporting-year profit/loss from business activity	53,301	-53,301	14,636	14,636
Shareholder's equity	1,363,489	0	-128,021	1,235,468

The capital changed in the reporting year due to the reclassification of the previous year's profit/loss from non-profit and business activity.

Description	Previous year	Reporting year	Change
Current liabilities	195,571	139,516	-56,055
<i>Trade payables</i>	<i>146,298</i>	<i>112,026</i>	<i>-34,272</i>
<i>Tax and contribution liabilities</i>	<i>29,723</i>	<i>16,771</i>	<i>-12,952</i>
• <i>Social contribution tax</i>	<i>11,065</i>	<i>5,742</i>	<i>-5,323</i>
• <i>Health-care contribution (EHO)</i>	<i>273</i>	<i>5,620</i>	<i>5,347</i>
• <i>Health insurance and labour market contribution</i>	<i>3,379</i>	<i>2,081</i>	<i>-1,298</i>
• <i>Personal income tax</i>	<i>9,706</i>	<i>1,132</i>	<i>-8,574</i>
• <i>Simplified general tax (EKHO)</i>	<i>1,202</i>	<i>1,741</i>	<i>539</i>
• <i>Pension insurance</i>	<i>4,098</i>	<i>455</i>	<i>-3,643</i>
<i>Wage liabilities</i>	<i>16,451</i>	<i>9,825</i>	<i>-6,626</i>
<i>Gift vouchers, BFO Card</i>	<i>730</i>	<i>890</i>	<i>160</i>
<i>Miscellaneous</i>	<i>2,369</i>	<i>4</i>	<i>-2365</i>

Description	Previous year	Reporting year	Change
Deferred income	80,097	109,328	29,231
Portion of ticket income pertaining to following year	80,097	97,777	17,680
Portion of other income pertaining to following year	0	6,585	6,585
Portion of funding pertaining to following year	0	4,966	4,966

Accrued expenses	21,591	47,700	26,109
Honoraria	16,477	38,956	22,479
Travel costs for musicians	0	2,086	2,086
Audit fee	1,600	1,900	300
Overheads	0	1,701	1,701
Legal costs	0	944	944
Costs of printed music	0	691	691
Marketing costs	0	631	631
Technical costs of concerts	3,174	374	-2,800
Hall rental	300	0	-300
Other	40	417	377
Accrued expenses and deferred income	101,688	157,028	55,340

Findings on income statement

Figures in THUF

Description	Core activity		Business activity		Total	
	previous year	reporting year	previous year	reporting year	previous year	reporting year
Net sales revenue	1,088,674	1,078,548	18,180	6,739	1,106,854	1,085,287
Tours	851,668	865,119	0	0	851,668	865,119
Ticket income	160,150	158,193	0	0	160,150	158,193
Honoraria	59,195	45,595	0	0	59,195	45,595
Ticket income from other organisations	6,785	4,148	0	0	6,785	4,148
Royalties	6,260	3,248	0	0	6,260	3,248
Other cultural activities	4,616	2,245	0	0	4,616	2,245
Advertising	0	0	8,995	1,950	8,995	1,950
Auction	0	0	5,060	0	5,060	0
CD sales	0	0	117	43	117	43
Instrument rental fee	0	0	1,338	4,013	1,338	4,013
Business activity	0	0	2,670	732	2,670	732
Own work capitalised	0	0	0	0	0	0
Other income	1,593,781	1,835,033	4,105	1,789	1,597,886	1,836,822
Grants	1,502,595	1,757,378	0	0	1,502,595	1,757,378
- From central budget	1,050,000	1,210,000	0	0	1,050,000	1,210,000
- NAV 1%	1,870	1,872	0	0	1,870	1,872
- Performing Arts TV	190,725	421,736	0	0	190,725	421,736
- City Council	260,000	60,000	0	0	260,000	60,000
- Tenders	0	63,770	0	0	0	63,770
Donations	89,461	72,324	0	0	89,461	72,324
- Other donations	15,363	29,537	0	0	15,363	29,537
- Sponsors	16,980	13,500	0	0	16,980	13,500
- Supporters' Club	26,778	24,828	0	0	26,778	24,828
- Assets received as funding	5,768	3,000	0	0	5,768	3,000
- Support from foreign individuals	24,572	1,459	0	0	24,572	1,459
Other	1,725	5,331	4,105	1,789	5,755	7,120
- Income from damage	1,548	2,910	0	0	1,548	2,910
- Income from intang. and tang. assets sold	0	0	4,100	1,756	4,100	1,756
- Other	250	2,421	5	33	182	2,454
Income from financial transactions	61,748	5,715	59,471	31,213	121,219	36,928
- Interest received	0	0	57,625	31,135	57,625	31,135
- Bank interest	0	0	6	0	6	0
- Exchange gain on receiv./liabs.	14,031	4,796	418	65	14,449	4,861
- Reporting date exchange gain	47,717	917	1,422	12	49,139	929
Total income (1+2+3+4+5)	2,744,203	2,919,296	81,754	39,741	2,825,957	2,959,037
Distribution of income (%)	97.11%	98.66%	2.89%	1.34%	100%	100%

Non-profit income comprises donations received, sales revenue from artistic services, tour revenue and income from ticket sales.

Other non-profit income includes income from instrument insurance as well as income from damage events (instruments).

Under business activities the Foundation lists investment yields, income received from companies for advertising as well as revenue from CD and concert brochure sales. The yield on investments (securities) is made up of dividends and interest received.

Breakdown of export sales revenue by geographical market (THUF)

Description	2015	2016
European Union	500,477	641,311
North America	153,799	54,373
Far East	0	158,258
Russia	0	11,177
South America	49,500	0
Abu Dhabi	121,277	0
Turkey	26,615	0
Grand total	851,668	865,119

Total cost (expense)

Description	Core activity		Business activity		Total	
	previous year	reporting year	previous year	reporting year	previous year	reporting year
Material-type expenses	2,294,272	2,435,375	7,106	2,143	2,301,378	2,437,518
of which: material costs	7,649	6,704	223	88	7,872	6,792
Staff costs	647,517	695,303	18,282	3,257	665,799	598,560
Depreciation	14,535	13,305	266	118	14,801	13,423
Other expenses	588	1,011	2,580	11	3,168	1,022
Expenses on financial transactions	7,411	16,959	221	19,576	7,632	36,535
Total cost (expense)	2,964,323	3,061,953	28,455	25,105	2,992,778	3,087,058
Distribution of costs (%)	99.05%	99.19%	0.95%	0.81%	100%	100%

Description	previous year	reporting year	Change
Material-type expenses	2,301,378	2,437,518	136,140
Material costs	7,872	6,792	-1,080
Cost of goods sold	3,433	2,644	-789
Services sold (mediated)	0	0	0
Services used	2,269,174	2,407,505	138,331
• Honoraria	1,274,357	1,240,098	-34,259
• Travel and secondment costs	431,162	562,090	130,928
• Other event costs	117,481	132,139	14,658
• Transportation	103,162	108,328	5,166
• Rentals	82,012	88,968	6,956
• Advertising	93,829	88,581	-5,166
• External concert service providers	38,677	67,007	28,330
• Costs of producing printed music, concert brochures, tickets	58,443	41,616	-16,827
• Repair, maintenance	26,225	22,849	-3,376
• Postal, telecommunication costs	15,845	10,086	-5,759

• <i>Education</i>	1,230	2,092	862
• <i>Purchase of journals, periodicals</i>	555	416	- 139
• <i>Other services used</i>	26,196	43,235	17,039
• Other services	20,899	20,577	-322

Staff expenses comprise staff wages, honoraria paid to musicians as well as social security contributions.

Description	previous year	reporting year	Change
Average headcount	20	21	1
Staff costs	665,799	598,560	-67,239
Wage cost	175,045	179,321	4,276
Engagement fees	385,320	327,768	-57,553
Other staff benefits	45,239	32,308	-12,931
Social security contributions	60,195	59,163	-1,032

Description	previous year	reporting year	Change
Other expenses	3,168	1,022	-2,146
Taxes, duties and contributions	0	743	743
Default interest, late payment fee	8	93	85
Carrying amount of assets, intangible assets sold	2,580	0	-2580
Grants provided	60	0	-60
Various other expenses	520	186	-334

Description	previous year	reporting year	Change
Expenses on financial transactions	7,632	36,535	28,903

Expenses on financial transactions comprise the exchange losses on investments, receivables and liabilities.

Breakdown of Foundation's income and costs by activity

Description	Core activity		
	previous year	reporting year	change
A. Total income	2,744,203	2,919,296	175,093
B. Total costs, expenses	2,964,323	3,061,953	97,630
C. Profit/loss before tax	-220,120	-142,657	77,463
I. Tax payment liability	0	0	0
D. Profit/loss after tax	-220,120	-142,657	77,463
II. Reclassification	53,301	14,636	-38,665
E. Change in capital	-166,819	-128,021	38,798

Description	Business activity		
	previous year	reporting year	change
A. Total income	81,756	39,741	-42,014
B. Total costs, expenses	28,455	25,105	-3,349
C. Profit/loss before tax	53,301	14,636	-38,665
I. Tax payment liability	0	0	0
D. Profit/loss after tax	53,301	14,636	-38,665
II. Reclassification	53,301	14,636	-38,665
E. Change in capital	0	0	0

Description	Total		
	previous year	reporting year	change
A. Total income	2,825,959	2,959,037	133,078
B. Total costs, expenses	2,992,778	3,087,058	94,280
C. Profit/loss before tax	-166,819	-128,021	38,798
I. Tax payment liability	0	0	0
D. Profit/loss after tax	-166,819	-128,021	38,798
II. Reclassification	0	0	0
E. Change in capital	-166,819	-128,021	38,798

The Foundation generated a profit of THUF 14,636 from its business activity in the reporting year. Business activity is exempt from tax in 2016 (and has been since 2012 based Section 196 j of Act CLXXV of 2011 as amended and Section 9 (7) of the Act on Corporate and Dividend Tax) if the Foundation's income from business activity does not exceed 15% of total income. Since the Foundation did not exceed this threshold in the reporting year, there was no corporate tax payment liability.

Statement on use of assets

Description		previous year	reporting year	Change
1.	A. FIXED ASSETS (rows 2-5)	97,907	114,772	16,865
2.	I. INTANGIBLE ASSETS	9,710	8,581	1,129
3.	II. TANGIBLE ASSETS	88,197	99,013	10,816
4.	III. INVESTMENTS	0	7,178	7,178
5.	IV. UPWARDS REVALUATION OF INVESTMENTS	0	0	0
6.	B. CURRENT ASSETS (rows 7-10)	1,491,042	1,378,995	-112,047
7.	I. INVENTORIES	1,186	1,047	-139
8.	II. RECEIVABLES	267,329	196,402	-70,927
9.	III. SECURITIES	1,042,337	969,366	-72,971
10.	IV. LIQUID ASSETS	180,190	212,180	31,990
11.	C. DEFERRED EXPENSES AND ACCRUED INCOME	71,799	38,245	-33,554
12.	TOTAL ASSETS	1,660,748	1,532,012	-128,736
13.	D. SHAREHOLDER'S EQUITY (rows 14-17)	1,363,489	1,235,468	-128,021
14.	I. INITIAL EQUITY	231,075	231,075	0
15.	II. CHANGE IN EQUITY	1,299,233	1,132,414	-166,819
16.	III. ALLOCATED RESERVE	0	0	0
17.	IV. VALUATION RESERVE	0	0	0
18.	V. REPORTING-YEAR PROFIT/LOSS FROM CORE ACTIVITY	-220,120	-142,657	77,463
19.	VI. REPORTING-YEAR PROFIT/LOSS FROM BUSINESS ACTIVITY	53,301	14,636	-38,665
20.	E. PROVISIONS	0	0	0
21.	F. LIABILITIES	195,571	139,516	-56,055
22.	I. SUBORDINATED LIABILITIES	0	0	0
23.	II. LONG-TERM LIABILITIES	0	0	0
24.	III. CURRENT LIABILITIES	195,571	139,516	-56,055
25.	G. ACCRUED EXPENSES AND DEFERRED INCOME	101,688	157,028	55,340
26.	TOTAL EQUITY AND LIABILITIES	1,660,748	1,532,012	-128,736
	Non-profit activity sales revenue	2,744,203	2,919,296	175,093
	Business activity sales revenue	81,756	39,741	-42,015
	Total revenue	2,825,959	2,959,037	133,078
	Profit/loss after tax	-166,819	-128,021	38,798
	Fixed asset coverage	1392.64%	1148.27%	-244.37%
	Ratio of fixed assets to total assets	5.90%	7.02%	1.13%
	Ratio of current assets to total assets	89.78%	90.48%	0.70%

Liquidity ratio	762.43%	993.56%	231.15%
Ratio of equity to total equity and liabilities	82.1%	80.64%	-1.46%
Equity growth rate	-12.23%	-10.36%	-1.87%
Return on sales	-5.90%	-4.33%	1.58%
Return on equity	-12.23%	-10.36%	1.87%

Presentation of funding received

A. Statement of budgetary support

Description	previous year	reporting year	Change
Funding from Budapest City Council	260,000	60,000	-200,000

Pursuant to the public service contract between the Budapest Festival Orchestra Foundation and the Budapest City Council, the Foundation's obligation in return for the annual financial support is that the Orchestra must give at least 22 concerts in Budapest per concert season.

In accordance with this obligation, the Budapest Festival Orchestra gave 57 full-orchestra concerts in Budapest in 2016 along with 24 youth concerts, 3 chamber concerts and 9 community concerts.

The funding received was used to operate the Budapest Festival Orchestra Foundation, finance the upkeep of the Selmeci utca rehearsal hall, and organise the concerts.

Description	previous year	reporting year	Change
Funding from Ministry of Human Resources	1,050,000	1,150,000	100,000

Based on the terms and conditions in the Funding Contract, the Ministry of Human Resources provides financial support to help arrange the Hungarian and foreign concerts of the Budapest Festival Orchestra Foundation.

The financial support received was used to arrange concerts and tours in Hungary based on the Funding Contract.

Description	previous year	reporting year	Change
Financial support received from the Ministry of Foreign Affairs and Trade	0	60,000	60,000

Based on the terms and conditions in the Funding Contract, the Ministry of Foreign Affairs and Trade provided financial support to help arrange the Baltic tour of the Budapest Festival Orchestra Foundation.

The financial support received was used to cover the travel costs and the artists' fees of the Baltic tour.

Description	previous year	reporting year	Change
1% personal income tax from NAV	1,870	1,872	2

The Foundation's bank account was credited with the 1% personal income tax donations from 2015 amounting to THUF 1 872.

This amount was used to help organise community concerts in 2016.

B. Other funding

Description	previous year	reporting year	Change
Funding received based on Act on Performing Arts	190,725	421,736	231,011

Total financial support, supplementary support and donations that can be accepted in 2015 pursuant to the CDT Act: HUF 328,623,164, of which: donations received by bank transfer in 2015: HUF 190,724,664, donations received by bank transfer in 2016: HUF 137,898,500.

Total financial support, supplementary support and donations that can be accepted in 2016 pursuant to the CDT Act: HUF 400,837,830, of which: donations received by bank transfer in 2016: HUF 283,837,830, donations received by bank transfer in 2017: HUF 117,000,000.

The financial support received was used to arrange concerts and tours in Hungary based on the Funding Contract.

Description	previous year	reporting year	Change
Amounts received through tenders	0	63,770	63,770
Funding from Supporters' Club	26,778	24,828	-1,950
Financial support from companies	16,980	13,500	-3,480
Support from foreign individuals	24,572	1,459	-23,113
Other donations	15,363	30,547	15,184

The received funding was used for the purposes set forth in the Deed of Foundation.

CHANGES IN INVESTMENTS (in THUF)**Securities**

Description	ISIN code		Opening	Additions	Disposals	Closing
ISHARES MARKIT IBOXX EURO HIGH YIELD BOND	IE00B66F4759	THUF	58,756	0	58,756	0
		UNITS	1,700	0	1,700	0
MAGNOLIA 4% PERP (20/03/2016)	XS0247761827	THUF	156,713	0	156,713	0
		UNITS	5	0	5	0
MÁK 2017/I	HU0000402912	THUF	48,990	0	0	48,990
		UNITS	48,990	0	0	48,990
MÁK 2020/I	HU0000403043	THUF	49,905	0	0	49,905
		UNITS	49,905	0	0	49,905
REPHUN 6.25% 01/29/20	US445545AD87	THUF	7,951	0	7,951	0
		UNITS	24	0	24	0
MFB 6.25% 21/10/2020	XS0954674312	THUF	167,141	0	61,985	105,156
		UNITS	531	0	200	331
MOL 6.25% 26/09/2019	XS0834435702	THUF	126,057	0	62,442	63,615
		UNITS	400	0	200	200
PREMIUM1 FUND OF FUNDS	HU0000709324	THUF	105,000	0	105,000	0
		UNITS	84,669,067	0	84,669,067	0
ERSTE BANK 6.375% 03/28/2023 (180328)	XS0836299320	THUF	61,399	0	61,399	0
		UNITS	200	0	200	0
ERSTE BANK 7.125% 10/10/2022	XS08400062979	THUF	58,840	0	828	58,012
		UNITS	150	0	0	150
OTP FLOAT 07/11/2049	XS0274147296	THUF	171,285	0	171,285	0
		UNITS	540	0	540	0
RAFFEISEN LB NIE 5.875% 27/11/2023	XS0997355036	THUF	30,300	0	30,300	0
		UNITS	1	0	1	0
F161130	HU0000509005	THUF	0	279,980	279,980	0
		UNITS	0	27,998	27,998	0
F160720	HU0000508817	THUF	0	110,748	110,748	0
		UNITS	0	11,080	11,080	0
F170208	HU0000509286	THUF	0	23,140	0	23,140
		UNITS	0	2,314	0	2,314

K171011	HU0000509450	THUF	0	19,240	0	19,240
		UNITS	0	1,924	0	1,924
K171206	HU0000509625	THUF	0	533,000	0	533,000
		UNITS	0	53,300	0	53,300
GROUPAMA 6.375%	FR0011896513	THUF	0	29,752	0	29,752
		UNITS	0	1	0	1
COMMERZBANK	DE000CB83CFO	THUF	0	38,556	0	38,556
		UNITS	0	1	0	1
Total		THUF	1,042,337	1,034,416	1,107,387	969,366

Fixed deposits

Year	Capital	Payment	Interest/exchange rate diff.	Withdrawal	Closing
2015	4,600,000	0	17,250	0	4,617,250
2016	4,617,250	0	-64,970	0	4,552,280

Other information

Off balance sheet item: bank guarantee for property, security deposit

Description	Amount	Effective from	Matures on
Budapesti Ingatlan Hasznosítási és fejlesztési Nyrt.	EUR 14,000	29.03.2016	31.03.2017
Budapest Főváros Vagyongkezelő Központ Zrt.	HUF 7,178,130	15.08.2016	31.12.2018

Bookkeeping for the Foundation is handled by Maglódi Györgyné (permit no.: 113695), an employee.

Foundation auditor:

Deloitte Könyvvizsgáló és Tanácsadó Kft.
 1068 Budapest, Dózsa György út 84/C.
 Company registration number: 01-09-071057
 Chamber registration number: 000083
 Registered auditor: Gábor Gion
 Registration number: 005252
 Audit fee for 2016: HUF 3,500,000 + VAT

3. NON-PROFIT SUPPLEMENT

1.) **Presentation of reporting-year activities by basic purpose and non-profit activity**

With 148 concerts in Hungary, 40 concerts abroad and more than 50 youth productions in a year, the Budapest Festival Orchestra is the country's leading and busiest orchestra. Aside from traditional concert-hall concerts it also frequently performs community concerts in schools, nursing homes, orphanages, hospitals and other special venues – thereby bringing the magic of music to a broad audience. In 2015 a new project entitled DancingOnTheSquare was launched. This programme provides regular activities for several hundreds of underprivileged children living outside Budapest for a period of six months. The project also conveys the objective of building a community through music and dance as well as advocating the idea of tolerance. Another novelty from the orchestra is the autism-friendly Cocoa Concerts that also address children from underprivileged backgrounds and their families.

2.) **Presentation of non-profit activities:**

The aim of the Foundation is to run the Budapest Festival Orchestra to increase awareness of and foster Hungarian music culture – with particular regard to promoting the highest standard of musical life in Budapest and representing Budapest and Hungary abroad as an ambassador for Hungarian culture – as well as create the conditions required for the operation of the Orchestra.

- **Description of non-profit activity: Cultural activity**

- **Legal provisions for public service related to non-profit activity:**

Act XCIX of 2008 on the funding of and special employment rules pertaining to performing arts organisations: Section 3 (1)

Act XX of 1991 on the Tasks and Scope of Authority of Local Governments and their Bodies, of the Commissioners of the Republic and of Certain Centrally Governed Organs: Section 121 a)-b)

Act CLXXXIX of 2011 on Hungary's Local Governments: Section 13 (1) 7

- **Target group for non-profit activity:**

1. BFO's regular audiences
2. People living in Hungary: Budapest, cultural enthusiasts, families, young people.
3. Rural populations
4. Foreigners living in Budapest (expats)
5. Tourists
6. Socially disadvantaged children living outside Budapest

- **Beneficiaries of non-profit activity:**

Audiences in Hungary in 2016: 69,966 people.

Audiences during international tours: 57,399 people.

- **Main results of non-profit activity:**

The most important aim of the BFO is to bring music closer to people. This applies in the same way to the greatest concert stages in the world as to chamber concerts held in abandoned synagogues and churches all over the country, performances at schools and in nursing homes or Cocoa Concerts given in Mindszent or Cserdi. We strive to share an unforgettable experience with as many music lovers and socially disadvantaged people as possible. The Festival Orchestra played concerts in 2016 on 188 occasions in total, thereby reaching 127,365 people worldwide.

I. Hungary's leading symphony orchestra:

On 31 January the crème de la crème of Hungarian music gathered to highlight as many exciting excerpts from German Romanticism as possible at the traditional concert **Marathon**. Besides Kristóf Baráti, Katalin Kokas, Barnabás Kelemen, Dénes Várjon and Anna Lucia Richter, the list of performers this time included among others the Hungarian National Philharmonic Orchestra, the Pannon Philharmonic Orchestra, the MÁV Symphony Orchestra and the Budapest Strings Chamber Orchestra. The marathon was concluded as is customary by the Budapest Festival Orchestra and conductor Iván Fischer, with a special performance of *A Midsummer Night's Dream* including theatrical elements. During the one-day event more than 10,000 people listened to the amazing compositions of the two German composers.

The Festival Orchestra closed its summer season with a concert featuring **Mozart's *The Magic Flute*** as well as some of the works from his last year, including *Requiem* and *Clarinet Concerto in A major*. Following the Budapest performances the orchestra conducted 7 concerts within 10 days in 4 major European cities: London, Bruges, Baden-Baden and Amsterdam. The Bruges concert was broadcasted live by the TV channel Mezzo, so the musical experience reached 28 million homes worldwide.

The Palace of Arts and BFO transferred pieces of France to Budapest at their traditional season-opening **Bridging Europe festival** between 21 and 28 September. The organisers are convinced that trust and friendship among European nations is very much in demand, and art is the perfect way to strengthen this. *"Being part of a European family means that all people are equally important, equally loveable and have equal opportunities. There is no distinction between nationalities, religions, skin colours or origin. We are all humans, members of one family."* (Iván Fischer)

In the 2016-17 season Iván Fischer will provide three composers close to the Budapest Festival Orchestra with an opportunity to introduce themselves to Hungarian audiences while conducting the BFO. In November, Gergely Dubóczky had his debut, while in April, Victor Aviat from France and Australian Vladimir Fanshill will step onto the stage in the Academy of Music. Iván Fischer, BFO music director, summed up the essence of the concert series as follows: *"I can still vividly remember the feeling when I was first thrown in at the deep end a couple of decades ago. It was a great help that I saw friendly, helping eyes among the audience. So please smile for these young talents."*

In 2016 the Festival Orchestra visited **venues outside Budapest** on 55 occasions, of which 8 concerts were organised by Philharmonia Hungary. In addition to international-standard concert halls (e.g. Pécs) the orchestra also performed in smaller towns, theatres, schools and community halls, such as in Kaposvár, Nagykanizsa, Nyíregyháza, Cserdi, Tiszaszalka, Sellye, Bonyhád, Bátaszék, Téglás or Komló.

The majority of the concerts in Budapest and the tour performances abroad were conducted by Iván Fischer, music director and artistic director of the Orchestra. Yet this year again, other

world-famous conductors and soloists also played together with the orchestra, e.g. Midori Seiler, Jörg Widmann, Gábor Takács-Nagy (first guest conductor), to mention but a few.

II. Cultural ambassador of Hungary:

The orchestra achieved great international success in May with Mozart's *The Magic Flute*: *'What creativity, what richness!'* - said one of the reviews. According to the article, the performance of *The Magic Flute* boasted many witty, even sublime moments. *"Mozart's message clearly indicates that music is unifying and timeless, while Iván Fischer is one of the most inspiring ambassadors of that idea in the world today."* In June, the orchestra played on the **Stars of the White Nights** festival in the recently renovated concert hall of the Mariinsky Theatre in St. Petersburg with the help of the Ministry of Foreign Affairs and Trade. *"When the orchestra stood up and started singing in Russian you could have heard a pin drop from the astonishment, but then came the audience's ovation."*

In July, the orchestra was honoured with a **shower of international awards**, receiving two distinctions from The Association of Music Critics of Argentina. Iván Fischer was awarded the Best Foreign Conductor Award, while the Festival Orchestra received the honours of Best Foreign Symphony Orchestra. Besides the Argentinian awards, following its concert in the Carnegie Hall in February, the BFO was included on the highly-respected list of the New York Observer that collects the most defining moments of classical music in the last six years. The reason given was that from all the performing orchestras, the BFO was the one able to create "the most unique sound and temperament on stage". Furthermore, the Festival Orchestra was included on two top lists of the British Gramophone magazine; the recording of Mahler's Symphony No. 4 is listed among the 10 best Mahler Symphony albums, and the recordings of Beethoven's Symphonies No. 4 and 6 secured their places on the list of the 50 Best Beethoven CDs. BBC Proms is the most popular and the largest classical music event in the world, and BFO is a returning guest. The Telegraph awarded 5 stars to the performance of the orchestra in August.

III. Orchestra for the community:

Through its community and educational programmes the Budapest Festival Orchestra constantly strives to deliver the beauty of classical music to all ages and segments of society. The orchestra connects people through the power and charm of music, building and reinforcing communities. Between 17 and 23 April the BFO organised its **5th Community Week**. During the one-week event, chamber formations of the orchestra played music in a total of 21 locations, from Komló in Baranya county to Téglás in Hajdú-Bihar county. The aim of the Community Weeks is to create opportunities for people to meet classical music who would otherwise not have the chance to get to a Budapest concert hall on their own: the elderly, for whom the sound of a violin is sometimes the best medicine, underprivileged youth living outside Budapest, children with reduced mobility, church communities, residents of small towns and villages. In April the orchestra visited the Synagogue in Karcag, the Protestant church in Komló, the SOS Children's Village in Orosháza and several nursing homes for the elderly among others. Between 15 and 24 June the community-building activities continued with new concerts. During the Community Week they performed for one Catholic and two Reformed church communities, in Pannonhalma they joined the Saint Martin Year events, to Sellye they invited the entire Ormánság region and they held a concert in Hódmezővásárhely too. The first venue

of the Synagogue Concerts was Mátészalka, followed by Bonyhád, where they played in one of the first Hungarian synagogues that was still used as paint warehouse just a few years ago. The concert series ended in Kunszentmárton in one of the masterpieces of Hungarian Secession architecture which, despite operating as a granary and furniture warehouse for some 25 years, now serves as a cultural centre. Our interactive-integrating youth concert entitled Music Castle was performed during this Community Week to the great enjoyment of the children of Bódvaszilas, Tiszaszalka and Told. In Told the BFO played for the underprivileged children of the "Igazgyöngy" Foundation, whose director Nóra L. Ritók said the following about the initiative: *"Music is able to lift these multiply disadvantaged children into wonderful places, where there is joy, childish purity and harmony... where there are no social differences. Where you are simply a human being. A person of possibilities. Classical music is able to open this gate. The gate of the soul."* In addition, the musicians of the Festival Orchestra performed chamber concerts in 12 retirement homes from Budapest through Csókakő to Csongrád.

IV. Orchestra for children and youngsters:

The Festival Orchestra places great emphasis on the music education of young people. To this end it launched its **partner school programme** in 2012. Such partnerships are open and free for any school. Presently, the BFO cooperates with more than 50 partner schools offering programmes like A Taste of Musical Instruments, Rehearsal Visits, children's opera performances brought to schools, or master courses. Thanks to the active engagement of teachers and music teachers as well as the tireless work of the BFO musicians, several thousands of pupils visit the BFO rehearsal hall in Óbuda every year, and the orchestra goes to partner institutions more than 60 times a year. Musical encounters of teachers are made possible by the Teachers' Café launched in 2014. The orchestra arranged a special concert form for autistic children and young people in collaboration with the "Nemzetközi Cseperedő Alapítvány" foundation.

Nearly 5000 young dancers, 6000 km travelled, 6000 spectators – huge crowds were curious to see the **DancingOnTheSquare** event of the Festival Orchestra on Heroes' Square in 2016 too. The children, mostly from disadvantageous backgrounds, became real heroes for one day: they could show their talent, their perseverance, and the overwhelming power of joint creation. Underprivileged children shared a common goal, and had the uplifting experience of tolerance and respect towards each other. In cooperation with its partner DIA (Foundation for Democratic Youth) the BFO organised a summer camp in Hollókő for the youngsters participating in the project. Visit the website of the DancingOnTheSquare project: www.tertanc.hu

• 2016 concerts of the Budapest Festival Orchestra Foundation:

CONCERTS IN BUDAPEST

14 January 2016	Bp. MUPA	Lindberg: FERIA
15 January 2016	Bp. MUPA	Dvořák: Violin Concerto in A minor, Op. 53
16 January 2016	Bp. MUPA	Sibelius: Symphony No. 2 in D major Op. 43
22 January 2016	Bp. Academy of Music	Handel: Samson Overture
23 January 2016	Bp. Academy of Music	Corelli: Concerto Grosso in D major, Op. 6 No. 4
		Vivaldi Concerto for 2 flutes and strings

		Vivaldi The Four Seasons Telemann: Concerto in E-flat major C.Ph.E.Bach: Hamburg Symphony in C major Hasse: L'Amor prigioniero
24 January 2016	Bp. BMC	Jörg Widmann: Freie Stücke (Free Pieces) Fantasy for Solo Clarinet Love Song for Eight Instruments Quintett Dances of Dubai Air for solo horn
31 January 2016	Bp. MUPA	Mendelssohn-Schumann Marathon
5 February 2016	Bp.MUPA	Weber: Der Freischütz (The Marksman) - Overture
6 February 2016	Bp.MUPA	Brahms: Piano concerto No. 1. in D minor, Op.15
8 February 2016	Bp.MUPA	Prokofiev: Symphony No. 5 in B-flat major, Op. 100
25 February 2016	Bp.MUPA	Shostakovich: The Hamlet suite, Op. 32
26 February 2016	Bp.MUPA	Prokofiev: Piano concerto No. 2 in G minor, Op.16
28 February 2016	Bp.MUPA	Tchaikovsky: Symphony No. 2 in C minor, Op. 17
10 March 2016	Bp.MUPA	Mahler Symphony No. 3
11 March 2016	Bp.MUPA	Mahler Symphony No. 3
12 March 2016	Bp. MUPA	Mahler Symphony No. 3
1 April 2016	Bp. Academy of Music	Haydn: Symphony No. 4 in D major, Hob.I:4
2 April 2016	Bp. Academy of Music	Mozart: Violin Concerto No. 1 in B-flat major, K.207 Adagio and Fugue in C minor, K.546 Symphony No. 35 in D major K.385 ("Haffner")
8 April 2016	Bp. MUPA	Liszt: Hungarian Rhapsody No. 2 Béla Bartók: Viola concerto John Adams: Harmonielehre
4 May 2016	Bp. MUPA	Mozart: Clarinet Concerto in A major, K 622
3.30 pm, 8 May 2016		Requiem, K.626
7.45 pm, 8 May 2016		Per questa bella mano, K.612
6 May 2016	Bp. MUPA	Mozart: The Magic Flute
3 June 2016	Bp. Heroes' Square	DancingOnTheSquare
22 September 2016	Bp. MUPA	A. Campra: Le carnaval de Venise (The Carnival of Venice) Jean-Fery Rebel: Les éléments (The Elements) Jean-Philippe Rameau: Pygmalion, Plátée, Les Indes Galantes - excerpts

25 September 2016	Bp. MUPA	G.Grisey: Modulations Partiels H. Dutilleux: Mystere de l'instant (Mystery of the Instant) G. Aperghis: Le reste du temps
23 September 2016 24 September 2016 26 September 2016	Bp. MUPA	Debussy: The Afternoon of a Faun Eric Satie-Debussy: Gymnopédies Ravel: Pavane for a Dead Princess H. Dutilleux: L'arbre des songes (The Tree of Dreams) Ravel: Daphnis and Chloe - Suite no. 2
3.30 pm, 23 October 2016 7.45 pm, 23 October 2016	Bp. Academy of Music Bp. Academy of Music	T.Albinoni: Sonata à 5 in G major, Op.2 No.1 Baldassare Galuppi: Concerto Grosso in C minor G.B.Platti: Concerto Grosso in D major A. Vivaldi: Violin Concerto in E minor Concerto for Two Cellos in G minor, RV 531 Concerto for Strings in A major, RV 158 A. Scarlatti: Ombre tacite e sole - Cantata for Alto Voice
19 November 2016 21 November 2016	Bp. Academy of Music Bp. Academy of Music	Berlioz: Le Corsaire - Overture P. Hindemith: Violin Concerto Beethoven: Symphony No. 2 (in D major)
1 December 2016	Bp. Dohány Street, Great Synagogue	Mahler: Blumine Prokofiev: Overture on Hebrew Themes Beethoven: Piano Concerto No. 3
2 December 2016 3 December 2016 4 December 2016 5 December 2016	Bp. Academy of Music Bp. Academy of Music Bp. Academy of Music Bp. Academy of Music	Schubert: The Magic Harp - Overture, D.644 Symphony No. 5 in B-flat major, D.485 Béla Bartók: Violin Concerto No. 2 in B minor Hungarian Sketches
26 December 2016 27 December 2016 28 December 2016	Bp. Academy of Music Bp. Academy of Music Bp. Academy of Music	Beethoven: Leonore Overture No.3 Tchaikovsky: Rococo Variations Op. 33 Paul Dukas: L'Apprenti sorcier (The Sorcerer's Apprentice) Mendelssohn-Bartholdy: Symphony No. 3 "Scottish" in A minor Grieg: Peer Gynt Suite No. 1 C. Saint-Saens: Bacchanale Ravel: Ma mère l'Oye (Mother Goose)

MIDNIGHT MUSIC: CLASSICAL MUSIC FOR THE NIGHT-OWLS

23 January 2016 Millenaris Theatre 11.30 pm

6 February 2016	Millenaris Theatre	11.30 pm
2 April 2016	Millenaris Theatre	11.30 pm
3 December 2016	Millenaris Theatre	11.30 pm

CONCERTS OUTSIDE BUDAPEST

27 February 2016	Veszprém	Shostakovich: The Hamlet suite, Op. 32 Prokofiev: Piano concerto No. 2 in G minor, Op.16 Tchaikovsky: Symphony No. 2 in C minor, Op. 17
29 February 2016	Győr	Shostakovich: The Hamlet suite, Op. 32 Prokofiev: Piano concerto No. 2 in G minor, Op.16 Tchaikovsky: Symphony No. 2 in C minor, Op. 17
31 March 2016	Kaposvár	Haydn: Symphony No. 4 in D major, Hob.I:4 Mozart: Violin Concerto No. 1 in B-flat major, K.207 Adagio and Fugue in C minor, K.546 Symphony No. 35 in D major K.385 ("Haffner")
9 April 2016	Pécs	Liszt: Hungarian Rhapsody No. 2 Béla Bartók: Viola concerto John Adams: Harmonielehre
10 April 2016	Székesfehérvár	Liszt: Hungarian Rhapsody No. 2 Béla Bartók: Viola concerto John Adams: Harmonielehre
20 November 2016	Szeged	Berlioz: Le Corsaire - Overture P. Hindemith: Violin Concerto Beethoven: Symphony No. 2 (in D major)
22 November 2016	Nyíregyháza	Berlioz: Le Corsaire - Overture P. Hindemith: Violin Concerto Beethoven: Symphony No. 2 (in D major)
29 December 2016	Nagykanizsa	Beethoven: Leonore Overture No.3 Tchaikovsky: Rococo Variations Op. 33 Paul Dukas: L'Apprenti sorcier (The Sorcerer's Apprentice) Mendelssohn-Bartholdy: Symphony No. 3 "Scottish" in A minor Grieg: Peer Gynt Suite No. 1 C. Saint-Saens: Bacchanale Ravel: Ma mère l'Oye (Mother Goose)
30 December 2016	Pécs	Beethoven: Leonore Overture No.3 Tchaikovsky: Rococo Variations Op. 33 Paul Dukas: L'Apprenti sorcier (The Sorcerer's Apprentice) Mendelssohn-Bartholdy: Symphony No. 3 "Scottish" in A minor Grieg: Peer Gynt Suite No. 1 C. Saint-Saens: Bacchanale Ravel: Ma mère l'Oye (Mother Goose)

SUNDAY CHAMBER MUSIC

7 January 2016	BFO rehearsal hall
27 March 2016	BFO rehearsal hall

17 April 2016	BFO rehearsal hall
29 May 2016	BFO rehearsal hall
16 October 2016	BFO rehearsal hall
6 November 2016	BFO rehearsal hall
18 December 2016	BFO rehearsal hall

COCOA CONCERTS

2.30pm and 4.30pm	BFO rehearsal hall	
7 February 2016	BFO rehearsal hall	
7 February 2016	BFO rehearsal hall	autism-friendly performance
3 April 2016	BFO rehearsal hall	
25 September 2016	BFO rehearsal hall	
27 November 2016	BFO rehearsal hall	

BFO IN THE COMMUNITY

12 April 2016	Budapest	A Taste of Musical Instruments
13 April 2016	Piliscsaba	A Taste of Musical Instruments
14 April 2016	Nagykovácsi	A Taste of Musical Instruments
17 April 2016	Karcag (J-N-SZ)	BFO In The Community - Synagogue Concert
19 April 2016	Budapest	BFO In The Community - Nursing Home Concert
19 April 2016	Cegléd (Pest)	BFO In The Community - Nursing Home Concert
19 April 2016	Veresegyház (Pest)	BFO In The Community - Nursing Home Concert
19 April 2016	Eger (Heves)	BFO In The Community - Synagogue Concert
19 April 2016	Budapest	BFO In The Community - Music Castle
20 April 2016	Bátaszék (Tolna)	BFO In The Community - Nursing Home Concert
20 April 2016	Dunaújváros (Fejér)	BFO In The Community - Nursing Home Concert
20 April 2016	Ormosbánya (BAZ)	BFO In The Community - Nursing Home Concert
20 April 2016	Székesfehérvár (Fejér)	BFO In The Community - Nursing Home Concert
20 April 2016	Apostag (Bács-Kiskun)	BFO In The Community - Synagogue Concert
20 April 2016	Orosháza (Békés)	BFO In The Community - Music Castle
21 April 2016	Budapest	BFO In The Community - Nursing Home Concert
21 April 2016	Budapest	BFO In The Community - Nursing Home Concert
21 April 2016	Budapest	BFO In The Community - Nursing Home Concert
21 April 2016	Budapest	BFO In The Community - Nursing Home Concert
21 April 2016	Soltvadkert	BFO In The Community - Church Concert
21 April 2016	Téglás	BFO In The Community - Music Castle
22 April 2016	Vámosgyörk	BFO In The Community - Nursing Home Concert
22 April 2016	Kecskemét	BFO In The Community - Church Concert
23 April 2016	Komló	BFO In The Community - Church Concert
26 April 2016	Budapest	A Taste of Musical Instruments
27 April 2016	Budapest	A Taste of Musical Instruments
1 December 2016	Budapest	BFO In The Community - Synagogue Concert
27 January 2016	Piliscsaba	A Taste of Musical Instruments
28 January 2016	Budapest	A Taste of Musical Instruments
15 June 2016	Tiszaszalka	BFO In The Community - Music Castle
16 June 2016	Pannonhalma	BFO In The Community - Church Concert
16 June 2016	Bódvaszilas	BFO In The Community - Music Castle
17 June 2016	Sellye	BFO In The Community - Church Concert

17 June 2016	Mátészalka	BFO In The Community - Synagogue Concert
18 June 2016	Hódmezővásárhely	BFO In The Community - Church Concert
20 June 2016	Törökbálint	BFO In The Community - Nursing Home Concert
20 June 2016	Kunszentmárton	BFO In The Community - Synagogue Concert
21 June 2016	Budapest	BFO In The Community - Nursing Home Concert
21 June 2016	Csongrád	BFO In The Community - Nursing Home Concert
21 June 2016	Gyömrő	BFO In The Community - Nursing Home Concert
21 June 2016	Vámosmikola	BFO In The Community - Nursing Home Concert
21 June 2016	Bonyhád	BFO In The Community - Synagogue Concert
22 June 2016	Piliscsaba	BFO In The Community - Nursing Home Concert
22 June 2016	Pilisvörösvár	BFO In The Community - Nursing Home Concert
22 June 2016	Visegrád	BFO In The Community - Nursing Home Concert
23 June 2016	Budapest	BFO In The Community - Nursing Home Concert
23 June 2016	Kisbér	BFO In The Community - Nursing Home Concert
24 June 2016	Budapest	BFO In The Community - Nursing Home Concert
25 June 2016	Csókakő	BFO In The Community - Nursing Home Concert
24 May 2016	Budapest	A Taste of Musical Instruments
25 May 2016	Budapest	A Taste of Musical Instruments
31 May 2016	Budapest	A Taste of Musical Instruments
1 March 2016	Budapest	A Taste of Musical Instruments
2 March 2016	Budapest	A Taste of Musical Instruments
3 March 2016	Budapest	A Taste of Musical Instruments
31 March 2016	Kaposvár	BFO Comes Knocking!
10 November 2016	Budapest	A Taste of Musical Instruments
11 November 2016	Budapest	A Taste of Musical Instruments
18 November 2016	Budapest	A Taste of Musical Instruments
20 November 2016	Szeged	BFO Comes Knocking!
22 November 2016	Nyíregyháza	BFO Comes Knocking!
15 October 2016	Cserdi (Baranya)	BFO In The Community - Music Castle
23 June 2016	Told (Hajdú-Bihar)	BFO In The Community - Music Castle

BFO AROUND THE WORLD

10 February 2016	Las Palmas	Weber: Der Freischütz (The Marksman) - Overture Brahms: Piano concerto No. 1. in D minor, Op.15 Prokofiev: Symphony No. 5 in B-flat major, Op. 100
11 February 2016	Tenerife	Weber: Der Freischütz (The Marksman) - Overture Brahms: Piano concerto No. 1. in D minor, Op.15 Prokofiev: Symphony No. 5 in B-flat major, Op. 100
15 February 2016	Washington	Weber: Der Freischütz (The Marksman) - Overture Liszt: Piano Concerto No. 1 in E-flat major Prokofiev: Symphony No. 5 in B-flat major, Op. 100
16 February 2016	Montreal	Weber: Der Freischütz (The Marksman) - Overture Liszt: Piano Concerto No. 1 in E-flat major Prokofiev: Symphony No. 5 in B-flat major, Op. 100
18 February 2016	New York	Weber: Der Freischütz (The Marksman) - Overture Liszt: Piano Concerto No. 1 in E-flat major Prokofiev: Symphony No. 5 in B-flat major, Op. 100
13 March 2016	Rome	Mahler: Symphony No. 3

Budapest Festival Orchestra Foundation

14 March 2016	Milan	Mahler: Symphony No. 3
15 March 2016	Bologna	Mahler: Symphony No. 3
16 March 2016	Brussels	Mahler: Symphony No. 3
18 March 2016	Wroclaw	Mahler: Symphony No. 3
20 March 2016	Barcelona	Mahler: Symphony No. 3
22 March 2016	Aix-en-Provence	Mahler: Symphony No. 3
10 May 2016	London	Mozart: The Magic Flute
12-14 May 2016	Bruges	Mozart: The Magic Flute
		Mozart: Per questa bella mano
		Mozart: Clarinet Concerto in A major
		Mozart: Requiem
15 May 2016	Baden-Baden	Mozart: Per questa bella mano
		Mozart: Clarinet Concerto in A major
		Mozart: Requiem
17-18 May 2016	Amsterdam	Mozart: Per questa bella mano
		Mozart: Clarinet Concerto in A major
		Mozart: Requiem
		Mozart: The Magic Flute
7 June 2016	Vilnius	Stravinsky: Jeu de cartes
		Liszt: Piano Concerto No. 2
		Dvořák: Symphony No. 8
8 June 2016	Riga	Stravinsky: Jeu de cartes
		Liszt: Piano Concerto No. 2
		Dvořák: Symphony No. 8
9 June 2016	Saint Petersburg	Stravinsky: Jeu de cartes
		Liszt: Piano Concerto No. 1
		Dvořák: Symphonie No. 8
10 June 2016	Ravenna	Stravinsky: Jeu de cartes
		Liszt: Piano Concerto No. 2
		Dvořák: Symphony No. 8
20 August 2016	San Sebastian	Stravinsky: Jeu de cartes
		Bartók: Piano Concerto No. 3
		Dvořák: Symphony No. 8
21 August 2016	San Sebastian	Mahler: Symphony No. 3
22 August 2016	Santander	Mahler: Symphony No. 3
23 August 2016	San Sebastian	Mozart: The Magic Harp – Overture
		Mozart: Clarinet Concerto
		Mozart: Requiem
26 August 2016	London	Mozart: Per questa bella mano
		Mozart: Clarinet Concerto
		Mozart: Requiem
28 August 2016	Copenhagen	Mahler: Symphony No. 3
1 October 2016	Guangzhou	Mozart: The Magic Flute – overture
		Chopin: Piano Concerto No. 2
		Dvořák: Symphony No. 8
3 October 2016	Xi'an	Mozart: The Magic Flute – Overture
		Chopin: Piano Concerto No. 2
		Dvořák: Symphony No. 8
5 October 2016	Beijing	Mozart: The Magic Flute – Overture

6 October 2016	Beijing	Chopin: Piano Concerto No. 2 Dvořák: Symphony No. 8 Debussy: The Afternoon of a Faun Dutilleul: L'arbre des songes (The Tree of Dreams) Satie-Debussy: Gymnopédies Ravel: Pavane Ravel: Daphnis and Chloé
8 October 2016	Shanghai	Mozart: The Magic Flute – Overture Chopin: Piano Concerto No. 2 Dvořák: Symphony No. 8
10-11 October 2016	Seoul	Mozart: The Magic Flute – Overture Chopin: Piano Concerto No. 2 Dvořák: Symphony No. 8
6 December 2016	Frankfurt	Schubert: The Magic Harp - Overture, D.644 Béla Bartók: Violin Concerto No. 2 in B minor Béla Bartók: Hungarian Sketches
7 December 2016	Vienna	Schubert: Symphony No. 5 in B-flat major, D.485 Schubert: The Magic Harp - Overture, D.644 Béla Bartók: Violin Concerto No. 2 in B minor Béla Bartók: Hungarian Sketches
8 December 2016	Antwerp	Schubert: Symphony No. 5 in B-flat major, D.485 Schubert: The Magic Harp - Overture, D.644 Béla Bartók: Violin Concerto No. 2 in B minor Béla Bartók: Hungarian Sketches
10 December 2016	Zagreb	Schubert: Symphony No. 5 in B-flat major, D.485 Schubert: The Magic Harp - Overture, D.644 Béla Bartók: Violin Concerto No. 2 in B minor Béla Bartók: Hungarian Sketches Schubert: Symphony No. 5 in B-flat major, D.485

3.) Statement of assets used for non-profit activity

portion used for non-profit activity of reporting-year decrease in equity presented in the financial report

Description of asset used	Value of asset	Purpose of use
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The Foundation's equity in 2016 was reduced by the loss of the reporting year.

4.) Statement of targeted funding

According to the National Budget Act, targeted funding can be financial or non-financial support that is primarily related to the approved objectives defined as non-profit activity in the deed of foundation of the non-profit organisation. The table presents the targeted funding in the previous year and in the reporting year as well as any discrepancies.

Description of targeted funding	Previous year	Reporting year
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In 2015 and 2016 the Foundation had no targeted funding.

5.) Benefits for senior executives

Senior executives of non-profit organisation according to the Budget Act: chairman and members of the Foundation's supervisory body. The table contains the financial (wages, honoraria, refunded costs, engagement fees, extended loans) and in-kind benefits paid to the individuals referred to above, showing the figures for the previous year and the reporting year.

Position	Previous year	Reporting year
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The Foundation's senior executives and curators are not remunerated for their positions.

6.) Indicators required for non-profit status

Figures in THUF

Figures in TH

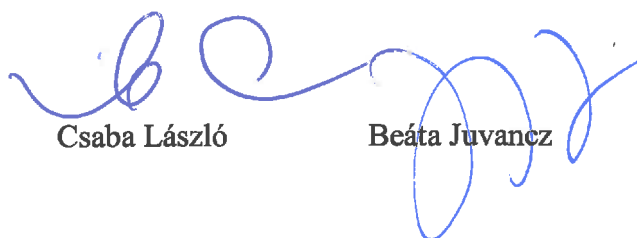
Basic data	previous year (1)	reporting year (2)
A. Benefits extended to senior executives	0	0
B. Total annual income	2,825,959	2,959,037
Of which:		
C. Amount paid based on Act CXXXVI of 1996 on the Use of a Specified Portion of Personal Income Tax at the Discretion of the Taxpayer Sum transferred by law	836	1,872
D. Income from public benefit services	0	0
E. Normative funding	0	0
F. Grants from EU Structural Funds and Cohesion Fund	0	0
G. Adjusted income (B-(C+D+E+F))	2,825,123	2,957,165
H. Total expenses (outlays)	2,992,778	3,087,058
I. of which: staff costs	665,799	598,560
J. Expenses on non-profit activity	2,964,323	3,061,953
K. Profit after tax	-166,819	-128,021
L. Number of individuals performing voluntary activities of public benefit as part of the organisation's work (as per Act LXXXVIII of 2005 on Voluntary Activities in the Public Interest) (persons)	0	0
Resource indicators	Fulfilment of indicator	
The organisation has adequate resources if at least one of the following conditions is met for both of the last two completed financial years. Civil Act, Section 32 (4)		
a. average annual income exceeds one million forints (Civil Act, Section 32 (4) a) (B1+B2)/2>1,000,000.)	YES	NO

b. aggregate after-tax result of two years (retained earnings) is not negative Civil Act, Section 32 (4) b) ($K1+K2 \geq 0$)	YES	NO
c. staff costs (expenses) – without senior executive benefits – amount to at least one quarter of total expenses (outlays) Civil Act, Section 32 (4) c) $((I1+I2-A1-A2)/(H1+H2) \geq 0.25)$	YES	NO
Social acceptance indicators		
Social acceptance of the organisation is adequate if at least one of the following conditions is met for both of the last two completed financial years. Civil Act, Section 32 (5)		
a. the amount paid from the sum offered to the organisation as a specified portion of personal income tax at the discretion of the taxpayer reaches 2% of total income disregarding the income as per Section 54; Civil Act 32 (5) a) $(C1+C2)/(G1+G2) \geq 0.02$	YES	NO
b. the costs, expenses incurred for the non-profit activity reach half of the overall expenses on average for the two years Civil Act, Section 32 (5) b) $((J1+J2)/(H1+H2) \geq 0.5)$	<u>YES</u>	NO
c. the non-profit activity is facilitated on a sustained basis by at least ten volunteers working in the public interest (on average for two years) in accordance with Act LXXXVIII of 2005 on Voluntary Activities in the Public Interest Civil Act, Section (5) c) $((L1+L2)/2 \geq 10$ persons	YES	NO

4. SUPERVISORY BOARD REPORT

The Supervisory Board of the Budapest Festival Orchestra today reviewed the Foundation's 2016 Annual Report with due consideration of the independent auditor's report, and recommended it be approved by the Board.

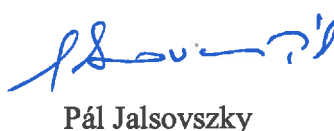
Budapest, 3 May 2017



Csaba László



Beáta Juvancz



Pál Jalsovszky



Ádám Terták

5. **CLAUSE ON APPROVAL OF NON-PROFIT REPORT**

The Board of the Budapest Festival Orchestra Foundation, as the supreme body of the Budapest Festival Orchestra Foundation, approved the 2016 Non-Profit Annual Report on 23 May 2017.

Budapest, 23 May 2017



Stefan Englert
Managing Director

