

**The Dallas Opera and the Dallas Opera Foundation**

Consolidated Financial Statements  
and Supplementary Information

June 30, 2019



## TABLE OF CONTENTS

|  | <u>Page No.</u> |
|--|-----------------|
| Independent Auditor's Report                   | 1 - 2           |
| Consolidated Statement of Financial Position   | 3               |
| Consolidated Statement of Activities           | 4               |
| Consolidated Statement of Functional Expenses  | 5               |
| Consolidated Statement of Cash Flows           | 6               |
| Notes to Consolidated Financial Statements     | 7 - 23          |
| Supplementary Information                      |                 |
| Consolidating Statements of Financial Position | 25              |
| Consolidating Statements of Activities         | 26              |

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Trustees  
The Dallas Opera and the Dallas Opera Foundation  
Dallas, Texas

We have audited the accompanying consolidated financial statements of The Dallas Opera and the Dallas Opera Foundation (collectively, the "Opera"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Dallas Opera and the Dallas Opera Foundation as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As described in Note 2 the financial statements, the Opera has adopted ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 25 - 26 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Armanino<sup>LLP</sup>  
Dallas, Texas

December 10, 2019

The Dallas Opera and the Dallas Opera Foundation  
Consolidated Statement of Financial Position  
June 30, 2019

ASSETS

|                               |                          |
|-------------------------------|--------------------------|
| Cash and cash equivalents     | \$ 1,806,793             |
| Contributions receivable, net | 6,887,497                |
| Accounts receivable           | 38,181                   |
| Prepaid and other assets      | 1,134,126                |
| Investments, at fair value    | 27,570,747               |
| Property and equipment, net   | <u>5,256,472</u>         |
| <br>Total assets              | <br><u>\$ 42,693,816</u> |

LIABILITIES AND NET ASSETS

|                                      |                          |
|--------------------------------------|--------------------------|
| Liabilities                          |                          |
| Accounts payable                     | \$ 563,713               |
| Accrued expenses                     | 467,166                  |
| Deferred revenue - ticket sales      | 1,256,754                |
| Deferred revenue - rentals and other | 32,514                   |
| Line-of-credit                       | 1,524,911                |
| Term note payable                    | 500,000                  |
| Related party notes payable          | <u>250,000</u>           |
| Total liabilities                    | <u>4,595,058</u>         |
| <br>Net assets                       |                          |
| Without donor restrictions           |                          |
| Board-designated endowment           | 1,662,501                |
| Reserve fund                         | <u>3,577,652</u>         |
| Total without donor restrictions     | 5,240,153                |
| With donor restrictions              | <u>32,858,605</u>        |
| Total net assets                     | <u>38,098,758</u>        |
| <br>Total liabilities and net assets | <br><u>\$ 42,693,816</u> |

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

The Dallas Opera and the Dallas Opera Foundation  
Consolidated Statement of Activities  
For the Year Ended June 30, 2019

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|--|-------------------------------|----------------------------|----------------------|
| Revenues and other support                   |                               |                            |                      |
| Earned income                                |                               |                            |                      |
| Admissions revenue                           | \$ 3,133,169                  | \$ -                       | \$ 3,133,169         |
| Investment return, net                       | 200,123                       | 1,535,490                  | 1,735,613            |
| Auxiliary event revenue                      | 212,627                       | -                          | 212,627              |
| Rentals and other                            | 229,565                       | -                          | 229,565              |
| Sponsorship revenue                          | 82,500                        | -                          | 82,500               |
| Investment income released from restrictions | <u>1,062,019</u>              | <u>(1,062,019)</u>         | <u>-</u>             |
| Total earned income                          | <u>4,920,003</u>              | <u>473,471</u>             | <u>5,393,474</u>     |
| Support from the public                      |                               |                            |                      |
| Contributions                                | 9,375,188                     | 1,069,538                  | 10,444,726           |
| Contributions - special events               | 494,442                       | -                          | 494,442              |
| Grants                                       | 179,514                       | -                          | 179,514              |
| Net assets released from restriction         | <u>2,037,539</u>              | <u>(2,037,539)</u>         | <u>-</u>             |
| Total support from the public                | <u>12,086,683</u>             | <u>(968,001)</u>           | <u>11,118,682</u>    |
| Total revenues and other support             | 17,006,686                    | (494,530)                  | 16,512,156           |
| Transfer to operating from reserve fund      | <u>849,584</u>                | <u>-</u>                   | <u>849,584</u>       |
| Total revenues and other support             | <u>17,856,270</u>             | <u>(494,530)</u>           | <u>17,361,740</u>    |
| Functional expenses                          |                               |                            |                      |
| Program services                             |                               |                            |                      |
| Artistic productions                         | 12,039,409                    | -                          | 12,039,409           |
| Education and outreach                       | <u>510,215</u>                | <u>-</u>                   | <u>510,215</u>       |
| Total program services                       | <u>12,549,624</u>             | <u>-</u>                   | <u>12,549,624</u>    |
| Support services                             |                               |                            |                      |
| Management and general                       | 3,808,052                     | -                          | 3,808,052            |
| Fundraising                                  | <u>1,606,420</u>              | <u>-</u>                   | <u>1,606,420</u>     |
| Total support services                       | <u>5,414,472</u>              | <u>-</u>                   | <u>5,414,472</u>     |
| Total functional expenses                    | <u>17,964,096</u>             | <u>-</u>                   | <u>17,964,096</u>    |
| Change in net assets from operations         | (107,826)                     | (494,530)                  | (602,356)            |
| Transfer from reserve fund to operating      | <u>(849,584)</u>              | <u>-</u>                   | <u>(849,584)</u>     |
| Change in net assets                         | (957,410)                     | (494,530)                  | (1,451,940)          |
| Net assets, beginning of year                | <u>6,197,563</u>              | <u>33,353,135</u>          | <u>39,550,698</u>    |
| Net assets, end of year                      | <u>\$ 5,240,153</u>           | <u>\$ 32,858,605</u>       | <u>\$ 38,098,758</u> |

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

The Dallas Opera and the Dallas Opera Foundation  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2019

|                                     | Artistic<br>productions | Education and<br>outreach | Management<br>and general | Fundraising         | Total                |
|-------------------------------------|-------------------------|---------------------------|---------------------------|---------------------|----------------------|
| Personnel expenses                  |                         |                           |                           |                     |                      |
| Salaries and artistic fees          | \$ 8,443,243            | \$ 118,293                | \$ 1,090,963              | \$ 544,580          | \$ 10,197,079        |
| Pension contributions               | 82,201                  | 2,205                     | 30,483                    | 18,222              | 133,111              |
| Other employee benefits             | 968,362                 | 20,971                    | 129,678                   | 37,277              | 1,156,288            |
| Payroll taxes                       | 588,151                 | 27,626                    | 81,190                    | 41,679              | 738,646              |
| Total personnel expenses            | <u>10,081,957</u>       | <u>169,095</u>            | <u>1,332,314</u>          | <u>641,758</u>      | <u>12,225,124</u>    |
| Nonpersonnel expenses               |                         |                           |                           |                     |                      |
| Professional fees                   | -                       | -                         | 173,730                   | 36,090              | 209,820              |
| Advertising and promotion           | -                       | -                         | 997,358                   | 72,408              | 1,069,766            |
| Office expenses                     | 40,666                  | 151                       | 369,626                   | 14,947              | 425,390              |
| Information technology              | -                       | -                         | 166,474                   | 55,491              | 221,965              |
| Rent                                | 396,153                 | -                         | 79,200                    | 26,400              | 501,753              |
| Building maintenance                | 60,513                  | -                         | 12,064                    | 4,022               | 76,599               |
| Utilities                           | 28,308                  | -                         | 24,671                    | 8,224               | 61,203               |
| Travel                              | 166,688                 | 575                       | 4,314                     | 6,072               | 177,649              |
| Interest                            | -                       | -                         | 222,556                   | -                   | 222,556              |
| Insurance                           | 61,510                  | -                         | 180,821                   | 60,274              | 302,605              |
| Outreach, guild, and other projects | -                       | 340,394                   | 1,329                     | 468,195             | 809,918              |
| Physical production costs           | 1,146,727               | -                         | -                         | -                   | 1,146,727            |
| Other expenses                      | 18,731                  | -                         | 51,676                    | 148,566             | 218,973              |
| Total nonpersonnel expenses         | <u>1,919,296</u>        | <u>341,120</u>            | <u>2,283,819</u>          | <u>900,689</u>      | <u>5,444,924</u>     |
| Depreciation                        | 38,156                  | -                         | 191,919                   | 63,973              | 294,048              |
|                                     | <u>\$ 12,039,409</u>    | <u>\$ 510,215</u>         | <u>\$ 3,808,052</u>       | <u>\$ 1,606,420</u> | <u>\$ 17,964,096</u> |

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

The Dallas Opera and the Dallas Opera Foundation  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2019

|  |                            |
|--|----------------------------|
| Cash flows from operating activities   |                            |
| Change in net assets   | \$ (1,451,940)             |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                            |
| Depreciation   | 294,048                    |
| Bad debt expense   | 120,558                    |
| Net realized and unrealized gain on investments  | (306,916)                  |
| Changes in operating assets and liabilities  |                            |
| Contributions and accounts receivables   | 1,688,976                  |
| Prepaid expenses and other assets  | 705,499                    |
| Accounts payable   | (87,934)                   |
| Accrued expenses   | 188,557                    |
| Deferred revenue   | <u>(176,546)</u>           |
| Net cash provided by operating activities  | <u>974,302</u>             |
| Cash flows from investing activities   |                            |
| Purchases of property and equipment  | (56,515)                   |
| Purchase of investments  | (2,823,632)                |
| Proceeds from sale of investments  | <u>3,401,636</u>           |
| Net cash provided by investing activities  | <u>521,489</u>             |
| Cash flows from financing activities   |                            |
| Line-of-credit borrowings  | 10,005,060                 |
| Line-of-credit repayments  | (10,773,880)               |
| Proceeds from note payable   | <u>(500,000)</u>           |
| Net cash used in financing activities  | <u>(1,268,820)</u>         |
| Net increase in cash and cash equivalents  | 226,971                    |
| Cash and cash equivalents, beginning of year   | <u>1,579,822</u>           |
| Cash and cash equivalents, end of year   | <u><u>\$ 1,806,793</u></u> |
| Supplemental disclosure of cash flow information   |                            |
| Cash paid during the year for interest   | \$ 222,556                 |

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

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

1. NATURE OF OPERATIONS

The Dallas Opera (TDO), founded in 1957, is committed to producing opera performances of uncompromising artistic quality, educating and enriching the life of the community, and embracing its diverse cultural heritage. TDO presents masterpieces of the standard repertoire, as well as nontraditional opera and musical theater, with multiple main stage performances each year, in addition to many school and community based programs. TDO perpetuates the art form by commissioning new American works and is further committed to discovering and nurturing talented young artists.

Established in 1984, The Dallas Opera Foundation (the Foundation) is committed to providing financial support for TDO. Assets of the Foundation include The Dallas Opera Endowment Fund, The Dallas Opera Great Orchestra Fund, and The Dallas Opera Cultural Renaissance Endowment Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements include the accounts of TDO and the Foundation (collectively, the Opera) and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). All significant intercompany transactions and balances have been eliminated in consolidation.

Not-for-profit organizations are required to report information regarding their financial position and activities based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets not subject to donor imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors and Trustees.

Operating fund - assets that have not been restricted in use by a donor or designated by the board for any use.

Reserve fund - assets that have not been restricted in use by the donor, but the board has taken action to designate for certain uses. The board can remove or modify the designation.

- *Net assets with donor restrictions* - Net assets subject to donor imposed restrictions that will be met by expenditure in accordance with the donors' requests and/or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of presentation in the consolidated statements of financial position and reporting cash flows, the Opera classifies all unrestricted demand deposits and highly liquid debt instruments with a maturity at date of purchase of three months or less as cash and cash equivalents. Cash equivalents designated for investment are classified as investments.

Contributions and promises to give

The Opera recognizes contributions when they are received or unconditionally pledged and records these amounts as net assets with donor restrictions or net assets without donor restrictions depending on the existence of donor restrictions (if any). Amounts received that are designated for future periods, unless explicitly designated for the current period by the donor, or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Opera reports the support as net assets without donor restrictions.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at their fair values, as determined by management's expectations on the timing of future cash flows and a discount rate which management believes is commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions. An allowance for doubtful contributions receivable is provided based on management's judgment including such factors as the current aging of contributions receivable.

Conditional promises to give are recognized when the conditions on which such promises depend are substantially met. There were no conditional contributions as of June 30, 2019.

Investments and income recognition

Investments consist primarily of mutual funds, marketable equity securities, and short-term marketable debt securities. The Opera carries all investments at fair value as determined primarily by quoted market prices in active markets with increases or decreases in fair value being recognized in the period in which such changes occur. Realized and unrealized gain/loss and investment income are included in the statements of activities as changes in net assets with donor restrictions and net assets without donor restrictions in accordance with donor imposed restrictions. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

The Opera applies the U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. U.S. GAAP describes three levels of inputs that may be used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity, are significant to the fair value of the assets or liabilities and reflect management's assumptions and best estimates based on available data.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

Endowment funds

The Opera's endowment consists of three endowment funds established for the exclusive purpose of operating for the benefit of the Opera. The endowment includes funds that are donor-restricted endowment funds and funds designated by the Board of Directors (the Board) to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds without restriction represent those funds designated by the Board at the inception of the endowment plus appropriated earnings of the permanently restricted fund as designated by the donor.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Endowment funds (continued)

On June 1, 2009, the Opera adopted Financial Accounting Standards Board (FASB) guidance for net asset classification of endowment funds, subject to the Texas enacted version of the Uniform Prudent Management of Institutional Funds Act (Texas UPMIFA) and enhanced disclosures for all endowment funds. A not-for-profit organization that is subject to an enacted version of Texas UPMIFA shall classify a portion of a donor restricted endowment fund of perpetual duration as net assets with donor restrictions. The amount classified as perpetual shall be the amount of the fund that must be retained permanently in accordance with explicit donor restriction, or that in the absence of such restriction, the amount that the Opera's governing board determines must be retained (preserved) permanently consistent with the relevant law.

The Opera interprets Texas UPMIFA as allowing the Opera, absent donor restriction to the contrary, to appropriate so much of a donor-restricted endowment fund as the Board determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established.

The following factors are considered in making a determination to appropriate or accumulate donor restricted endowment funds:

- the duration and preservation of the fund,
- the purposes of the donor-restricted endowment fund,
- general economic conditions,
- the possible effect of inflation and deflation,
- the expected total return from income and the appreciation of investments, and
- other resources of the Opera

In accordance with the State of Texas UPMIFA, the Opera adopted The Dallas Opera Foundation Amended and Restated Trust Agreement, which was approved by the Board on April 23, 2009. In conjunction with this agreement, the Opera's Trustees adopted a revised investment and spending policy further outlined below.

*Return objectives and risk parameters*

The Opera has adopted investment and spending policies for endowment assets that attempt to provide a consistent stream of funding to programs supported by its endowment while seeking to preserve and enhance the purchasing and earning value of the Opera's assets. Endowments include those assets of donor restricted funds that the Opera must hold in perpetuity as well as board-designated funds.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Endowment funds (continued)

*Strategies employed for achieving objectives*

Endowment assets are invested in accordance with a target asset allocation and range approved by the Opera's Trustees. Quarterly rebalancing is required for any class which falls outside the approved range. Assets held are well diversified and highly liquid, with the intent to minimize the risk of large losses.

*Spending policies and how the investment objectives relate to the spending policies*

Currently, the spending policy is divided into three areas: the General Endowment, the Great Orchestra Fund, and the Cultural Renaissance Endowment Fund. The General Endowment spending policy is at the quarterly rate of 1.25%, with the exception of two gifts within the General Endowment that are expended at a rate of 5% annually. The Cultural Renaissance Endowment Fund spending policy allows for distribution of the interest and dividends earned by the fund, net of investment fees, during the fiscal year previously ended. Other funds may be appropriated as deemed necessary by the Opera's Trustees from time to time. Distributions shall reflect the intent that (1) the Opera operates as a long-term endowment for the benefit of the Opera and (2) the principal of the Opera be preserved in a manner consistent with spending policies commonly used by similar endowment funds; provided, however, that the Trustees may make distributions of principal in the event they determine, in their discretion, that the Opera is in need of funds to address an emergency need.

*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 Texas UPMIFA requires the Opera to retain as a fund of perpetual duration. However, the fair value of assets associated with individual donor restricted endowment funds exceeded the level required at June 30, 2019.

Property and equipment

Property and equipment and leasehold improvements are carried at cost, if purchased, or fair value at the date of gift, if donated. The Opera capitalizes amounts in excess of \$500. Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures which extend the life of the assets are capitalized.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

|                                    |              |
|------------------------------------|--------------|
| Building and building improvements | 3 - 39 years |
| Automobiles                        | 5 years      |
| Furniture and equipment            | 3 - 15 years |
| Computer equipment                 | 3 - 4 years  |

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition and deferred revenue

Ticket sales are recognized as admissions revenue in the period in which the production occurs. Deferred revenue is comprised of ticket sales or rentals for which services or events have not yet been performed. These unearned revenues are deferred and recognized as the events or services are performed and costs are incurred. Tickets sold for the upcoming season are recorded in full as deferred revenue for the following season.

The Opera and other opera companies periodically and collectively agree to co-commission / co-produce certain opera productions. The Opera, as the administering co-commissioner / co-producer, oversees the creation and production of the opera and is given exclusive rights to premiere the opera. The other co-commissioners / co-producers reimburse the Opera for their share of costs associated with the creation and production of the opera and are given performance rights after the Opera's performance. Co-commission / co-production revenue is recognized in the period in which the premiere by the Opera occurs.

Contributed services and facilities

Contributed services are reflected in the financial statements at the estimated fair value of the services received if they (a) create or enhance nonfinancial assets or (b) require and are provided by individuals with specialized skills and, if not provided by donation, would typically need to be purchased. The Opera received \$307,158 of donated facility space and contributed services for advertising, transportation, legal fees, and other miscellaneous services during the year ended June 30, 2019 which are included in support from the public in the accompanying consolidated statements of activities.

A number of volunteers and outside institutions have donated significant amounts of time to assist the Opera. The value of donated volunteer time is not reflected in the accompanying consolidated financial statements, as it is presently not subject to objective valuation or measurement.

Functional allocation of expenses

The Opera's expenses have been summarized in the statement of activities on a functional basis into program services and supporting services. Supporting services include management and general activities as well as fundraising activities. Management and general activities provide support allowing the Opera to effectively provide quality education, outreach, and artistic productions. They include activities that provide governance, oversight, business management, financial record keeping, budgeting, legal services, human resource management, production advertising, marketing and similar functions. Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions allowing the Opera to have the greatest impact on the community.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses (continued)

Certain functional expenses have been allocated among the programs and supporting services benefited based on usage and management estimates. These expenses include certain payroll expenses, which are allocated based on estimates of time and effort as produced by a study conducted by management, and depreciation and other occupancy expenses, which have been allocated based on the estimated square footage utilized within each function.

Production costs

The costs of costumes and scenery are charged to expense during the fiscal period in which the production is staged.

Advertising costs

The Opera expenses advertising costs in the year in which the related production is performed. Advertising expense of \$847,820 for the year ended June 30, 2019 is recorded in the accompanying statement of functional expenses within the advertising and promotion category of supporting services. Supporting services, such as advertising costs, allow the Opera to draw in new patrons of the arts and promote upcoming productions to current patrons and supporters.

Federal income taxes

The Opera is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. The Opera did not have taxable unrelated business income during the year ended June 30, 2019.

The Opera's estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Opera uses a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. To the extent that the Opera's assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made. The Opera reports tax-related interest and penalties, if applicable, as a component of income tax expense, as incurred. As of June 30, 2019, no uncertain tax positions have been identified and, therefore, no amounts have been recognized in the accompanying consolidated financial statements.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, support, and expenses during the reporting periods. Significant estimates include the allocation of functional expenses, useful lives of property and equipment, fair value of investments and contributions to be received over a period in excess of one year, and the valuation allowance for contributions receivable. Accordingly, actual results may vary from management's estimates.

Change in accounting principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 makes certain improvements to current reporting requirements, including:

1. Reducing the classes of net assets from three (unrestricted, temporarily restricted, and permanently restricted) to two (with donor restrictions and without donor restrictions).
2. Enhancing disclosures about:
  - a. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions.
  - b. Composition of net assets with donor restrictions and how the restrictions affect the use of resources.
  - c. Qualitative information about management of liquid resources and quantitative information about the availability of liquid resources to meet cash needs for general expenditures within one year of the statement of financial position date.
  - d. Amounts of expenses by both their natural classification and their functional classification in one location as a separate statement or in the notes to the financial statements.
  - e. Methods used to allocate costs among program and support functions.
  - f. Underwater endowment funds.
3. Reporting investment return net of external and direct internal investment expenses.
4. Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle (continued)

The amendments have been applied on a retrospective basis in 2018.

Subsequent events

Management of the Opera has evaluated subsequent events through December 10, 2019, the date the financial statements were available to be issued, and are summarized in Note 16, of these financial statements.

3. CONCENTRATIONS OF CREDIT RISK

The Opera maintains its cash and cash equivalents in bank accounts which, at times, exceed federally insured limits. The Opera has not experienced any such losses in such accounts and believes it is not exposed to significant credit risk on cash.

Two individual donors provided support to the Opera which equaled approximately 64% of the total contributions receivable. Additionally, two donors provided support to the Opera which equaled approximately 31% of the total contributions at June 30, 2019.

4. CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Contributions receivable were due as follows at June 30:

|                                      |                     |
|--------------------------------------|---------------------|
| Less than one year                   | \$ 2,878,191        |
| One to five years                    | 2,032,592           |
| Thereafter                           | <u>3,232,500</u>    |
|                                      | 8,143,283           |
| Unamortized discount                 | (939,585)           |
| Allowance for uncollectible accounts | <u>(316,201)</u>    |
|                                      | <u>\$ 6,887,497</u> |

Contributions receivable were discounted to net present value based on the average of the U.S. treasury bill rate on the original pledge date and the established yearly endowment appropriation rate of the Opera's related Foundation.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

5. INVESTMENTS

Investments consisted of the following:

|                         |                      |
|-------------------------|----------------------|
| Equity securities       | \$ 15,340,294        |
| Fixed income securities | 11,444,207           |
| Real estate             | 451,063              |
| Commodities             | <u>335,183</u>       |
|                         | <u>\$ 27,570,747</u> |

6. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Opera's assets at fair value as of June 30, 2019:

|                         | Level 1              | Level 2     | Level 3     | Fair Value           |
|-------------------------|----------------------|-------------|-------------|----------------------|
| Equity securities       | \$ 15,340,294        | \$ -        | \$ -        | \$ 15,340,294        |
| Fixed income securities | 11,444,207           | -           | -           | 11,444,207           |
| Real estate             | 451,063              | -           | -           | 451,063              |
| Commodities             | <u>335,183</u>       | <u>-</u>    | <u>-</u>    | <u>335,183</u>       |
|                         | <u>\$ 27,570,747</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,570,747</u> |

7. ENDOWMENT

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

|                  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|------------------|-------------------------------|----------------------------|----------------------|
| Donor restricted | \$ -                          | \$ 29,062,188              | \$ 29,062,188        |
| Board designated | <u>1,662,501</u>              | <u>-</u>                   | <u>1,662,501</u>     |
|                  | <u>\$ 1,662,501</u>           | <u>\$ 29,062,188</u>       | <u>\$ 30,724,689</u> |

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

7. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2019 is as follows:

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |
|---|---------------------------------------|------------------------------------|----------------------|
| Balance, beginning of year              | \$ 1,770,327                          | \$ 28,567,717                      | \$ 30,338,044        |
| Investment return, net                  | 199,663                               | 1,535,490                          | 1,735,153            |
| Contributions                           | -                                     | 21,000                             | 21,000               |
| Appropriation of assets for expenditure | (1,362,893)                           | -                                  | (1,362,893)          |
| Assets released from restrictions       | 1,062,019                             | (1,062,019)                        | -                    |
| Expenses                                | <u>(6,615)</u>                        | <u>-</u>                           | <u>(6,615)</u>       |
| Balance, end of year                    | <u>\$ 1,662,501</u>                   | <u>\$ 29,062,188</u>               | <u>\$ 30,724,689</u> |

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

|                                    |                     |
|------------------------------------|---------------------|
| Land                               | \$ 158,600          |
| Building and building improvements | 8,045,687           |
| Automobiles                        | 62,956              |
| Furniture and equipment            | 1,210,834           |
| Computer equipment                 | 100,410             |
| Work in progress                   | <u>8,775</u>        |
|                                    | 9,587,262           |
| Accumulated depreciation           | <u>(4,330,790)</u>  |
|                                    | <u>\$ 5,256,472</u> |

9. NOTES PAYABLE AND LINE-OF-CREDIT

TDO has a \$3,000,000 line-of-credit with a financial institution which matures on March 7, 2020. The line-of-credit is due upon demand. The outstanding balance was \$524,911 as of June 30, 2019. Interest on outstanding borrowings under the line-of-credit is payable monthly at the greater of the prime rate (5.50% at June 30, 2019) or 1.00%. Interest expense totaled \$42,650 during the year ended June 30, 2019. Borrowings under the line-of-credit are collateralized by all assets of the Opera.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

9. NOTES PAYABLE AND LINE-OF-CREDIT (continued)

During the year ended June 30, 2013, the Foundation entered into a one-year \$1,000,000 line-of-credit note with a financial institution that, through its affiliates, is also the trustee for the Opera's cash and investments which collateralize borrowings under the note. This note renews annually. On July 22, 2018, the Opera renewed the line of credit, which now matures on July 17, 2019, with substantially the same terms. Interest on the line-of-credit is payable monthly at the Overnight LIBOR-Based Rate (2.37% at June 30, 2019) plus 2%. As discussed in Note 12, subsequent to year end, the Opera renewed the line of credit through July 17, 2020, with substantially the same terms.

During the year ended June 30, 2017, TDO borrowed \$1,500,000 from a financial institution under the terms of a Term Note (Term Note). The Term Note accrues interest at a rate equal to the greater of 2.50% or the sum of the overnight LIBOR plus the rate margin (4.87% at June 30, 2019). Interest expense totaled \$42,166 during the year ended June 30, 2019. The Term Note matures on April 2, 2020, at which time any outstanding principal balances are due. The outstanding principal balance of the Term Note was \$500,000 as of June 30, 2019.

During the year ended June 30, 2019, the Foundation trustees approved a \$1,000,000 draw against its line of credit, the proceeds of which it loaned to TDO, in advance of the Foundation's annual dividend and interest income distribution to TDO from the Cultural Renaissance Endowment Fund. As discussed in Note 16, this advance was repaid from TDO to the Foundation and the line of credit repaid in July of 2019, subsequent to year end.

The Opera is subject to certain debt covenant requirements under the terms of the line-of-credits and Term Note, including the maintenance of a minimum level of unrestricted cash and contributions receivable. Management believes it was in compliance with these covenants as of June 30, 2019.

All outstanding notes payable and line-of-credit borrowings are due within the following fiscal year.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Subject to the passage of time

Time restricted for specific use in future years

\$ 3,796,417

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

10. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Subject to spending policy and appropriations:

|   |                      |
|---|----------------------|
| Endowments invested in perpetuity (including amounts above original gift amount of \$26,535,591 which, once appropriated, are expendable to support). |                      |
| General Endowment   | \$ 3,484,907         |
| Cultural Renaissance Endowment  | 25,284,733           |
| Great Orchestra Endowment   | <u>292,548</u>       |
|   | <u>\$ 29,062,188</u> |

Net assets with donor restrictions released from restriction were as follows for the year ended June 30:

|                                   |                     |
|-----------------------------------|---------------------|
| Release based on time restriction | \$ 2,037,539        |
| Release of investment income      | <u>1,062,019</u>    |
|                                   | <u>\$ 3,099,558</u> |

11. BOARD-DESIGNATED NET ASSETS

The Opera's governing board has designated, from net assets without donor restrictions of \$5,240,153, funds for the following purposes:

|                   |                     |
|-------------------|---------------------|
| General Endowment | \$ 1,662,501        |
| Reserve           | <u>3,577,652</u>    |
|                   | <u>\$ 5,240,153</u> |

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

12. LIQUIDITY AND FUNDS AVAILABLE

The following disclosure describes assets that are available or expected to be available within one year of June 30, 2019 to fund general expenditures:

|   |                                |
|---|--------------------------------|
| Financial assets:   |                                |
| Cash and cash equivalents   | \$ 1,806,793                   |
| Contributions receivable, net                                     | 6,887,497                      |
| Accounts receivable   | 38,181                         |
| Investments, at fair value  | <u>27,570,747</u>              |
|   | <u>36,303,218</u>              |
|   |                                |
| Less amounts unavailable for general expenditure within one year: |                                |
| Board-designated reserve fund                                     | (3,577,652)                    |
| Board-designated endowment  | (1,662,501)                    |
| Long-term contributions receivable, not included in reserve fund  | (661,345)                      |
| Short-term contributions receivable for use in future years       | (173,259)                      |
| Donor restricted endowment  | <u>(29,062,188)</u>            |
|   | <u>(35,136,945)</u>            |
|   | <br><u><u>\$ 1,166,273</u></u> |

The Opera structures its financial assets to be available as its general expenditures, liabilities, or other obligations become due.

As stated in Note 8 to the financial statements, the Opera has a \$3,000,000 line of credit available until maturity of March 7, 2020 that could be drawn upon in the event of a liquidity need. As of June 30, 2019, the available balance of the line of credit is \$2,475,089.

13. COMMITMENTS AND CONTINGENCIES

Leases

On September 27, 2010, the Facilities Use Agreement was finalized between the Dallas Center for the Performing Arts (DCPA) and the Opera. The agreement documents the understandings and terms of the Opera occupying the AT&T Performing Arts Center and presenting productions in the Margot and Bill Winspear Opera House. The agreement is effective from September 1, 2009, through December 31, 2049. The Opera may extend the agreement for five consecutive periods of ten years each. Under the agreement, the Opera will pay a daily rental fee for the use of the Margot and Bill Winspear Opera House during the "center use period", which is a continuous period of time, generally six weeks, which the Opera has reserved for its productions.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

13. COMMITMENTS AND CONTINGENCIES (continued)

Leases (continued)

For the 2013 through 2015 opera seasons, daily rental fees were multiplied and increased by an adjustment (BOMA Adjustment) as defined in the agreement. The BOMA Adjustment will fluctuate from year to year. Subsequent to the 2015 opera season, in five year increments, rent will be determined in good faith by both parties. In the agreement dated February 2012 (for the first five year increment), the BOMA Adjustment will continue to be used for years 2016 to 2020. In addition to rent for the use of the Margot and Bill Winspear Opera House, the Opera will pay DCPA certain parking fees per space during performances and rehearsals. Parking fees are subject to adjustment based on DCPA's discretion. Notice of any adjustment must be provided to the Opera at least 12 months in advance and the new rate cannot be more than 75% of the parking fee then currently charged to the general public by DCPA. Rent expense for the use of the Margot and Bill Winspear Opera House and parking fees totaled \$393,397 for the year ended June 30, 2019.

The Opera has a noncancelable sublease agreement for the Opera's offices in the Margot and Bill Winspear Opera House under which the Opera agrees to pay certain operating expenses. On January 7, 2010, the Opera signed the sublease agreement with DCPA for a period of 40 years ending December 31, 2049. There are no escalation terms; however, DCPA may adjust the monthly rent of \$8,800 on a prospective basis based on an index or agreement with the Opera beginning January 1, 2013, and once every twelve months thereafter.

Rent expense under office space leases was \$105,600 for the year ended June 30, 2019.

The Opera has noncancelable operating leases for certain office equipment. Rent expense under the office equipment leases was \$43,239 for the year ended June 30, 2019.

The future minimum lease payments required under noncancelable operating leases with initial or remaining terms in excess of one year were as follows:

| <u>Year ending June 30,</u> |                     |
|-----------------------------|---------------------|
| 2020                        | \$ 146,622          |
| 2021                        | 146,622             |
| 2022                        | 120,072             |
| 2023                        | 107,005             |
| 2024                        | 105,600             |
| Thereafter                  | <u>2,692,800</u>    |
|                             | <u>\$ 3,318,721</u> |

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

13. COMMITMENTS AND CONTINGENCIES (continued)

Future production

The Opera enters into noncancelable agreements related to activities for future productions. At June 30, 2019, future minimum payments required under noncancelable artist contracts and set and costume rental agreements were as follows:

| <u>Year ending June 30,</u> |                     |
|-----------------------------|---------------------|
| 2020                        | \$ 2,015,467        |
| 2021                        | 1,403,900           |
| 2022                        | 199,000             |
| 2023                        | <u>134,000</u>      |
|                             | <u>\$ 3,752,367</u> |

Legal

The Opera is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, change in net assets, or cash flows of the Opera.

14. EMPLOYEE BENEFIT PLANS

The Opera sponsors a tax deferred annuity retirement plan through Fidelity Investment Advisors, Inc. This 403(b) plan is available to all qualified employees at the first open enrollment date following six months of service. The Opera contributes two percent of the participants' compensation, plus an additional fifty percent match of the first four percent of compensation that the participant contributes. The Opera made contributions of \$100,973 to the plan for the year ended June 30, 2019.

The Opera contributed to three multi-employer pension plans under the terms of collective-bargaining agreements that cover its union-represented contractors. The Opera made contributions of \$246,025 to these plans during the year ended June 30, 2019.

15. RELATED PARTIES

Under the Amended and Restated Trust Agreement of the Dallas Opera Foundation, the Foundation may authorize distributions to the Opera of unrestricted income and principal of the Foundation as it may determine from time to time in its sole discretion. The Foundation approved distributions of \$1,362,893 to the Opera during the year ended June 30, 2019.

The Dallas Opera and the Dallas Opera Foundation  
Notes to Consolidated Financial Statements  
June 30, 2019

15. RELATED PARTIES (continued)

During 2016, the Opera entered into agreements to borrow \$500,000 from four board members. Each note accrues interest at a rate of 4.50% and matures on December 31, 2019. During 2016, one of the board members elected to forgive the note and contribute the total outstanding balance of \$125,000. During 2017, a separate board member elected to forgive the note and contribute the total outstanding balance of \$125,000. The outstanding balance on the related party notes was \$250,000 as of June 30, 2019. Each of these related party notes are due in fiscal year 2020. Interest expense totaled \$11,250 during the year ended June 30, 2019.

Approximately \$5,114,785 of total contributions receivable was due from certain board of directors and trustees as of June 30, 2019. Total contribution revenue from certain board of directors and trustees for the year ended June 30, 2019, was \$3,074,985.

16. SUBSEQUENT EVENTS

In July of 2019, the Opera repaid the \$1,000,000 line of credit drawn in fiscal year 2019. The Opera further extended its \$1,000,000 line-of-credit note through July 17, 2020, at terms no less favorable to the Foundation.

SUPPLEMENTARY INFORMATION

The Dallas Opera and the Dallas Opera Foundation  
Consolidating Statement of Financial Position  
June 30, 2019

ASSETS

|  | The Dallas<br>Opera      | The Dallas<br>Opera<br>Foundation | Eliminating<br>Entries    | Total                    |
|--|--------------------------|-----------------------------------|---------------------------|--------------------------|
| Cash and cash equivalents              | \$ 351,126               | \$ 1,455,667                      | \$ -                      | \$ 1,806,793             |
| Contributions receivable, net          | 6,887,497                | -                                 | -                         | 6,887,497                |
| Accounts receivable                    | 38,181                   | -                                 | -                         | 38,181                   |
| Prepaid and other assets               | 1,134,126                | -                                 | -                         | 1,134,126                |
| Notes receivable from The Dallas Opera | -                        | 2,698,275                         | (2,698,275)               | -                        |
| Investments, at fair value             | -                        | 27,570,747                        | -                         | 27,570,747               |
| Property and equipment, net            | <u>5,256,472</u>         | <u>-</u>                          | <u>-</u>                  | <u>5,256,472</u>         |
| <br>Total assets                       | <br><u>\$ 13,667,402</u> | <br><u>\$ 31,724,689</u>          | <br><u>\$ (2,698,275)</u> | <br><u>\$ 42,693,816</u> |

LIABILITIES AND NET ASSETS

|  |                          |                          |                           |                          |
|--|--------------------------|--------------------------|---------------------------|--------------------------|
| Liabilities                                  |                          |                          |                           |                          |
| Accounts payable                             | \$ 563,713               | \$ -                     | \$ -                      | \$ 563,713               |
| Accrued expenses                             | 467,166                  | -                        | -                         | 467,166                  |
| Deferred revenue - ticket sales              | 1,256,754                | -                        | -                         | 1,256,754                |
| Deferred revenue - rentals and other         | 32,514                   | -                        | -                         | 32,514                   |
| Line-of-credit                               | 524,911                  | 1,000,000                | -                         | 1,524,911                |
| Term note payable                            | 500,000                  | -                        | -                         | 500,000                  |
| Related party notes payable                  | 250,000                  | -                        | -                         | 250,000                  |
| Notes payable to The Dallas Opera Foundation | <u>2,698,275</u>         | <u>-</u>                 | <u>(2,698,275)</u>        | <u>-</u>                 |
| Total liabilities                            | <u>6,293,333</u>         | <u>1,000,000</u>         | <u>(2,698,275)</u>        | <u>4,595,058</u>         |
| Net assets                                   |                          |                          |                           |                          |
| Without donor restrictions                   |                          |                          |                           |                          |
| Board-designated endowment                   | -                        | 1,662,501                | -                         | 1,662,501                |
| Reserve fund                                 | <u>3,577,652</u>         | <u>-</u>                 | <u>-</u>                  | <u>3,577,652</u>         |
| Total without donor restrictions             | 3,577,652                | 1,662,501                | -                         | 5,240,153                |
| With donor restrictions                      | <u>3,796,417</u>         | <u>29,062,188</u>        | <u>-</u>                  | <u>32,858,605</u>        |
| Total net assets                             | <u>7,374,069</u>         | <u>30,724,689</u>        | <u>-</u>                  | <u>38,098,758</u>        |
| <br>Total liabilities and net assets         | <br><u>\$ 13,667,402</u> | <br><u>\$ 31,724,689</u> | <br><u>\$ (2,698,275)</u> | <br><u>\$ 42,693,816</u> |

The Dallas Opera and the Dallas Opera Foundation  
Consolidating Statement of Activities  
For The Year Ended June 30, 2019

|  | The Dallas Opera    | The Dallas Opera<br>Foundation | Eliminating<br>Entries | Total                |
|--|---------------------|--------------------------------|------------------------|----------------------|
| Revenues and other support                                     |                     |                                |                        |                      |
| Earned income  |                     |                                |                        |                      |
| Admissions revenue   | \$ 3,133,169        | \$ -                           | \$ -                   | \$ 3,133,169         |
| Investment return, net   | 460                 | 1,735,153                      | -                      | 1,735,613            |
| Auxiliary event revenue  | 212,627             | -                              | -                      | 212,627              |
| Rentals and other  | 229,565             | -                              | -                      | 229,565              |
| Sponsorship revenue  | 82,500              | -                              | -                      | 82,500               |
| Investment income transferred from The Dallas Opera Foundation | 1,341,893           | -                              | (1,341,893)            | -                    |
| Total earned income  | <u>5,000,214</u>    | <u>1,735,153</u>               | <u>(1,341,893)</u>     | <u>5,393,474</u>     |
| Support from the public  |                     |                                |                        |                      |
| Contributions  | 10,423,726          | 21,000                         | -                      | 10,444,726           |
| Contributions - special events                                 | 494,442             | -                              | -                      | 494,442              |
| Grants   | 179,514             | -                              | -                      | 179,514              |
| Transfers from The Dallas Opera Foundation                     | 21,000              | -                              | (21,000)               | -                    |
| Total support from the public                                  | <u>11,118,682</u>   | <u>21,000</u>                  | <u>(21,000)</u>        | <u>11,118,682</u>    |
| Total revenues and other support                               | <u>16,118,896</u>   | <u>1,756,153</u>               | <u>(1,362,893)</u>     | <u>16,512,156</u>    |
| Expenses   |                     |                                |                        |                      |
| Program services   |                     |                                |                        |                      |
| Artistic productions   | 12,039,409          | -                              | -                      | 12,039,409           |
| Education and outreach   | 510,215             | -                              | -                      | 510,215              |
| Investment income transferred to The Dallas Opera              | -                   | 1,341,893                      | (1,341,893)            | -                    |
| Transfer to The Dallas Opera                                   | -                   | 21,000                         | (21,000)               | -                    |
| Total program services   | <u>12,549,624</u>   | <u>1,362,893</u>               | <u>(1,362,893)</u>     | <u>12,549,624</u>    |
| Supporting services  |                     |                                |                        |                      |
| Management and general   | 3,801,437           | 6,615                          | -                      | 3,808,052            |
| Fundraising  | 1,606,420           | -                              | -                      | 1,606,420            |
| Total supporting services                                      | <u>5,407,857</u>    | <u>6,615</u>                   | <u>-</u>               | <u>5,414,472</u>     |
| Total expenses   | <u>17,957,481</u>   | <u>1,369,508</u>               | <u>1,362,893</u>       | <u>17,964,096</u>    |
| Change in net assets from operations                           | (1,838,585)         | 386,645                        | -                      | (1,451,940)          |
| Net assets, beginning of year                                  | <u>9,212,654</u>    | <u>30,338,044</u>              | <u>-</u>               | <u>39,550,698</u>    |
| Net assets, end of year  | <u>\$ 7,374,069</u> | <u>\$ 30,724,689</u>           | <u>\$ -</u>            | <u>\$ 38,098,758</u> |