

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT

**OPERA OMAHA, INC.**

JUNE 30, 2020

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### Independent Auditor's Report

Board of Directors  
Opera Omaha, Inc.

We have audited the accompanying financial statements of Opera Omaha, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opera Omaha, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Opera Omaha, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Dutton & Associates P.C.*

Omaha, Nebraska  
March 10, 2021

Opera Omaha, Inc.  
Statement of Financial Position  
June 30, 2020  
(With Comparative Totals as of June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 26,952	\$ 229,499	\$ 256,451	\$ 114,257
Unconditional promises to give (Note C)	911,719	157,635	1,069,354	606,365
Other receivables	67,818	100,000	167,818	269,273
Prepaid expenses	39,624	-	39,624	53,561
Total current assets	<u>1,046,113</u>	<u>487,134</u>	<u>1,533,247</u>	<u>1,043,456</u>
<b>Noncurrent Assets</b>				
Investments (Notes E and F)	266,470	2,900,187	3,166,657	4,618,009
Unconditional promises to give (Note C)	872,751	348,916	1,221,667	1,065,994
Property and equipment, net of accumulated depreciation (Note G)	181,823	-	181,823	293,077
Total noncurrent assets	<u>1,321,044</u>	<u>3,249,103</u>	<u>4,570,147</u>	<u>5,977,080</u>
	<u>\$ 2,367,157</u>	<u>\$ 3,736,237</u>	<u>\$ 6,103,394</u>	<u>\$ 7,020,536</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Loan Payable (Note I)	\$ 255,109	\$ -	\$ 255,109	\$ -
Line of credit (Note H)	300,000	-	300,000	500,000
Accounts payable	138,439	-	138,439	232,771
Accrued expenses	-	-	-	13,950
Deferred revenues (Note J)	214,365	-	214,365	301,170
Total current liabilities	<u>907,913</u>	<u>-</u>	<u>907,913</u>	<u>1,047,891</u>
<b>Commitments (Note K)</b>				
<b>Net Assets</b>				
Without donor restrictions	1,459,244	-	1,459,244	2,202,305
With donor restrictions	-	3,736,237	3,736,237	3,770,340
Total net assets	<u>1,459,244</u>	<u>3,736,237</u>	<u>5,195,481</u>	<u>5,972,645</u>
	<u>\$ 2,367,157</u>	<u>\$ 3,736,237</u>	<u>\$ 6,103,394</u>	<u>\$ 7,020,536</u>

The accompanying notes are an integral part of these financial statements.

Opera Omaha, Inc.  
Statement of Activities  
Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue</b>				
Ticket sales	\$ 216,924	\$ -	\$ 216,924	\$ 304,225
Outreach fees	-	-	-	3,075
Sets and lighting rental	1,000	-	1,000	115,200
Miscellaneous revenue	2,100	-	2,100	440
Investment return, net	(57,891)	40,465	(17,426)	278,639
<b>Total revenue</b>	<b>162,133</b>	<b>40,465</b>	<b>202,598</b>	<b>701,579</b>
<b>Support</b>				
<b>Contributions</b>				
Individuals	694,844	37,000	731,844	818,328
Corporations	43,475	132,500	175,975	174,202
Foundations	1,454,225	400,179	1,854,404	3,136,995
Campaign	-	454,884	454,884	-
Grants	98,314	164,352	262,666	198,693
Gross special events revenue	364,680	-	364,680	422,297
Less cost of direct benefits to donors	(61,536)	-	(61,536)	(209,483)
<b>Total support</b>	<b>2,594,002</b>	<b>1,188,915</b>	<b>3,782,917</b>	<b>4,541,032</b>
 <b>Total revenue and support</b>	 <b>2,756,135</b>	 <b>1,229,380</b>	 <b>3,985,515</b>	 <b>5,242,611</b>
Net assets released from restrictions	1,263,483	(1,263,483)	-	-
<b>Total revenue and support after transfers</b>	<b>4,019,618</b>	<b>(34,103)</b>	<b>3,985,515</b>	<b>5,242,611</b>
<b>Expenses</b>				
Opera productions	3,638,601	-	3,638,601	4,491,808
Management, general and fundraising	1,124,078	-	1,124,078	799,066
<b>Total expenses</b>	<b>4,762,679</b>	<b>-</b>	<b>4,762,679</b>	<b>5,290,874</b>
 Change in net assets	 (743,061)	 (34,103)	 (777,164)	 (48,263)
Net assets, beginning of year	2,202,305	3,770,340	5,972,645	6,020,908
Net assets, end of year	<u>\$ 1,459,244</u>	<u>\$ 3,736,237</u>	<u>\$ 5,195,481</u>	<u>\$ 5,972,645</u>

The accompanying notes are an integral part of these financial statements.

Opera Omaha, Inc.  
Statement of Cash Flows  
Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (777,164)	\$ (48,263)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation expense	133,164	111,932
Contributions restricted for long-term investment	-	(111,000)
Contributions of investments	(8,500)	(375,514)
Realized and unrealized (gain) loss on investments	82,787	(201,551)
Increase in unconditional promises to give	(618,662)	(724,463)
Decrease in other receivables	101,455	40,497
Decrease in prepaid expenses	13,937	31,057
Increase (decrease) in accounts payable	(94,332)	105,779
Increase (decrease) in accrued expenses	(13,950)	13,950
Decrease in deferred revenue	(86,805)	(202,635)
Net cash used by operating activities	(1,268,070)	(1,360,211)
Cash flows from investing activities		
Redemption of investments	2,061,169	1,934,764
Purchase of investments	(684,104)	(1,245,027)
Purchases of property and equipment	(21,910)	(115,890)
Net cash provided by investing activities	1,355,155	573,847
Cash flows from financing activities		
Increase (decrease) in line of credit	(200,000)	500,000
Proceeds from short term debt	255,109	-
Proceeds from contributions restricted for long-term investment	-	111,000
Net cash provided by financing activities	55,109	611,000
Net increase (decrease) in cash and cash equivalents	142,194	(175,364)
Cash and cash equivalents, beginning of year	114,257	289,621
Cash and cash equivalents, end of year	\$ 256,451	\$ 114,257
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$ 18,690	\$ 5,879
Reconciliation of cash and restricted cash reported in the statement of financial position to the total of the same such amounts shown in the statement of cash flows		
Cash	\$ 26,952	\$ (79,597)
Restricted cash	229,499	193,854
Total cash and restricted cash shown in the statement of cash flows	\$ 256,451	\$ 114,257

The accompanying notes are an integral part of these financial statements.

Opera Omaha, Inc.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019		
Program							
Services -	Supporting Services						
Opera	Management			Cost of			
Productions	and General	Fundraising	Total	Goods Sold	Total	Total	
Salaries	\$ 888,427	\$ 91,201	\$ 240,105	\$ 331,306	\$ -	\$ 1,219,733	\$ 1,103,438
Employee benefits/taxes	146,771	15,647	41,194	56,841	-	203,612	217,553
Performance fees	1,055,208	-	-	-	-	1,055,208	1,368,474
Orchestra	182,398	-	-	-	-	182,398	246,926
Sets and props	373,456	-	-	-	-	373,456	438,317
Marketing	295,899	-	-	-	-	295,899	360,809
Travel and per diem	273,528	1,846	-	1,846	-	275,374	493,982
Costuming	76,047	-	-	-	-	76,047	79,383
Box office - program and ticket	65,163	-	-	-	-	65,163	126,015
Occupancy	117,146	160,383	-	160,383	-	277,529	292,639
Office/administrative expenses	18,405	92,368	7,213	99,581	-	117,986	50,990
Telephone	-	8,818	-	8,818	-	8,818	16,219
Development/fund-raising	-	-	273,456	273,456	-	273,456	99,940
Interest expense	-	18,690	-	18,690	-	18,690	5,879
Instrument and music rental	10,307	-	-	-	-	10,307	38,009
Professional fees	-	51,496	32,714	84,210	-	84,210	95,356
Conferences and seminars	23,437	2,748	1,370	4,118	-	27,555	52,344
Depreciation	74,191	58,973	-	58,973	-	133,164	111,932
Dues and subscriptions	-	9,746	-	9,746	-	9,746	10,587
Insurance	11,666	11,110	5,000	16,110	-	27,776	21,536
Cost of direct benefits to donors	-	-	-	-	61,536	61,536	209,483
Audio and video	26,552	-	-	-	-	26,552	46,470
Production rental	-	-	-	-	-	-	14,076
	<u>3,638,601</u>	<u>523,026</u>	<u>601,052</u>	<u>1,124,078</u>	<u>61,536</u>	<u>4,824,215</u>	<u>5,500,357</u>
Less expenses included with support							
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,536)</u>	<u>(61,536)</u>	<u>(209,483)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 3,638,601</u>	<u>\$ 523,026</u>	<u>\$ 601,052</u>	<u>\$ 1,124,078</u>	<u>\$ -</u>	<u>\$ 4,762,679</u>	<u>\$ 5,290,874</u>

The accompanying notes are an integral part of these financial statements.



Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Opera Omaha, Inc. (the Opera) reports in accordance with the audit and accounting guide “Not-For-Profit Organizations” published by the American Institute of Certified Public Accountants. Under the provisions of that guide, the following accounting policies, some of which are unique to non-profit organizations, are followed:

1. Nature of Activities

The Opera is a private, non-profit organization dedicated to enriching the quality of life in our community by creating professional opera and music theatre. The Opera produces a season of original main stage productions, presented at the historic Orpheum Theater, and smaller productions and musical events throughout the community. The Opera is internationally known for its productions of eight world premieres and four American premieres of classical masterpieces, and is highly regarded regionally for an extensive education and outreach program that annually reaches thousands from elementary school through adulthood.

2. Basis of Accounting

The financial statements of the Opera have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

3. Basis of Presentation

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- a. Net assets without donor restrictions are resources available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for the artistic excellence program.
- b. Net assets with donor restrictions are resources subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Fair Market Value of Financial Instruments

U.S. generally accepted accounting principles define fair value as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All financial instruments are carried at amounts that approximate estimated fair value.

6. Cash and Cash Equivalents

The Opera considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding cash and cash equivalents in investment portfolios.

7. Unconditional Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Opera. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Opera receives contributions principally from individuals and organizations located in Nebraska and Iowa. The Opera writes off pledges and accounts receivable as they are determined to be uncollectible.

8. Other Receivables

Other receivables consist of trade receivables for ticket sales, program advertising, and sponsorships. Management monitors outstanding receivables and charges off to expense any balances that are determined to be uncollectible or establishes an allowance for doubtful accounts. The Opera did not have an allowance for doubtful accounts as of June 30, 2020.

9. Investments

Investments are composed of common trust funds investing in debt and equity securities and mutual funds and are carried at fair market value.

10. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using accelerated and straight-line methods. Useful lives range from three to thirty-nine years. The Opera's policy is to capitalize all assets costing more than \$500 with an estimated useful life greater than one year.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Revenue Recognition

Ticket sales and sponsorships received prior to the fiscal year to which they apply are not recognized as revenues until the year earned.

12. Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. One donor's contribution consisted of 24% of total support for the year and 67% of the total promises to give at June 30, 2020.

13. Donated Materials, Equipment and Services

Most donated equipment and services have not been reflected in the financial statements since no objective basis is available to measure the value of such equipment and services and they do not meet the requirements for recognition in the financial statements. However, donated services from members of the Craftsmen's Guild in the amount of \$5,183 have been recorded as "Contributions – Opera Omaha Guild" on the accompanying statement of activities since the value of these contributed services meet the requirements for recognition in the financial statements. Also, donated services from various professional organizations in the amount of \$127,821 have been recorded as "Contributions – Individuals" on the accompanying statement of activities since the value of these contributed services meet the requirements for recognition in the financial statements. In addition, a substantial number of volunteers donate significant amounts of their time to the Organization's program and supporting services.

14. Subsequent Events

Management evaluated all activity of the Opera through March 10, 2021 (the issuance date of the financial statements). In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The COVID-19 outbreak caused the Opera to voluntarily close its facility while staff continued to work remotely. Management is carefully monitoring the situation and evaluating its options during this time. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closing. The extent of the impact on the financial and operational results cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.

15. Advertising Expense

The Opera expenses advertising as incurred. Advertising expense was \$295,899 for the year ended June 30, 2020.

16. Sales tax

The Opera collects sales tax from ticket sales and remits the appropriate amount to the State of Nebraska. The Opera's accounting policy is to include the tax collected and remitted to the State of Nebraska in ticket revenue and show the expense in box office sales tax expense.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

17. Functional Allocation of Expenses

Functional expenses that are not directly attributed to specific program services or supporting services are allocated based upon staff time spent on a particular program service or supporting service. Salaries and benefits are allocated based on estimates of time and effort.

NOTE B - ORGANIZATION AND TAX STATUS

Opera Omaha, Inc. is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, accordingly, the financial statements do not reflect a provision for income taxes. As of June 30, 2020, the Organization had no uncertain tax positions. The Opera's Form 990 is subject to examination by the Internal Revenue Service for a period of three years.

NOTE C - PROMISES TO GIVE

Promises to give at June 30, 2020 are as follows:

Fellowship Endowment	\$ 519,635
General use	1,817,199
	<u>\$ 2,336,834</u>
Receivable in less than one year	\$ 1,069,354
Receivable in one to five years	1,267,480
Total unconditional promises to give	<u>2,336,834</u>
Less discounts to net present value	(45,813)
Net unconditional promises to give at June 30, 2020	<u>\$ 2,291,021</u>

Promises to give in more than one year are discounted at 3.75%.

The Opera has received a conditional promise to give in the amount of \$2,500,000 from a foundation for matching gifts for the Fellowship Endowment.

The Opera has received a conditional promise to give in the amount of \$200,000 from a foundation for matching gifts for the Fellowship program.

The Opera has received a conditional promise to give for the fellowship in the amount of \$100,000 from an organization with the stipulation that the Opera provide matching funds based on the approved cost share budget.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE D - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2020 because of contractual or donor-imposed restrictions or internal designations:

NOTE D – LIQUIDITY AND AVAILABILITY - CONTINUED

Financial assets:	
Cash	\$ 256,451
Unconditional promises to give	1,069,354
Other receivables	167,818
Investments	3,166,657
Total financial assets available within one year	<u>4,660,280</u>
Less amounts unavailable for general expenditures within one year due to:	
Amounts restricted by donors	<u>(3,387,321)</u>
Total amounts unavailable for general expenditure within one year	<u>(3,387,321)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,272,959</u></u>

The Organization's liquidity policy is to ensure that the Organization operates within an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs. Liquid funds that are without donor restriction will be used to satisfy the minimum liquidity target. Additionally, the Organization doesn't intend to spend these funds for purposes other than those identified that could be used to help manage unanticipated liquidity needs. Further, the Organization has the ability to access additional resources through a line-of-credit agreement with the bank.

NOTE E - INVESTMENTS

Investments at June 30, 2020 consist of the following:

	Cost	Fair Value
Money market funds	\$ 742,096	\$ 739,853
Equity funds	1,419,299	1,131,441
Fixed income funds	909,414	1,065,266
Mutual funds	106,404	230,097
	<u>\$ 3,177,213</u>	<u>\$ 3,166,657</u>

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE F - FAIR VALUE OF FINANCIAL STATEMENTS

The Opera reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Regarding the determination of when transfers between levels of the fair value hierarchy are deemed to have occurred, the Opera evaluates the transfer as of the event or change in circumstances that caused the transfer.

When available, the Opera measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Opera is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the Opera's financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give;
- recurring measurement of investments; and
- recurring measurement of beneficial interests in trusts.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE F - FAIR VALUE OF FINANCIAL STATEMENTS - CONTINUED

The Opera used the following methods and significant assumptions to estimate fair value:

*Money market funds:* Determined by the published net asset value per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

*Equity securities traded on national securities exchanges:* Determined by the closing price on the last business day of the fiscal year.

*Exchange-traded and closed-ended mutual funds:* Determined by the published net asset value per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date.

Assets and liabilities measured at fair value on a recurring basis are summarized below.

	Total	Fair Value Measurements at June 30, 2020		
		Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 739,853	\$ 739,853	\$ -	\$ -
Equity-based mutual funds	1,131,441	1,131,441	-	-
Fixed income-based mutual funds	1,065,266	1,065,266	-	-
Stocks	230,097	230,097	-	-
	<u>\$3,166,657</u>	<u>\$3,166,657</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 consists of the following:

Furniture and equipment	\$ 986,310
Leasehold improvements	75,816
	<u>1,062,126</u>
Less accumulated depreciation	<u>880,303</u>
Property and equipment, net of accumulated depreciation	<u>\$ 181,823</u>

Depreciation expense for the year ended June 30, 2020 is \$133,164.

NOTE H – LINE OF CREDIT

The Opera has a \$500,000 revolving line of credit with a bank dated January 30, 2020. Interest payments are payable monthly at the U.S. prime rate. The outstanding principal is due on demand. There was an outstanding amount on the line of credit of \$300,000 at June 30, 2020. The line of credit is secured by inventory, equipment, and receivables and matures on February 28, 2021.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE I – LOAN PAYABLE

A Paycheck Protection Program loan was obtained on April 15, 2020. The loan is payable in 18 equal installments, including interest at 1%. The Opera has applied for forgiveness under the PPP program and anticipates the full loan to be forgiven. No payments have been made on the loan.

NOTE J - DEFERRED REVENUE

The Opera had received \$143,865 on advance ticket sales and \$70,500 for sponsorships and grants at June 30, 2020 for the 2020-2021 season. As each production is presented, that portion of the advance ticket collections and sponsorships which pertains to that production will be recognized as revenue. In the event that any of the scheduled productions for the 2020-2021 season are not presented, the advance ticket collections for that production will be available for refund to the ticket holders.

NOTE K - COMMITMENTS

The Opera entered into a lease for its office facility during October 2011. Monthly rental payments of \$6,473 are due starting January 1, 2012 through December 31, 2021.

The Opera entered into a lease for storage and rehearsal space during May 2019. Monthly variable rental payments of between \$5,955 and \$6,809 are due through June 30, 2029.

The minimum annual payments under these leases for subsequent fiscal years are as follows:

2021	\$	150,205
2022	\$	112,458
2023	\$	74,727
2024	\$	75,848
2025	\$	76,986
2026-2029	\$	319,666

Rent expense was \$160,383 for the year ended June 30, 2020.

As of June 30, 2020, the Opera had entered into commitments for productions for the upcoming 2020-2021 season totaling \$337,950.



Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE L - NET ASSETS

The detail of the Opera's net asset categories at June 30, 2020, is as follows:

Without donor restrictions	
Undesignated	\$ 1,459,244
Total without donor restrictions	<u>1,459,244</u>
With donor restrictions	
Subject to expenditure for specified purpose:	
Artistic Initiatives	76,719
Other	329,500
	<u>406,219</u>
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
Endowment - Crescendo Campaign	2,229,292
Endowment - Hearst	(6,069)
Endowment - Rice	5,237
Endowment - fellowship	1,000
	<u>2,229,460</u>
Subject to NFP endowment spending policy and appropriation:	
Endowment - Hearst	100,000
Endowment - Rice	383,007
Endowment - fellowship	111,000
Unconditional promises to give, net - perpetually restricted	506,551
	<u>1,100,558</u>
Total endowments	<u>3,330,018</u>
Total with donor restrictions	<u>3,736,237</u>
Total net assets	<u>\$ 5,195,481</u>

The Crescendo Campaign began in the year ended June 30, 1997. Until December 31, 2003, all of the income of the fund can be disbursed to support the activities of the Opera. After December 31, 2003, all of the income and up to five percent of the value of the fund can be disbursed to support the activities of the Opera. Any income which is not disbursed in one year may be carried forward and disbursed in future years.

The Opera was awarded a \$100,000 grant from the William Randolph Hearst Endowed Fund in December 2001. The grant funds are to be used for establishing an endowment with the principal remaining intact and the income to be used for scholarships and programs.

The Opera received a gift of \$383,007 from an estate in 2014. The gift required the principal to be retained and invested, and the income only to be used for general purposes.

The Opera received gifts totaling \$541,000 in 2019 and \$389,635 in 2020. The gifts required the principal to be retained and invested, and the income only to be used for operating the Holland Community Opera Fellowship.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE L - NET ASSETS - CONTINUED

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or the passage of time or other events specified by the donors as follows for the year ended June 30, 2020:

Satisfaction of purpose restrictions	
Production sponsorships	\$ 449,500
Productions	164,352
Strategic planning	193,854
One Campaign	135,748
Crescendo Campaign	274,964
Rice - Programs	37,277
Hearst - programs	7,788
	<u>\$ 1,263,483</u>

NOTE M - RETIREMENT PLAN

Opera Omaha, Inc. established a 403(b) plan during the year ended July 1, 1999. All full time salaried employees are eligible to participate after one month of service. The Opera made a discretionary contribution of 3% of employee wages. Total pension expense was \$31,708 for the year ended June 30, 2020.

NOTE N - ENDOWMENTS

The Opera's endowments include donor-restricted endowment funds and funds designated by the Opera to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Opera to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Opera has the following endowments:

Crescendo Endowment - The Crescendo endowment is to fund the Opera's need for equipment and other resources which will directly enhance Opera Omaha's ability to earn or raise revenue, provide resources for outreach programs, special projects or productions of unusual merit, and supplement any required operating expenses.

William Randolph Hearst Endowed Funds - The Hearst endowment is to provide funding for education and outreach activities.

David M. Rice Endowed Funds - The Rice endowment is to provide funding for general operations.

Opera Omaha Fellowship Endowment - In August 2017, the Holland Community Opera Fellowship Program was announced. This resident-artist program brings community-minded professional opera singers to live and work in Omaha. This ground-breaking program has dramatically increased the Company's relevance in the community. The Holland Foundation has given Opera Omaha an opportunity to raise the resources needed to secure the future of Opera Omaha's Holland Community Opera Fellowship Program; they have offered a \$2.5 million challenge grant. At the end of fiscal year 2020, \$1,330,635 has been pledged towards this endowment.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE N – ENDOWMENTS - CONTINUED

Interpretation of Relevant Law

This Policy Regarding Donor Restricted Funds was adopted by the Executive Committee of the Board of Directors of Opera Omaha on July 21, 2009. The Nebraska Legislature adopted LB 136, the Uniform Prudent Management of Institutional Funds Act ("NUPMIFA"), in 2007. In order to comply with the portions of the NUPMIFA pertaining to donor restricted funds, the Board adopted the following policy:

Subject to the intent of a donor expressed in the gift instrument, Opera Omaha may appropriate for expenditure or accumulate so much of an endowment fund as Opera Omaha determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by Opera Omaha.

In accordance with NUPMIFA, Opera Omaha, in addition to acting in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, shall consider, if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. the duration and preservation of the endowment fund;
2. the purposes of the institution and the endowment fund;
3. general economic conditions;
4. the possible effect of inflation or deflation;
5. the expected total return from income and the appreciation of investments; and
6. other resources of Opera Omaha;

Terms in a gift instrument designating a gift as an "endowment", or a direction or authorization in the gift instrument to use only income, interest, dividends, rents, issues, or profits, or to preserve the principal intact, or words of similar import:

1. create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purpose of the fund; and
2. do not otherwise limit the authority to appropriate for expenditure or accumulate as described below.

Opera Omaha, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE N - ENDOWMENTS - CONTINUED

Endowment Activity

The Opera's endowment had the following activity as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions
<b>Changes in Endowment Net Assets for the Year Ended June 30, 2020</b>		
Endowment net assets, beginning of year	\$ -	\$ 3,103,975
Investment return:		
Investment income	-	61,904
Investment fees	-	(13,048)
Net appreciation (realized and unrealized)	-	(9,334)
Total investment return	-	39,522
Contributions	-	-
Appropriations of endowment assets for expenditures	-	(320,029)
Endowment net assets, end of year	\$ -	\$ 2,823,468

**Endowment Net Asset Composition by Type of Fund  
as of June 30, 2020**

Donor-restricted endowment funds	\$ -	\$ 2,823,468
Unrestricted endowment funds	-	-
Total	\$ -	\$ 2,823,468

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NUPMIFA requires the Organization to retain as a fund of perpetual duration. The Hearst endowment had a deficiency of \$6,069 at June 30, 2020. Management expects the balance to be restored when the market improves but would use cash to restore the balance if necessary.

Investment Policy

At the beginning of each fiscal year, the Board of Trustees, based on recommendation of the Finance Committee, shall determine the investment policy to be followed by the Endowments for that year. Asset allocation policy – the general range for fixed income investments is 20% to 60%, equity investments 40% to 70%, cash and short-term investments up to 30%. The investment policy of the Endowment shall be to maximize the return on the Endowment's assets commensurate with preservation of those assets.

Distribution Policy

The Opera may disburse any or all of the income of the Crescendo Endowment to support the activities of Opera Omaha. The Opera may annually disburse any or all of the income and up to five percent of the value of the Crescendo Endowment on the first day of the year. Any income which is not disbursed in one year may be carried forward and disbursed in future years. The Opera may disburse only the Hearst Endowment's income for the Opera's education and outreach activities.