

OPERA AMERICA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025 and 2024

# OPERA AMERICA, INC.

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
OPERA America, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of OPERA America, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OPERA America, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for each of the years then ended in, accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
December 15, 2025



# OPERA AMERICA, INC.

## Statements of Financial Position

	June 30,	
	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 805,800	\$ 712,719
Contributions receivable, net	376,563	790,479
Other receivables	109,991	132,320
Investments	15,838,160	15,122,611
Prepaid expenses and other current assets	537,100	514,068
Security deposit	132,170	132,170
Right-of-use asset	11,145,177	11,605,529
Property and equipment, net	2,107,238	2,396,503
	<u>\$ 31,052,199</u>	<u>\$ 31,406,399</u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 341,638	\$ 721,889
Grants payable	922,235	1,024,001
Deferred revenue	429,491	485,670
Loan payable, under line-of-credit	-	69,990
Lease liability	12,990,165	13,185,219
	<u>14,683,529</u>	<u>15,486,769</u>
Commitments and contingency (see Note L)		
<b>NET ASSETS</b>		
Without donor restrictions:		
Core operating Fund	102,914	177,909
Board-designated funds (see Note G)	1,251,787	1,542,045
	<u>1,354,701</u>	<u>1,719,954</u>
With donor restrictions:		
Purpose and time restrictions	3,725,571	3,236,778
Perpetual in nature	11,288,398	10,962,898
	<u>15,013,969</u>	<u>14,199,676</u>
Total net assets with donor restrictions	<u>15,013,969</u>	<u>14,199,676</u>
Total net assets	<u>16,368,670</u>	<u>15,919,630</u>
	<u>\$ 31,052,199</u>	<u>\$ 31,406,399</u>

See notes to financial statements.

# OPERA AMERICA, INC.

## Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue:</b>						
Contributions and grants	\$ 2,405,564	\$ 1,972,121	\$ 4,377,685	\$ 2,434,875	\$ 1,302,928	\$ 3,737,803
Membership dues	893,521	-	893,521	885,365	-	885,365
Seminars, workshops, registration and annual meeting	395,279	-	395,279	494,448	-	494,448
Publications and advertising	173,445	-	173,445	122,560	-	122,560
Investment income, net	77,582	1,283,748	1,361,330	66,649	1,460,032	1,526,681
National Opera Center operations	1,172,742	-	1,172,742	1,137,544	-	1,137,544
Return of grant funds previously expended	-	31,574	31,574	-	79,500	79,500
Miscellaneous income	3,087	-	3,087	22,545	-	22,545
Employee retention credit	-	-	-	74,830	-	74,830
Insurance recovery	246,258	-	246,258	-	-	-
Total revenue before net assets released from restriction	5,367,478	3,287,443	8,654,921	5,238,816	2,842,460	8,081,276
Net assets released from restrictions	2,473,150	(2,473,150)	-	2,527,273	(2,527,273)	-
Total revenue	7,840,628	814,293	8,654,921	7,766,089	315,187	8,081,276
<b>Expenses:</b>						
Program services:						
National Opera Center operations	1,738,860	-	1,738,860	1,721,795	-	1,721,795
Artistic services	1,137,933	-	1,137,933	1,354,772	-	1,354,772
Membership	380,075	-	380,075	385,996	-	385,996
Public affairs	87,967	-	87,967	92,192	-	92,192
Public relations/marketing	605,435	-	605,435	459,708	-	459,708
Information services/publications	592,487	-	592,487	576,405	-	576,405
Education and artist development	419,395	-	419,395	284,493	-	284,493
Annual conference	656,676	-	656,676	1,042,966	-	1,042,966
Total program services	5,618,828	-	5,618,828	5,918,327	-	5,918,327
Supporting services:						
Management and general	959,427	-	959,427	776,300	-	776,300
Fundraising	1,086,572	-	1,086,572	697,983	-	697,983
Total supporting services	2,045,999	-	2,045,999	1,474,283	-	1,474,283
Total expenses before depreciation, occupancy and other expenses from the National Opera Center original leasehold improvements	7,664,827	-	7,664,827	7,392,610	-	7,392,610
Change in net assets before depreciation, occupancy and other expenses on the National Opera Center original leasehold improvements	175,801	814,293	990,094	373,479	315,187	688,666
Depreciation, occupancy and other expenses on the National Opera Center original leasehold improvements	(541,054)	-	(541,054)	(265,211)	-	(265,211)
<b>Change in net assets</b>	<b>(365,253)</b>	<b>814,293</b>	<b>449,040</b>	<b>108,268</b>	<b>315,187</b>	<b>423,455</b>
Net assets - beginning of year	1,719,954	14,199,676	15,919,630	1,611,686	13,884,489	15,496,175
<b>Net assets - end of year</b>	<b>\$ 1,354,701</b>	<b>\$ 15,013,969</b>	<b>\$ 16,368,670</b>	<b>\$ 1,719,954</b>	<b>\$ 14,199,676</b>	<b>\$ 15,919,630</b>

See notes to financial statements.

**OPERA AMERICA, INC.**

**Statement of Functional Expenses  
Year Ended June 30, 2025**

(with summarized financial information for June 30, 2024)

	Program Services					Supporting Services			Totals	
	National Opera Center Operations	Artistic Services	Annual Conference	Other Program Services	Total	Management and General	Fundraising	Total Supporting Services	2025	2024
	Salaries	\$ 690,916	\$ 412,665	\$ 331,230	\$ 1,362,355	\$ 2,797,166	\$ 399,192	\$ 460,876	\$ 860,068	\$ 3,657,234
Fee for service (nonemployee)	79,875	37,233	6,640	300,328	424,076	100,911	13,579	114,490	538,566	534,992
Grants and assistance	-	531,000	-	-	531,000	-	-	-	531,000	704,585
Advertising and promotion	9,449	-	-	26,877	36,326	-	131	131	36,457	32,465
Office expenses	22,273	2,397	23,415	75,457	123,542	55,109	22,190	77,299	200,841	230,590
Information technology	455	5,776	20,496	39,577	66,304	280	3,545	3,825	70,129	76,668
Occupancy	1,093,121	42,879	32,884	134,863	1,303,747	293,154	46,054	339,208	1,642,955	1,133,820
Travel	107	78,697	42,845	63,816	185,465	27,932	374,774	402,706	588,171	357,256
Meals and entertainment	1,724	19,393	125,995	73,082	220,194	14,027	130,590	144,617	364,811	497,092
Insurance	21,672	-	-	-	21,672	-	-	-	21,672	21,176
Dues and subscriptions	-	1,739	-	5,491	7,230	2,564	3,358	5,922	13,152	20,297
Professional development	-	484	-	525	1,009	2,594	-	2,594	3,603	46,675
Depreciation	304,252	-	-	-	304,252	5,506	-	5,506	309,758	301,854
Other expenses	56,070	5,670	73,171	2,988	137,899	58,158	31,475	89,633	227,532	319,645
<b>Total expenses</b>	<b>2,279,914</b>	<b>1,137,933</b>	<b>656,676</b>	<b>2,085,359</b>	<b>6,159,882</b>	<b>959,427</b>	<b>1,086,572</b>	<b>2,045,999</b>	<b>8,205,881</b>	<b>7,657,821</b>
Less:										
Depreciation, occupancy and other expenses from the National Opera Center original leasehold improvements	(541,054)	-	-	-	(541,054)	-	-	-	(541,054)	(265,211)
<b>Total expenses per statements of activities</b>	<b>\$ 1,738,860</b>	<b>\$ 1,137,933</b>	<b>\$ 656,676</b>	<b>\$ 2,085,359</b>	<b>\$ 5,618,828</b>	<b>\$ 959,427</b>	<b>\$ 1,086,572</b>	<b>\$ 2,045,999</b>	<b>\$ 7,664,827</b>	<b>\$ 7,392,610</b>

See notes to financial statements.

**OPERA AMERICA, INC.**

**Statement of Functional Expenses  
Year Ended June 30, 2024**

	Program Services					Supporting Services			
	National Opera Center Operations	Artistic Services	Annual Conference	Other Program Services	Total	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 667,159	\$ 402,921	\$ 295,698	\$ 1,192,229	\$ 2,558,007	\$ 438,991	\$ 383,708	\$ 822,699	\$ 3,380,706
Fee for service (nonemployee)	92,235	72,640	23,950	265,668	454,493	73,724	6,775	80,499	534,992
Grants and assistance	-	704,585	-	-	704,585	-	-	-	704,585
Advertising and promotion	9,578	-	-	22,887	32,465	-	-	-	32,465
Office expenses	19,341	1,780	31,943	71,843	124,907	68,393	37,290	105,683	230,590
Information technology	455	324	25,109	43,315	69,203	7,465	-	7,465	76,668
Occupancy	847,601	41,755	30,644	123,554	1,043,554	50,502	39,764	90,266	1,133,820
Travel	284	65,181	197,310	36,316	299,091	3,692	54,473	58,165	357,256
Meals and entertainment	1,410	18,097	268,821	25,749	314,077	18,417	164,598	183,015	497,092
Insurance	17,051	-	-	-	17,051	4,125	-	4,125	21,176
Dues and subscriptions	-	1,238	-	13,164	14,402	2,360	3,535	5,895	20,297
Professional development	-	45,628	-	958	46,586	-	89	89	46,675
Depreciation	292,552	-	-	-	292,552	9,302	-	9,302	301,854
Other expenses	39,340	623	169,491	3,111	212,565	99,329	7,751	107,080	319,645
<b>Total expenses</b>	<b>1,987,006</b>	<b>1,354,772</b>	<b>1,042,966</b>	<b>1,798,794</b>	<b>6,183,538</b>	<b>776,300</b>	<b>697,982</b>	<b>1,474,283</b>	<b>7,657,821</b>
Less:									
Depreciation, occupancy and other expenses from the National Opera Center original leasehold improvements	(265,211)	-	-	-	(265,211)	-	-	-	(265,211)
<b>Total expenses per statements of activities</b>	<b>\$ 1,721,795</b>	<b>\$ 1,354,772</b>	<b>\$ 1,042,966</b>	<b>\$ 1,798,794</b>	<b>\$ 5,918,327</b>	<b>\$ 776,300</b>	<b>\$ 697,982</b>	<b>\$ 1,474,283</b>	<b>\$ 7,392,610</b>

See notes to financial statements.

# OPERA AMERICA, INC.

## Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 449,040	\$ 423,455
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	309,758	301,854
Net realized and unrealized gains on investments	(1,016,030)	(1,263,448)
Donated securities	(379,071)	(227,317)
Proceeds from the sale of donated securities	380,077	226,294
Donor restricted contributions - perpetual in nature	(325,500)	(800)
Noncash lease amortization	460,352	588,196
Changes in:		
Contributions receivable	413,916	35,589
Other receivables	22,329	(68,817)
Prepaid expenses and other current assets	(23,032)	(366,135)
Accounts payable and other liabilities	(380,251)	359,032
Grants payable	(101,766)	(274,743)
Deferred revenue	(56,179)	401,919
Lease liability	(195,054)	(552,095)
Net cash used in operating activities	<u>(441,411)</u>	<u>(417,016)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(20,493)	(115,885)
Purchases of investments	8,366,573	(4,101,060)
Proceeds from sales of investments	<u>(8,067,099)</u>	<u>4,791,163</u>
Net cash provided by investing activities	<u>278,982</u>	<u>574,218</u>
<b>Cash flows from financing activities:</b>		
Donor restricted contributions - perpetual in nature	325,500	800
Payments on loan payable, under line-of-credit	<u>(69,990)</u>	<u>-</u>
Net cash provided by financing activities	<u>255,510</u>	<u>800</u>
<b>Change in cash and cash equivalents</b>	<b>93,081</b>	<b>158,002</b>
Cash and cash equivalents, beginning of year	<u>712,719</u>	<u>554,717</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 805,800</b>	<b>\$ 712,719</b>
<b>Supplementary disclosures of cash flow information:</b>		
Interest paid	\$ 4,525	\$ 6,201
Noncash lease liability arising from obtaining right-of-use asset	\$ -	\$ 6,446,199

See notes to financial statements.

# OPERA AMERICA, INC.

## Notes to Financial Statements June 30, 2025 and 2024

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Organization:

OPERA America, Inc. (the "Organization"), originally incorporated in Delaware and then re-incorporated in New York, is a not-for-profit organization founded in 1970: (i) to promote growth and expansion of the operatic art form; (ii) to foster and improve the education, training, and development of operatic composers, singers, and allied talents; (iii) to assist in developing resident professional opera companies through cooperative artistic and management services to its membership; (iv) to encourage and assist in the improvement of quality of operatic presentation; and (v) encourage greater appreciation and enjoyment of opera by all segments of society. It is an organization of which the members include opera companies, affiliated organizations, and individuals in the United States, Canada and several other countries.

New York City is home to the nation's largest concentration of performing and creative artists, professional training institutions, and music businesses. A majority of the Organization's professional company members hold or attend auditions in New York City, and opera leaders from Europe and around the world are regular visitors. In response to the pressing need for appropriate audition, practice and meeting space, the Organization constructed the "National Opera Center." The National Opera Center, which opened in September 2012, in addition to the space it provides, was built: (i) to support more frequent and direct contact between members and Organization staff; (ii) to encourage greater involvement of members in Organization activities; (iii) to create the potential for broader and deeper collaboration among members; and (iv) to facilitate work with traditional partners and potential new allies.

The Organization is a not-for-profit corporation exempt from federal taxes pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

#### [2] Basis of accounting:

The financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit entities.

#### [3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### [4] Cash and cash equivalents:

For financial-reporting purposes, the Organization considers all highly liquid instruments purchased with a maturity of three months or less when purchased, to be cash equivalents, except for those cash equivalent assets held as part of the investment portfolio.

#### [5] Investments:

The Organization's investments in equity securities, mutual funds, and fixed-income securities are reported at their fair values in the statements of financial position based on quoted market prices. Cash and cash equivalents held as part of the investment portfolio are also included in the balances reported as investments. The Organization's investments in real estate interest trusts ("REIT") are valued at their daily net asset value ("NAV"). If the reported NAV of the REIT is not calculated in a manner consistent with the measurement accounting principles under U.S. GAAP, then the Organization adjusts the reported NAV to reflect the impact of those measurement principals. The NAV is not a publicly quoted price in an active market but is managed by a reputable fund manager.

## **OPERA AMERICA, INC.**

### **Notes to Financial Statements June 30, 2025 and 2024**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[5] Investments: (continued)**

The Organization's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost basis to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investments' costs to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair value on the dates of donation. The Organization's policy is to sell donated securities immediately and, accordingly, for purposes of the statements of cash flow, donated securities and the proceeds generated from their sales are included within operating activities.

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note C are those specific fees charged by the Organization's various investment managers in each fiscal year; however, they do not include those fees that may be embedded in various other investment accounts and transactions.

##### **[6] Leases:**

The Organization determines if an arrangement is a lease at inception. For the Organization's operating leases, a right-of-use ("ROU") asset represents the Organization's ROU an underlying asset for the lease term and the operating lease liability represents the obligation to make lease payments arising from the leases. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease terms. Since the Organization's lease agreements do not provide an implicit interest rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

##### **[7] Property and equipment:**

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their estimated fair values at the dates of donation, net of accumulated depreciation. The Organization capitalizes as assets those items of property and equipment that have a cost of \$2,500 or more and have useful lives greater than one year, whereas minor costs for repairs and maintenance are expensed as incurred. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the respective assets, which range from three to ten years. Likewise, leasehold improvements are amortized over the remaining lease term, or over the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value recognizes any impairment in the year of determination.

## OPERA AMERICA, INC.

### Notes to Financial Statements June 30, 2025 and 2024

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [7] Property and equipment: (continued)

In July 2024, a fire occurred in the office space located directly above the Organization's premises, resulting in smoke infiltration and related damages. The Organization received insurance proceeds totaling \$246,258, which were recognized as insurance recovery in the statements of activities. The incident did not affect the Organization's property and equipment, and therefore, no impairment assessment or adjustment was required.

##### [8] Accrued vacation:

A liability for the accrued vacation of the Organization's employees is included as part of accounts payable and other liabilities in the statements of financial position and represents the Organization's total obligation for the cost of unused employee vacation time that would be payable in the event that all employees were to leave the Organization employment. At June 30, 2025 and 2024, this accrued vacation obligation was approximately \$48,000 and \$63,000, respectively, and is included as a part of accounts payable and accrued expenses on the statements of financial position.

##### [9] Grants payable:

Grants are recognized as an obligation to the Organization at the time they are approved for payment by the Board of Directors. Grants are generally paid within one year of approval. Multi-year grants payable are reported at their present values, using an appropriate interest rate. Unconditional grants approved, but not yet paid, were approximately \$922,000 and \$1,024,000 at June 30, 2025 and 2024, respectively. There were no conditional grants approved or committed to for the years ended June 30, 2025 or 2024. Grants payable in fiscal years 2026, 2027 and 2028 are approximately \$301,000, \$326,000 and \$295,000, respectively. During the fiscal year-end 2025, several grants were discontinued, cancelled, or forfeited. The balances in the aforementioned grants payable amounts have been reported on the accompanying statement of activities as return of grant funds previously expensed in the amount of \$31,574 and \$79,500 June 30, 2025 and 2024, respectively.

##### [10] Net assets:

The net assets of the Organization and the changes therein are reported as follows:

(i) *Net assets without donor restrictions:*

The Organization's net assets without donor restrictions represent those resources that are not subject to donor restrictions as to their use and are available for current operations. The Board-designated funds, the related resources of which are subject to future uses at the discretion of the Board of Directors, are also without donor restrictions and serve as both funds functioning as endowment, as well as funds reserved by the Board that are not considered endowment (see Note G).

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or the passage of time. Also included in net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from underlying assets to be used in the satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities as "net assets released from restriction."

## OPERA AMERICA, INC.

### Notes to Financial Statements June 30, 2025 and 2024

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [11] Revenue recognition:

###### (i) Contributions and grants:

Contributions to the Organization are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are reported as “with donor restrictions” if they are received with donor stipulations or time considerations as to their use. Conditional contributions, such as government contract reimbursement grants and other similar funding, are recognized when the donor’s conditions have been met by requisite actions of the Organization’s management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

The CARES Act provides an employee retention credit (“CARES Employee Retention Credit” or “ERC”), which is a refundable tax credit against certain employment taxes. From March 12, 2020, through December 31, 2020, the tax credit is equal to 50% of qualified wages up to \$10,000 or a maximum credit of up to \$5,000 per employee. From January 1, 2021 through June 30, 2021, the tax credit is equal to 70% of qualified wages up to \$10,000 during a quarter or a maximum credit of up to \$14,000 per employee (or \$7,000 per quarter). The Organization applied for the ERC for the pay periods that occurred in 2020 and, accordingly, recorded a receivable which is included in the accompanying statements of financial position. During the fiscal year ended June 30, 2024, the Organization recorded \$74,830 related to the ERC on the Organization’s statement of activities. The Organization had an ERC receivable of \$74,830 for the year ended June 30, 2024. As of the fiscal year ended June 30, 2025, the ERC receivable was collected in full and Organization did not recognize additional ERC revenue during the fiscal year ended June 30, 2025.

###### (ii) Revenue from contracts with customers:

The Organization recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing services. The primary sources of revenue from contracts with customers for the Organization are membership dues. Membership dues are recorded as revenues when the funds are received in the year to which the membership services are provided, which is on an annual basis commencing on the day on which the contract is signed and must be renewed each year. The performance obligation is satisfied throughout the membership period, and in alignment with the Organization’s fiscal year or portion of the fiscal year upon payment. Members immediately have full access upon payment to a broad array of learning materials, professional opportunities, and the resources of the National Opera Center. There is no remaining performance obligation required of the Organization upon the member termination date. Dues received in advance of an applicable membership period are reported in the statements of financial position as deferred revenue. As of June 30, 2025, 2024 and July 1, 2024, dues received in advance were \$5,335, \$14,214 and \$11,407 respectively. The Organization organized a group trip to the Savonlinna Opera Festival in Finland. During the fiscal years ended June 30, 2025 and 2024, funds advanced to the Organization of \$345,752 and \$382,050, respectively, were collected for this festival and reported as deferred revenue until the trip occurred in August 2025 and July 2024, respectively.

###### (iii) National Opera Center - rentals:

As further described in Note A[1], the National Opera Center is a performance space, the rental activities of which are recognized when the related rental event occurs, and the services are rendered in accordance with the contractual provisions. Rental revenue received in advance of the Organization providing rental activities is deferred and is reported as deferred revenue in the statements of financial position. As of June 30, 2025 and 2024, rental revenue received in advance was \$78,404 and \$89,406, respectively.

## OPERA AMERICA, INC.

### Notes to Financial Statements June 30, 2025 and 2024

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [12] Functional allocation of expenses:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by natural classification and function. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expense. Indirect costs such as salaries and occupancy have been functionalized on the basis of time-allocation for the various operating departments.

##### [13] Advertising costs:

The Organization expenses the costs of advertising as they are incurred. Advertising expenses were approximately \$16,000 and \$12,000 during fiscal years ended June 30, 2025 and 2024, respectively.

##### [14] Income tax uncertainties:

The Organization follows the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. The Organization is subject to potential unrelated business income taxes relating to its advertising and rental income activities. However, because of the Organization's general not-for-profit status, ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements.

##### [15] Subsequent events:

The Organization evaluated subsequent events through December 15, 2025, which is the date the financial statements were available to be issued.

#### NOTE B - RECEIVABLES

##### [1] Contributions receivable:

Pledges of future contributions as of each fiscal year-end, but not yet collected as of that date, were recorded as pledges receivable. Outstanding pledges are expected to be collected as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Less than one year	\$ 322,756	\$ 720,172
One to five years and thereafter	<u>100,000</u>	<u>116,500</u>
	422,756	836,672
Allowance for uncollectible grants and pledges	<u>(825)</u>	<u>(825)</u>
	421,931	835,847
Present value discount based on the one-life expectancy table of the younger spouse	<u>(45,368)</u>	<u>(45,368)</u>
	<u>\$ 376,563</u>	<u>\$ 790,479</u>

The Organization periodically assesses the financial strength of its trade partners and donors and provides allowances for anticipated losses on amounts due.

## OPERA AMERICA, INC.

### Notes to Financial Statements June 30, 2025 and 2024

#### NOTE B - RECEIVABLES (CONTINUED)

##### [2] Other receivables:

At each fiscal year-end, other receivables consisted of amounts due to the Organization for exchange-type transactions. All amounts are generally due within one year. Based on management's past experience and adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization, the receivables are expected to be fully collected and, accordingly, no allowance for doubtful accounts has been established.

#### NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 738,365	\$ 738,365	\$ 613,098	\$ 613,098
Equity securities	5,949,410	4,702,304	6,423,239	5,287,108
U.S. government obligations	1,674,681	1,652,921	1,715,081	1,745,350
Corporate obligations	1,695,603	1,668,710	2,549,154	2,590,610
Mutual funds - equities	2,451,919	1,474,881	2,844,844	2,083,489
Mutual funds - fixed-income	2,962,316	3,031,624	663,052	682,097
Real estate investment funds	365,866	420,555	314,143	350,000
	<u>\$ 15,838,160</u>	<u>\$ 13,689,360</u>	<u>\$ 15,122,611</u>	<u>\$ 13,351,752</u>

During each fiscal year, investment income consisted of the following:

	Year Ended	
	June 30,	
	2025	2024
Dividends and interest (net of investment fees of \$113,827 and \$128,863 in 2025 and 2024, respectively)	\$ 345,300	\$ 263,233
Net realized gains on sale of investments	638,089	407,142
Net unrealized gains on investments	377,941	856,306
	<u>\$ 1,361,330</u>	<u>\$ 1,526,681</u>

## OPERA AMERICA, INC.

### Notes to Financial Statements June 30, 2025 and 2024

#### NOTE C - INVESTMENTS (CONTINUED)

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following table summarizes the fair values of the investments at each fiscal year-end, in accordance with the ASC Topic 820 valuation levels:

	June 30,					
	2025			2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	\$ 738,365	\$ -	\$ 738,365	\$ 613,098	\$ -	\$ 613,098
Equity securities	5,949,410	-	5,949,410	6,423,239	-	6,423,239
U.S. government obligations	1,674,681	-	1,674,681	1,715,081	-	1,715,081
Corporate obligations	-	1,695,603	1,695,603	-	2,549,154	2,549,154
Mutual funds - equities	2,451,919	-	2,451,919	2,844,844	-	2,844,844
Mutual funds - fixed-income	2,962,316	-	2,962,316	663,052	-	663,052
	<u>\$ 13,776,691</u>	<u>\$ 1,695,603</u>	<u>15,472,294</u>	<u>\$ 12,259,314</u>	<u>\$ 2,549,154</u>	<u>14,808,468</u>
Real estate investment funds (A)			<u>365,866</u>			<u>314,143</u>
Investment at fair value			<u>\$ 15,838,160</u>			<u>\$ 15,122,611</u>

- (A) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

## OPERA AMERICA, INC.

### Notes to Financial Statements June 30, 2025 and 2024

#### NOTE C - INVESTMENTS (CONTINUED)

The following table describes the funding commitment and redemption information for the Organization's real estate investment funds at June 30, 2025:

	<u>Measured at NAV</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate investment funds:				
Blackstone REIT	\$ 162,885	\$ -	Monthly	Monthly
Starwood REIT	135,309	-	Monthly	Monthly
American Tower Corporation REIT	14,587	-	Quarterly	Quarterly
Prologis INC	<u>53,085</u>	<u>-</u>	Quarterly	Quarterly
	<u>\$ 365,866</u>	<u>\$ -</u>		

#### NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 1,328,441	\$ 1,307,948
Leasehold improvements	<u>5,348,019</u>	<u>5,348,019</u>
	<b>6,676,460</b>	6,655,967
Less: accumulated depreciation and amortization	<u>(4,569,222)</u>	<u>(4,259,464)</u>
	<u><b>\$ 2,107,238</b></u>	<u>\$ 2,396,503</u>

Depreciation for the years ended June 30, 2025 and 2024 was \$309,758 and \$301,854, respectively.

#### NOTE E - LINE-OF-CREDIT AGREEMENTS

In the previous fiscal year, the Organization borrowed funds in order to finance the costs of the National Opera Center project. In June 2020, the Organization entered into an agreement with a bank for a line-of-credit in an amount not to exceed \$1,000,000, with a variable interest rate that is based on the bank's base rate which historically has been adjusted in tandem with changes to the U.S. Federal Funds rate and will not be less than 3.25%, as outlined in the agreement. At June 30, 2024, the interest rate was 8.50%. This line-of-credit was collateralized by certain of the Organization's assets, including certain financial assets. The line-of-credit was set to expire on May 20, 2022, as long as sufficient collateral was maintained, at which time, all of the outstanding principal plus all accrued unpaid interest will be due. In April 2024, the Organization renewed its agreement with the bank under the same terms and conditions contained in the original agreement with an expiration date of September 2024. On April 6, 2025, the line-of-credit had a zero balance and the account was closed.

# OPERA AMERICA, INC.

## Notes to Financial Statements June 30, 2025 and 2024

### NOTE F - EMPLOYEE-BENEFIT PLANS

#### [1] Defined-contribution retirement plan:

The Organization maintains a defined contribution retirement plan, established under Section 403(b) of the Code, for all eligible employees. The Organization remits matching contributions up to 5% of an employee's salary after one year of full-time employment. The Organization's contribution for fiscal years 2025 and 2024 was approximately \$98,000 and \$95,000, respectively.

#### [2] Deferred compensation 457(f) retirement plan:

During fiscal year 2017, the Organization established a non-qualified, deferred compensation plan under section 457(f) of the Code for its President. The plan is funded by the Organization which made contributions to the plan of \$18,176 and \$17,300 for the fiscal years ended June 30, 2025 and 2024, respectively.

### NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS

At each fiscal year-end, net assets without donor restrictions were composed of the following:

	June 30,	
	2025	2024
<b>Operations:</b>		
Balance, beginning of year	\$ 177,909	\$ 99,641
(Decrease) increase from operations	<u>(74,995)</u>	<u>78,268</u>
Balance, end of year*	<u>102,914</u>	<u>177,909</u>
<b>Board-designated funds:</b>		
National Opera Center Fund:		
Balance, beginning of year	178,872	148,872
Transfer (to) from operations	<u>(25,000)</u>	<u>30,000</u>
Balance, end of year*	<u>153,872</u>	<u>178,872</u>
Reserve Fund:		
Balance, beginning of year	1,199,849	1,199,849
Transfer to operations	<u>(265,258)</u>	<u>-</u>
Balance, end of year*	<u>934,591</u>	<u>1,199,849</u>
National Opera Center Endowment (see Note J):		
Balance, beginning of year	163,324	163,324
Transfer to operations	<u>-</u>	<u>-</u>
Balance, end of year*	<u>163,324</u>	<u>163,324</u>
Board-designated funds balance, end of year	<u>1,251,787</u>	<u>1,542,045</u>
Total net assets without donor restrictions	<u>\$ 1,354,701</u>	<u>\$ 1,719,954</u>

\*These funds, totaling \$1,354,701 and \$1,719,954 at June 30, 2025 and 2024, respectively, represent the Core Operating Fund, National Opera Center Fund, 50<sup>th</sup> Anniversary Fund, Reserve Fund, and National Opera Center Endowment.

# OPERA AMERICA, INC.

## Notes to Financial Statements June 30, 2025 and 2024

### NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	Year Ended June 30,	
	2025	2024
<b>Purpose restrictions:</b>		
Adams Foundation	\$ 25,000	\$ 22,500
Bank of America: Trustee Recognition Program	62,500	75,000
Graham Berwind	25,000	35,000
Cerise Jacobs Foundation	26,042	110,280
Heinz Endowment	-	15,000
Joseph Cornell Media Prize	50,000	40,000
Marineau Family Foundation	10,750	10,000
Mellon Foundation: New Works Projects	-	10,000
Music Man Foundation	-	60,000
National Endowment for the Arts	-	50,000
New York State Council for the Arts (NYSCA)	19,000	3,743
Opera Fund	2,143,169	1,869,810
Opera Fund Vision Program	572,622	579,900
Pearce Foundation	377,500	-
Patricia Scimeca Fund for Emerging Singers	42,257	26,328
Virginia B. Toulmin Foundation	157,324	180,500
Whiting Foundation	-	5,000
Sharon and Fillmore Wood	55,273	55,273
	<b>3,566,437</b>	<b>3,148,334</b>
<b>National Opera Center:</b>		
Opera Center Endowment	159,134	88,444
<b>Perpetual in nature:</b>		
Marc A. Scorca Fund for the Future of Opera	325,000	-
Scimeca Fund	174,365	173,865
Opera Fund	5,389,033	5,389,033
Opera Center Endowment	5,400,000	5,400,000
	<b>11,288,398</b>	<b>10,962,898</b>
	<b>\$ 15,013,969</b>	<b>\$ 14,199,676</b>

For the fiscal years ended June 30, 2025 and 2024, the balance of accumulated endowment income of \$2,498,912 and \$2,139,435, respectively, are held within the Opera Fund, Patricia Scimeca Fund for Emerging Singers, the Opera Center Endowment and the Marc A. Scorca Fund for the Future of Opera.

# OPERA AMERICA, INC.

## Notes to Financial Statements June 30, 2025 and 2024

### NOTE H - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During each of the fiscal years, net assets released from restrictions resulted from satisfying the following donor restrictions:

	Year Ended June 30,	
	2025	2024
<b>Purpose restrictions satisfied:</b>		
Adams Foundation	\$ 22,500	\$ 2,500
AGMA	5,000	-
Amphion Foundation	6,000	6,000
Bank of America: Trustee Recognition Program	62,500	80,000
Barth Foundation	5,000	5,000
Berwind, G.	10,000	90,000
Cerise Jacobs Foundation	86,000	85,500
Copland Fund for Music	8,500	8,500
Fan Fox & Leslie R Samuels Foundation	7,500	-
Gilman Foundation	75,000	295,000
Golet Charitable Trust	7,500	7,500
Heinz Endowment	15,000	-
Hyde & Watson	-	4,950
Joseph & Robert Cornell Foundation	40,000	40,000
Marineau Family Foundation	60,000	62,000
Mellon Foundation: New Works Projects	10,000	20,000
Montrone Family Foundation	10,000	10,000
Music Man Foundation	60,000	30,000
NEA: Access	140,000	95,000
NYC Department of Cultural Affairs	100,360	84,905
NYSCA: Regional Programming	59,743	71,257
Opera Fund	325,000	290,000
Opera Fund Visions	50,000	220,000
Pearce Foundation	122,500	-
Patricia Scimeca Emerging Singers	10,000	4,000
Scherman Foundation	-	55,500
Tobin Theater Arts Fund: Director-Designer Showcase	41,000	-
Virginia B. Toulmin Foundation	453,000	320,000
Wallace Foundation	100,000	100,000
Whiting Foundation	35,000	25,000
	<b>1,927,103</b>	<b>2,012,612</b>
<b>Purpose restriction – National Opera Center:</b>		
Opera Center Endowment	<b>546,047</b>	<b>514,661</b>
	<b>\$ 2,473,150</b>	<b>\$ 2,527,273</b>

# OPERA AMERICA, INC.

## Notes to Financial Statements June 30, 2025 and 2024

### NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENTS

#### [1] The endowment:

At June 30, 2025 and 2024, the Organization's endowment funds consist of donor-restricted endowment funds of \$11,288,398 and \$10,962,898, respectively, and Board-designated funds of \$163,324 for both fiscal years ended June 30, 2025 and 2024 (intended for the purpose of funding the National Opera Center and Opera Fund). The Opera Fund and the National Opera Center represent accumulated endowment income and net assets with donor restriction gifts reserved for appropriation by the Board of Directors according to a spending policy adopted by the Board.

#### [2] Interpretation of relevant law:

As discussed in Note A[10](ii), NYPMIFA is applicable to all of the Organization's institutional funds, including its donor-restricted and board-designated funds. The Board of Directors will continue to adhere to NYPMIFA's requirements.

#### [3] Endowment net-asset composition by type of fund, at each fiscal year-end:

	<b>June 30, 2025</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 11,288,398	\$ 11,288,398
Board-designated endowment funds	163,324	-	163,324
<b>Total funds</b>	<b>163,324</b>	<b>11,288,398</b>	<b>11,451,722</b>
Restricted earnings of funds	-	2,499,412	2,499,412
<b>Total appreciated value of endowment funds</b>	<b>\$ 163,324</b>	<b>\$ 13,787,810</b>	<b>\$ 13,951,134</b>
	<b>June 30, 2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 10,962,898	\$ 10,962,898
Board-designated endowment funds	163,324	-	163,324
<b>Total funds</b>	<b>163,324</b>	<b>10,962,898</b>	<b>11,126,222</b>
Restricted earnings of funds	-	2,139,435	2,139,435
<b>Total appreciated value of endowment funds</b>	<b>\$ 163,324</b>	<b>\$ 13,102,333</b>	<b>\$ 13,265,657</b>

**OPERA AMERICA, INC.**

**Notes to Financial Statements  
June 30, 2025 and 2024**

**NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)**

**[4] Changes in endowment net assets, during each fiscal year:**

	<b>Year Ended June 30, 2025</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets and the earnings thereon, beginning of year	\$ 163,324	\$ 13,102,333	\$ 13,265,657
Investment return	-	1,241,024	1,241,024
Contributions	-	325,500	325,500
Appropriation of endowment assets for expenditure	-	(881,047)	(881,047)
	<u>\$ 163,324</u>	<u>\$ 13,787,810</u>	<u>\$ 13,951,134</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ 163,324</u>	<u>\$ 13,787,810</u>	<u>\$ 13,951,134</u>

	<b>Year Ended June 30, 2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets and the earnings thereon, beginning of year	\$ 163,324	\$ 12,511,892	\$ 12,675,216
Investment return	-	1,398,302	1,398,302
Contributions	-	800	800
Appropriation of endowment assets for expenditure	-	(808,661)	(808,661)
	<u>\$ 163,324</u>	<u>\$ 13,102,333</u>	<u>\$ 13,265,657</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ 163,324</u>	<u>\$ 13,102,333</u>	<u>\$ 13,265,657</u>

**[5] Funds with deficiencies:**

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historic dollar-value of the donor's original, restricted contribution. Under the terms of NYPMIFA, the Organization has no responsibility to restore such decreases in value. At June 30, 2025 and 2024, there were no deficiencies of this nature.

**[6] Return objectives and risk parameters:**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by the endowment, while seeking to maintain the purchasing power of the endowment assets and assuming a moderate level of investment risk. Endowment assets are those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to produce acceptable rates of return, with an appropriate level of investment risk.

# OPERA AMERICA, INC.

## Notes to Financial Statements June 30, 2025 and 2024

### NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

#### [7] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Organization relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization will target a diversified asset allocation to achieve its long-term return objectives with prudent risk constraints.

#### [8] Spending policy and relation to the endowment:

The Organization evaluates its program needs on an annual basis and draws from its endowment appreciation in order to fund programs accordingly. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns. The spending rate for the Organization was 5% calculated on a twelve quarter rolling average of endowment assets for both years ended 2025 and 2024. No amounts were appropriated from the board-designated endowment during 2025 and 2024.

### NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below 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 because of contractual or donor-imposed restrictions or internal designations:

	Year Ended	
	June 30,	
	2025	2024
Cash and cash equivalents	\$ 805,800	\$ 712,719
Contributions receivable, net	376,563	790,479
Other receivables	109,991	132,320
Investments	<u>15,838,160</u>	<u>15,122,611</u>
Total financial assets available within one year	<u>17,130,514</u>	<u>16,758,129</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose restrictions	(3,566,437)	(3,148,334)
Restrictions by donors with purpose restrictions - National Opera Center	(159,134)	(88,444)
Restricted by donors that are perpetual in nature	<u>(11,288,398)</u>	<u>(10,962,898)</u>
Total amounts unavailable for general expenditure within one year	<u>(15,013,969)</u>	<u>(14,199,676)</u>
Amounts unavailable to management without Board approval:		
Board-designated endowment (Note A[10](i))	<u>(1,251,787)</u>	<u>(1,542,045)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 864,758</u>	<u>\$ 1,016,408</u>

## OPERA AMERICA, INC.

### Notes to Financial Statements June 30, 2025 and 2024

#### NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

##### Liquidity policy:

The Organization's liquidity policy is to ensure that the Organization operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs. Liquid funds that are without donor restrictions will be used to satisfy the minimum liquidity target.

Additionally, the Organization has Board-designated funds without donor restrictions that, although the Organization does not intend to spend these funds for purposes other than those identified, could be used to help manage unanticipated liquidity needs, if needed.

#### NOTE K - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage management believes that the Organization does not face a significant risk of loss on these accounts that would result from failures of the institutions.

#### NOTE L - COMMITMENTS AND CONTINGENCY

##### [1] Lease obligations:

In February 2012, in order to develop its National Opera Center, the Organization entered into an operating lease for 25,000 square feet on the two floors that house the Organization's offices. The term of the lease was 20 years, with the option to extend for five years and a provision for a rent abatement of seven months. Rental payments were originally scheduled to commence in September 2012; however, as a result of a landlord delay in delivery of the space for construction, the Organization received an additional rent abatement of approximately \$590,000. Rental payments began in November 2013. During the fiscal year ended June 30, 2024, the Organization amended the existing lease to extend it through February 2042. Based on this modification, the Organization remeasured the right-of-use liability and asset using the risk-free rate on the date of modification.

Information relating to the "lease costs", which include all costs during the period associated with an operating lease as well as the costs related to variable lease components is as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Operating lease costs	\$ 1,044,571	\$ 825,143
Variable lease costs	<u>205,391</u>	<u>152,176</u>
	<u>\$ 1,249,962</u>	<u>\$ 977,319</u>

**OPERA AMERICA, INC.**

**Notes to Financial Statements  
June 30, 2025 and 2024**

**NOTE L - COMMITMENTS AND CONTINGENCY (CONTINUED)**

**[1] Lease obligations: (continued)**

Future annual minimum lease commitments under this lease are as follows:

<b>Year Ending June 30,</b>	<b>2025</b>
2026	\$ 802,652
2027	843,318
2028	901,791
2029	928,844
2030	956,710
Thereafter	<u>14,821,189</u>
Total minimum lease payments	19,254,504
Less: amount representing interest	<u>(6,264,339)</u>
Amount reported on statements of financial position	<u>\$ 12,990,165</u>

The following table provides a reconciliation of activity for the ROU asset and lease liability:

	<b>ROU Asset</b>	<b>Lease Liability</b>
Balance at July 1, 2023	\$ 5,747,526	\$ 7,291,115
Amortization and reductions	(588,196)	(552,095)
Remeasurement impact	<u>6,446,199</u>	<u>6,446,199</u>
Balance at June 30, 2024	11,605,529	13,185,219
Amortization and reductions	<u>(460,352)</u>	<u>(195,054)</u>
Balance at June 30, 2025	<u>\$ 11,145,177</u>	<u>\$ 12,990,165</u>

The table below presents additional information related to the Organization's lease:

	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Weighted-average remaining term:</b>		
Operating leases	<b>17 years</b>	18 years
<b>Weighted-average discount:</b>		
Operating leases	<b>4.46%</b>	4.46%

## **OPERA AMERICA, INC.**

### **Notes to Financial Statements June 30, 2025 and 2024**

#### **NOTE L - COMMITMENTS AND CONTINGENCY (CONTINUED)**

##### **[2] Employment agreements:**

The Organization is obligated under employment agreements with its President and Chief Executive Director through January 1, 2027.

##### **[3] Government contracts:**

Government grants and contracts are subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management believes that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been reserved in the accompanying financial statements for potential disallowances.