EISNERAMPER

OPERA AMERICA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

OPERA AMERICA, INC.

Contents

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
OPERA America, Inc.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of OPERA America, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of OPERA America, Inc. as of June 30, 2022 and 2021, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditor's Responsibility 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
March 6, 2023

OPERA AMERICA, INC.

Statements of Financial Position

	June 30, 2022	June 30, 2021
ASSETS		
Cash and cash equivalents	**$ 1,508,637**	$ 3,849,660
Contributions receivable, net	**339,676**	1,282,731
Note receivable	**-**	60,000
Other receivables	**225,858**	219,235
Investments	**14,739,185**	14,960,429
Prepaid expenses and other current assets	**122,818**	155,373
Security deposit	**132,170**	132,170
Property and equipment, net	**2,893,448**	3,091,557
	$ 19,961,792	$ 23,751,155
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	**$ 522,983**	$ 349,699
Grants payable	**1,371,612**	1,699,707
Deferred revenue	**394,940**	46,861
Loan payable, under line-of-credit	**69,990**	119,990
Loan payable, Mellon Co-Production Funding	**500,000**	500,000
Paycheck Protection Program loan payable	**-**	900,400
Deferred rent obligation	**1,616,056**	1,641,362
Total liabilities	**4,475,581**	5,258,019
Commitments, contingency, and other uncertainty (see Note N)		
Net assets:		
Without donor restrictions:		
Core operating fund	**99,641**	90,635
Board-designated funds (see Note I)	**1,754,851**	1,399,851
Total net assets without donor restrictions	**1,854,492**	1,490,486
With donor restrictions:		
Purpose and time restrictions	**2,670,421**	5,794,452
Perpetual in nature	**10,961,298**	11,208,198
Total net assets with donor restrictions	**13,631,719**	17,002,650
Total net assets	**15,486,211**	18,493,136
	$ 19,961,792	$ 23,751,155

OPERA AMERICA, INC.

Statements of Activities

	Year ended June 30, 2022			Year ended June 30, 2021				
				Without Donor Restrictions				
	Without Donor Restrictions	With Donor Restrictions	Total	Core Operating and National Opera Center	National Opera Center - Non-operating	Total	With Donor Restrictions	Total
Revenue:								
Contributions and grants	**$ 1,634,250**	**$ 992,850**	**$ 2,627,100**	$ 2,031,891	$ -	$ 2,031,891	$ 3,073,651	$ 5,105,542
Contributions in-kind	**25,000**	**-**	**25,000**	-	-	-	-	-
Membership dues	**45,400**	**-**	**45,400**	21,345	-	21,345	-	21,345
Seminars, workshops, registration and annual meeting	**511,626**	**-**	**511,626**	78,507	-	78,507	-	78,507
Publications and advertising	**140,911**	**-**	**140,911**	89,401	-	89,401	-	89,401
Investment (loss) income, net	**(56,191)**	**(1,454,021)**	**(1,510,212)**	17,107	-	17,107	2,461,407	2,478,514
National Opera Center operations	**755,991**	**-**	**755,991**	76,623	-	76,623	-	76,623
Miscellaneous income	**32,519**	**-**	**32,519**	15,059	-	15,059	-	15,059
Paycheck Protection Plan loan forgiveness	**900,400**	**-**	**900,400**	-	-	-	-	-
Total revenue before net assets released from restrictions	**3,989,906**	**(461,171)**	**3,528,735**	2,329,933	-	2,329,933	5,535,058	7,864,991
Net assets released from restrictions	**2,909,760**	**(2,909,760)**	**-**	3,862,368	-	3,862,368	(3,862,368)	-
Total revenue	**6,899,666**	**(3,370,931)**	**3,528,735**	6,192,301	-	6,192,301	1,672,690	7,864,991
Expenses:								
Program services:								
National Opera Center Operations	**1,733,730**	**-**	**1,733,730**	1,246,591	75,260	1,321,851	-	1,321,851
Innovations and civic practice	**-**	**-**	**-**	462,978	-	462,978	-	462,978
Artistic services	**1,340,553**	**-**	**1,340,553**	1,287,061	-	1,287,061	-	1,287,061
Membership	**353,922**	**-**	**353,922**	188,920	-	188,920	-	188,920
Public affairs	**68,061**	**-**	**68,061**	63,434	-	63,434	-	63,434
Public relations/marketing	**294,145**	**-**	**294,145**	245,714	-	245,714	-	245,714
Information services/publications	**558,990**	**-**	**558,990**	504,360	-	504,360	-	504,360
Education and artist development	**260,396**	**-**	**260,396**	224,070	-	224,070	-	224,070
Annual conference	**680,603**	**-**	**680,603**	336,524	-	336,524	-	336,524
Total program services	**5,290,400**	**-**	**5,290,400**	4,559,652	75,260	4,634,912	-	4,634,912
Supporting services:								
Management and general	**721,499**	**-**	**721,499**	602,387	7,073	609,460	-	609,460
Fund-raising	**523,761**	**-**	**523,761**	437,718	-	437,718	-	437,718
Total supporting services	**1,245,260**	**-**	**1,245,260**	1,040,105	7,073	1,047,178	-	1,047,178
Total expenses	**6,535,660**	**-**	**6,535,660**	5,599,757	82,333	5,682,090	-	5,682,090
Change in net assets	**364,006**	**(3,370,931)**	**(3,006,925)**	592,544	(82,333)	510,211	1,672,690	2,182,901
Net assets, beginning of year	**1,490,486**	**17,002,650**	**18,493,136**	897,942	82,333	980,275	15,329,960	16,310,235
Net assets, end of year	**$ 1,854,492**	**$ 13,631,719**	**$ 15,486,211**	$ 1,490,486	$ -	$ 1,490,486	$ 17,002,650	$ 18,493,136

See notes to financial statements.

OPERA AMERICA, INC.

Statement of Functional Expenses
Year Ended June 30, 2022
(with summarized financial information for June 30, 2021)

	Program Services					Supporting Services			Totals	
	National Opera Center Operations	Artistic Services	Annual Conference	Other Program Services	Total	Management and General	Fund-Raising	Total Supporting Services	2022	2021
Salaries	$ 509,784	$ 469,297	$ 275,441	$ 910,634	$ 2,165,156	$ 499,423	$ 356,764	$ 856,187	$ 3,021,343	$ 2,610,892
Fee for service (non-employee)	58,639	77,988	17,850	273,480	427,957	52,525	12,624	65,149	493,106	388,161
Grants and assistance	-	594,846	-	10,623	605,469	-	-	-	605,469	1,123,414
Advertising and promotion	-	-	-	23,301	23,301	600	-	600	23,901	24,372
Office expenses	28,544	913	21,861	99,077	150,395	54,948	33,974	88,922	239,317	139,316
Information technology	483	5,092	17,522	25,069	48,166	1,628	2,302	3,930	52,096	39,932
Occupancy	797,316	56,941	29,826	94,901	978,984	51,644	40,672	92,316	1,071,300	936,652
Travel	3,679	52,271	145,300	38,094	239,344	8,815	38,817	47,632	286,976	2,513
Meals and entertainment	2,444	41,732	74,676	27,450	146,302	12,060	32,615	44,675	190,977	8,101
Insurance	20,501	-	-	-	20,501	-	-	-	20,501	18,565
Dues and subscriptions	348	355	-	18,762	19,465	387	625	1,012	20,477	18,588
Professional development	-	-	-	327	327	-	165	165	492	3,340
Depreciation	280,086	-	-	-	280,086	22,619	-	22,619	302,705	295,142
Other expenses	31,906	41,118	98,127	13,796	184,947	16,850	5,203	22,053	207,000	73,102
	$ 1,733,730	$ 1,340,553	$ 680,603	$ 1,535,514	$ 5,290,400	$ 721,499	$ 523,761	$ 1,245,260	$ 6,535,660	$ 5,682,090

See notes to financial statements.

OPERA AMERICA, INC.

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Supporting Services			
	National Opera Center Operations	Innovations and Civic Practice	Artistic Services	Other Program Services	Total	Management and General	Fund-Raising	Total Supporting Services	Total
Salaries	$ 283,466	$ 11,312	$ 446,275	$ 1,116,505	$ 1,857,558	$ 391,340	$ 361,994	$ 753,334	$ 2,610,892
Fee for service (non-employee)	25,936	-	88,075	203,907	317,918	55,693	14,550	70,243	388,161
Grants and assistance	-	447,880	675,284	250	1,123,414	-	-	-	1,123,414
Advertising and promotion	-	-	-	24,372	24,372	-	-	-	24,372
Office expenses	20,676	-	54	58,456	79,186	50,024	10,106	60,130	139,316
Information technology	81	800	4,830	28,299	34,010	600	5,322	5,922	39,932
Occupancy	695,596	2,386	45,328	114,512	857,822	40,659	38,171	78,830	936,652
Travel	-	-	205	12	217	1,415	881	2,296	2,513
Meals and entertainment	20	97	895	-	1,012	3,945	3,144	7,089	8,101
Insurance	15,714	-	-	-	15,714	2,851	-	2,851	18,565
Dues and subscriptions	890	-	1,089	10,942	12,921	4,224	1,443	5,667	18,588
Professional development	-	-	-	3,041	3,041	299	-	299	3,340
Depreciation	276,119	-	-	-	276,119	19,023	-	19,023	295,142
Other expenses	3,353	503	25,026	2,726	31,608	39,387	2,107	41,494	73,102
	$ 1,321,851	$ 462,978	$ 1,287,061	$ 1,563,022	$ 4,634,912	$ 609,460	$ 437,718	$ 1,047,178	$ 5,682,090

OPERA AMERICA, INC.

Statements of Cash Flows

	Year Ended June 30, 2022	Year Ended June 30, 2021
Cash flows from operating activities:		
Change in net assets	**$ (3,006,925)**	$ 2,182,901
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**302,705**	295,142
Amortization of deferred rent obligation	**(25,306)**	4,669
Net realized and unrealized gains on investments	**1,791,470**	(2,292,478)
Paycheck Protection Plan loan forgiveness	**(900,400)**	-
Donated securities	**(45,761)**	-
Proceeds from the sale of donated securities	**45,715**	-
Donor restricted contributions – perpetual in nature	**(3,100)**	(260,700)
Bad debts expense	**-**	3,561
Changes in:		
Contributions receivable	**943,055**	(246,234)
Note receivable	**60,000**	(60,000)
Other receivables	**(6,623)**	134,372
Prepaid expenses and other current assets	**32,555**	(87,221)
Accounts payable and other liabilities	**173,284**	139,867
Grants payable	**(328,095)**	(222,644)
Deferred revenue	**348,079**	(97,820)
Net cash used in operating activities	**(619,347)**	(506,585)
Cash flows from investing activities:		
Purchases of property and equipment	**(104,596)**	(61,701)
Purchases of investments	**(9,219,997)**	(5,905,741)
Proceeds from sales of investments	**7,649,817**	5,990,837
Net cash (used in) provided by investing activities	**(1,674,776)**	23,395
Cash flows from financing activities:		
Payments on loan under line-of-credit	**(50,000)**	(188,500)
Proceeds from Paycheck Protection Plan loan payable	**-**	437,600
Donor restricted contributions – perpetual in nature	**3,100**	260,700
Net cash (used in) provided by financing activities	**(46,900)**	509,800
Change in cash and cash equivalents	**(2,341,023)**	26,610
Cash and cash equivalents, beginning of year	**3,849,660**	3,823,050
Cash and cash equivalents, end of year	**$ 1,508,637**	$ 3,849,660
Supplementary disclosures of cash flow information:		
Interest paid	**$ 3,215**	$ 7,073
In-kind interest contribution	**$ 25,000**	$ 25,000

See notes to financial statements.

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 the members of which 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 are managed by a reputable fund manager.

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 values on the dates of donation. The Organization's policy is to sell donated securities immediately, and, accordingly, for purposes of the statements of cash flows, 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] 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. There were no triggering events during the fiscal years 2022 or 2021 requiring management to test for impairment adjustment to property and equipment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] 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's employ. At June 30, 2022 and 2021, this accrued vacation obligation was approximately $43,000 and $77,000, respectively, and is included as a part of accounts payable and accrued expenses on the statements of financial position.

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

[8] Grants payable:

Grants are recognized as an obligation to the Organization at the time they are approved for payment by the Board of Directors. Unconditional grants approved, but not yet paid, were approximately $1,372,000 and $1,700,000 at June 30, 2022 and 2021, respectively. Grants are generally paid within one year of approval and there were no conditional grants approved or committed to for the years ended June 30, 2022 or 2021.

[9] Deferred rent obligation:

The difference between rent expense recorded under the lease agreement (see Note N[1]) and the rental amounts actually paid, which results from scheduled rent increases and abatements, is reported as a deferred rent obligation in the statements of financial position. This obligation is then amortized over the term of the lease using the straight-line method.

[10] Paycheck Protection Program loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provided businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. The Organization has elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt*. During the fiscal year ended June 30, 2022, the Organization applied for and received forgiveness from the bank and the SBA in the amount of $900,400. Accordingly, this forgiven amount is reflected as loan forgiveness on the statement of activities for the year ended June 30, 2022 (see Note G).

[11] 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 I).

(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."

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

[12] 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.

(ii) Contribution in-kind:

The Organization, from time-to-time, receives various forms of gifts-in-kind, which are contributions of non-financial assets, including the use of an interest free debt facility (see Note F). The interest expense that would be incurred is reported at its estimated fair value based on the Organization's approximate borrowing rate for each period the debt is outstanding and reported as an expense concurrently as utilized. During both fiscal years 2022 and 2021, the Organization recorded in-kind interest $25,000 for each year.

(iii) 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 in 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 period termination date. Dues received in advance of an applicable membership period are reported in the statements of financial position as deferred revenue.

(iv) 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.

[13] 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.

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

[14] Advertising costs:

The Organization expenses the costs of advertising as they are incurred. Advertising expenses were approximately $3,000 and $1,000 during fiscal years 2022 and 2021, respectively.

[15] Income tax uncertainties:

The Organization follows the provisions of the FASB's 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.

[16] Adoption of accounting principle:

In September 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU have been applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributed non-financial assets and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

[17] Upcoming accounting pronouncement:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard is effective for the Organization for the annual period beginning after December 15, 2021, and can be early adopted. Upon the adoption of the guidance, operating leases are capitalized on the statement of financial position at the present value of lease payments. The statement of financial position amount recorded for existing leases at the date of adoption of ASU 2016-02 will be calculated using the applicable incremental borrowing rate, or risk free rate, at the date of adoption. The impact on the Organization's financial statements is currently being evaluated. Information about the Organization's undiscounted future lease payments and the timing of those payments is provided (see Note N).

OPERA AMERICA, INC.

Notes to Financial Statements
June 30, 2022 and 2021

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

[18] Reclassification:

Certain amounts included in the prior year's financial statement have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported change in net assets.

[19] Subsequent events:

The Organization evaluated subsequent events through March 6, 2023, the date on which 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,	
	2022	**2021**
Less than one year	**$ 316,249**	$ 1,207,100
One to five years	**26,000**	90,000
	342,249	1,297,100
Allowance for uncollectible grants and pledges	**(1,300)**	(10,874)
	340,949	1,286,226
Present value discount at 2% annually	**(1,273)**	(3,495)
	$ 339,676	$ 1,282,731

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

[2] Other receivables:

At each fiscal year-end, other receivables consisted of amounts due to the Organization for exchange-type transactions. All amounts are due within one year. Based on management's past experience, 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,			
	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	**$ 553,515**	**$ 553,515**	$ 1,036,123	$ 1,036,123
Equity securities	**5,886,589**	**5,749,482**	7,330,338	5,880,068
U.S. government obligations	**1,203,077**	**1,265,924**	1,616,712	1,592,854
Corporate obligations	**3,466,222**	**3,652,422**	1,664,416	1,629,751
Mutual funds - equities	**1,651,058**	**1,167,830**	1,954,009	1,125,583
Mutual funds - fixed-income	**1,624,597**	**1,752,877**	1,358,831	1,315,560
Real estate investment funds	**354,127**	**350,000**	-	-
	$ 14,739,185	**$ 14,492,050**	$ 14,960,429	$ 12,579,939

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

	Year Ended June 30,	
	2022	2021
Dividends and interest (net of investment fees of $145,108 and $131,644 in 2022 and 2021, respectively)	**$ 281,258**	$ 186,036
Net realized gains on sale of investments	**341,885**	599,647
Net unrealized (loss) gain on investments	**(2,133,355)**	1,692,831
	$ (1,510,212)	$ 2,478,514

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.

NOTE C - INVESTMENTS (CONTINUED)

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,					
	2022			2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	**$ 553,515**	**$ -**	**$ 553,515**	$ 1,036,123	$ -	$ 1,036,123
Equity securities	**5,886,589**	**-**	**5,886,589**	7,330,338	-	7,330,338
U.S. government obligations	**915,298**	**287,779**	**1,203,077**	-	1,616,712	1,616,712
Corporate obligations		**3,466,222**	**3,466,222**	-	1,664,416	1,664,416
Mutual funds - equities	**1,651,058**	**-**	**1,651,058**	1,954,009	-	1,954,009
Mutual funds - fixed-income	**1,624,597**	**-**	**1,624,597**	1,358,831	-	1,358,831
	10,631,057	**3,754,001**	**14,385,058**	11,679,301	3,281,128	14,960,429
Real estate investment funds (A)			**354,127**			-
Investment at fair value	**$10,631,057**	**$ 3,754,001**	**$14,739,185**	$11,679,301	$ 3,281,128	$14,960,429

(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 consolidated statement of financial position.

The following table describes the funding commitment and redemption information for the Organizations' real estate investment funds at June 30, 2022:

	Measured at NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate investment funds:				
Blackstone REIT	**$ 176,866**	**$ -**	Monthly	Monthly
Starwood REIT	**177,261**	**-**	Monthly	Monthly
	$ 354,127	**$ -**		

NOTE D - PROPERTY AND EQUIPMENT

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

	June 30,	
	2022	**2021**
Furniture and equipment	**$ 1,189,173**	$ 1,084,577
Leasehold improvements	**5,348,019**	5,348,019
	6,537,192	6,432,596
Less: accumulated depreciation and amortization	**(3,643,744)**	(3,341,039)
	$ 2,893,448	$ 3,091,557

NOTE E - LINE-OF-CREDIT AGREEMENTS

In a previous fiscal year, the Organization borrowed funds in order to finance the costs of the National Opera Center project. As of June 30, 2022 and 2021, there were still amounts outstanding on the borrowings which are now held with a bank that differed from the one used for the initial borrowings. 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, 2022 and 2021, the interest rate was 4.75% and 3.25%, respectively. 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, 2021, as long as sufficient collateral was maintained, at which time, all of the outstanding principal plus all accrued unpaid interest will be due. In May 2021 and May 2022, the Organization renewed its agreement with the bank under the same terms and conditions contained in the original agreement with an expiration date of May 20, 2022 and 2023, respectively. At June 30, 2022 and 2021, the outstanding principal balance on the aforementioned borrowings made under the lines-of-credit was $69,990 and $119,990, respectively. Interest expense during fiscal years ending 2022 and 2021, on the amounts drawn down under the agreement, amounted to approximately $3,000 and $7,000, respectively.

NOTE F - MELLON CO-PRODUCTION FUNDING

During fiscal year-end 2018, the Organization entered into a collaborative production funding agreement with the Andrew W. Mellon Foundation (the "Foundation") for the purpose of creating a lending-bank program that will provide loans to Professional Company Members of Opera America to finance the collaborative production of American operas. In addition to proceeds from the loan, the Organization received additional grant funding of $360,000 in connection with the loan and loan program in order to administer the loan program. The Foundation will disburse funds in the amount of $500,000 to the Organization as indicated in the loan agreement. Additional funds of up to $500,000, totaling a maximum of $1,000,000 for the entire loan program, may be available upon written request of the Organization by the President and Chief Executive Officer. The loan is unsecured, bears no interest, with a maturity date of December 31, 2022. The original loan proceeds were received during the year-ended June 30, 2018. As of the fiscal years ended June 30, 2022 and 2021, the Organization had an outstanding loan payable amount of $500,000, Mellon Co-Production Funding, within the accompanying statements of financial position, respectively.

During the fiscal year 2021, the Organization issued a loan to a Professional Company Member in the amount of $60,000 which was outstanding at the fiscal year ended June 30, 2021 within the accompanying statement of financial position as a note receivable. The loan bears no interest, and was repaid in full in January 2022.

NOTE G - PPP LOAN PAYABLE

On April 21, 2020 and February 15, 2021, the Organization received $462,800 and $437,600, respectively, in funds from the PPP, which were reported as Paycheck Protection Program loan payable in the statements of financial position at June 30, 2021 and 2020. The loans mature on April 21, 2022 and February 15, 2023, respectively, and bear interest at a rate of 1.00%. These loans may be forgiven subject to bank approval in accordance with SBA guidelines. In accordance with SBA guidelines, required monthly principal and interest payments will begin no earlier than the end of the covered period of October 2020 and August 2021, respectively. The Organization has ten months after the end of the covered period to apply for forgiveness of the loans. Any outstanding principle of the loans that are not forgiven under the PPP loan program at the end of the ten-month deferral periods will convert to term loans with an interest rate of 1.00%, payable in equal installments of principal and interest over the next nine months, beginning in September 2021 and July 2022, respectively. As of June 30, 2021, the Organization was in the process of applying for forgiveness. During fiscal year June 30, 2022, the Organization was notified that the full amount of the loans were fully forgiven by the bank and SBA.

The SBA may audit any PPP loan at its discretion for up to six years after the date the SBA forgave the loan. The SBA reserves the right to audit any PPP loan, regardless of size, and these audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain the PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

NOTE H - 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 2022 and 2021 was approximately $77,000 and $70,000, 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 $15,635 and $35,738 for the fiscal year ended June 30, 2022 and 2021, respectively.

NOTE I - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	June 30, 2022	June 30, 2021
Operations:		
Balance, beginning of year:	**$ 90,635**	$ 88,091
Increase from operations	**364,006**	592,544
Transfer from (to) Board-designated Opera Center Facilities Fund	**-**	-
Transfer to Board-designated Reserve Fund	**(355,000)**	(590,000)
Balance, end of year*	**99,641**	90,635
National Opera Center - Non-Operating:		
Balance, beginning of year	**-**	82,333
Additions	**-**	-
Expenses	**-**	(82,333)
Balance, end of year	**-**	-
Board-designated funds:		
National Opera Center Fund:		
Balance, beginning of year	**46,527**	46,527
Transfer (to) from operations	**85,000**	-
Balance, end of year*	**131,527**	46,527
Reserve Fund:		
Balance, beginning of year	**1,190,000**	600,000
Transfer from operations	**270,000**	590,000
Balance, end of year*	**1,460,000**	1,190,000
National Opera Center Endowment (see Note K):		
Balance, beginning of year	**163,324**	163,324
Investment loss	**-**	-
Balance, end of year*	**163,324**	163,324
Board-designated funds balance, end of year	**1,754,851**	1,399,851
Total net assets without donor restrictions	**$ 1,854,492**	$ 1,490,486

*These funds, totaling $1,854,492 and $1,490,486 at June 30, 2022 and 2021, respectively, represent the Core Operating Fund, National Opera Center Fund, 50th Anniversary Fund, Reserve Fund, and National Opera Center Endowment.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

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

	Year Ended June 30, 2022	Year Ended June 30, 2021
Purpose restrictions:		
Adams Foundation	**$ -**	$ 25,000
American Express Foundation: Leadership Intensive	**-**	33,000
Bank of America: Trustee Recognition Program	**80,000**	95,000
Graham Berwind	**-**	50,000
Jacobs Foundation	**30,000**	143,500
Getty Foundation: Innovations Program	**-**	728,570
Gilman Foundation: Professional Development Programs for Artists	**-**	50,000
Joseph Cornell Media Prize	**30,000**	-
Marineau Family Foundation	**65,000**	62,000
Mellon Foundation: New Works Projects	**370,000**	570,000
Mellon Foundation: Co-Production Loan Initiative	**45,000**	115,000
National Endowment for the Arts	**50,000**	-
New Vision for NYC Opera	**-**	-
Opera Fund	**1,128,226**	2,330,034
Next Stages Program	**698,373**	-
Scimeca Emerging Singers Fund	**11,322**	36,657
Scherman Foundation	**141,500**	219,500
Tobin Foundation	**-**	7,000
Toulmin Foundation: Grants for Female Composers	**21,000**	415,000
Wallace Foundation: Communications partnership	**-**	-
	2,670,421	4,880,261
Purpose restriction – National Opera Center:		
Opera Center Endowment	**-**	914,191
	2,670,421	5,794,452
Perpetual in nature:		
Scimeca Fund	**172,265**	169,165
Opera Fund	**5,389,033**	5,639,033
Opera Center Endowment	**5,400,000**	5,400,000
	10,961,298	11,208,198
	$ 13,631,719	$ 17,002,650

For the fiscal years ended June 30, 2022 and 2021, the balance of accumulated endowment income of $1,254,602 and $3,220,496, respectively, are held within the Opera Fund, Scimeca Emerging Singers Fund, and the Opera Center Endowment.

NOTE J - 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, 2022	Year Ended June 30, 2021
Purpose restrictions satisfied:		
Adams Foundation	**$ 25,000**	$ -
American Express: Leadership Intensive	**33,000**	42,000
Bank of America: Trustee Recognition Program	**95,000**	135,000
Graham Berwind	**50,000**	-
Jacobs Foundation	**113,500**	59,000
Getty Foundation: Innovations Program	**728,570**	1,697,880
Gilman Foundation: Professional development programs	**50,000**	130,000
Marineau Family Foundation	**47,000**	38,000
Mellon Foundation: New Works Projects	**200,000**	180,000
Mellon Foundation: Co-Production Initiative	**70,000**	70,000
National Endowment for the Arts	**140,000**	140,000
New Vision for NYC Opera	**-**	250,000
New York City Department of Cultural Affairs	**27,750**	26,250
NYSCA: regional programming	**12,000**	12,000
Opera Fund	**310,000**	317,000
Scimeca Emerging Singers Fund	**3,500**	3,500
Scherman Foundation	**78,000**	80,500
Tobin Theater Arts Fund: Director-Designer Showcase	**7,000**	23,000
Toulmin Foundation	**394,000**	135,000
Wallace Foundation: Communications Partnership	**100,000**	100,000
	2,484,320	3,439,130
Purpose restriction – National Opera Center:		
Opera Center Endowment	**425,440**	423,238
	$ 2,909,760	$ 3,862,368

NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] The endowment:

At June 30, 2022 and 2021, respectively, the Organization's endowment funds consist of donor-restricted endowment funds of $10,961,298 and $11,208,198, respectively, and Board-designated funds of $163,324 for both fiscal-years ended 2022 and 2021, respectively (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.

NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[2] Interpretation of relevant law:

As discussed in Note A[11](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:

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 10,961,298	$ 10,961,298
Board-designated endowment funds	163,324	-	163,324
Total funds	163,324	10,961,298	11,124,622
Restricted earnings of funds	-	1,254,602	1,254,602
Total appreciated value of endowment funds	$ 163,324	$ 12,215,900	$ 12,379,224

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 11,208,198	$ 11,208,198
Board-designated endowment funds	163,324	-	163,324
Total funds	163,324	11,208,198	11,371,522
Restricted earnings of funds	-	3,220,496	3,220,496
Total appreciated value of endowment funds	$ 163,324	$ 14,428,694	$ 14,592,018

NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

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

	Year Ended June 30, 2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets and the earnings thereon, beginning of year	**$ 163,324**	**$ 14,428,694**	**$ 14,592,018**
Investment loss	**-**	**(1,402,394)**	**(1,402,394)**
Contributions	**-**	**3,100**	**3,100**
Reclassification to purpose restriction	**-**	**(250,000)**	**(250,000)**
Appropriation of endowment assets for expenditure	**-**	**(563,500)**	**(563,500)**
Endowment net assets and the earnings thereon, end of year	**$ 163,324**	**$ 12,215,900**	**$ 12,379,224**

	Year Ended June 30, 2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets and the earnings thereon, beginning of year	$ 163,324	$ 12,277,086	$ 12,440,410
Investment return	16,923	2,461,408	2,478,331
Contributions	-	260,700	260,700
Appropriation of endowment assets for expenditure	(16,923)	(570,500)	(587,423)
Endowment net assets and the earnings thereon, end of year	$ 163,324	$ 14,428,694	$ 14,592,018

[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, 2022 and 2021, 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, the endowment assets are invested in a manner that is intended to produce acceptable rates of return, with an appropriate level of investment risk.

NOTE K - 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 2022 and 2021.

NOTE L - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2022 because of contractual or donor-imposed restrictions or internal designations.

	Year Ended June 30,	
	2022	**2021**
Cash and cash equivalents	**$ 1,508,637**	$ 3,849,660
Contributions receivable, net	**339,676**	1,282,731
Note receivable	**-**	60,000
Other receivables	**225,858**	219,235
Investments	**14,739,185**	14,960,429
Total financial assets available within one year	**16,813,356**	20,372,055
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose restrictions	**(2,670,421)**	(4,880,261)
Restrictions by donors with purpose restrictions – National Opera Center	**-**	(914,191)
Restricted by donors that are perpetual in nature	**(10,961,298)**	(11,208,198)
Total amounts unavailable for general expenditure within one year	**(13,631,719)**	(17,002,650)
Amounts unavailable to management without Board approval:		
Board-designated endowment (Note A[11](i))	**(1,754,851)**	(1,399,851)
Total financial assets available to meet cash needs for general expenditures within one year	**$ 1,426,786**	$ 1,969,554

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 restriction will be used to satisfy the minimum liquidity target

NOTE L - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity policy: (continued)

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. Further, the Organization has the ability to access additional resources through a line-of-credit agreement with a bank (see Note E).

NOTE M - 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 N - COMMITMENTS, CONTINGENCY, AND OTHER UNCERTAINTY

[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 is 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.

Annual rental payments, rent expense and deferred rent adjustments (exclusive of escalation charges and real estate taxes) are as follows:

Year Ending June 30,	Rent Paid	Rent Expense	Deferred Rent Adjustment	Cumulative Deferred Rent
2012	$ -	$ 224,692	$ 224,692	$ 224,692
2013	-	674,076	674,076	898,768
2014	358,839	674,076	315,237	1,214,005
2015	547,212	674,076	126,864	1,340,869
2016	558,156	674,076	115,920	1,456,789
2017	585,906	674,076	88,170	1,544,959
2018	630,798	674,076	43,278	1,588,237
2019	643,414	674,076	30,662	1,618,899
2020	656,282	674,076	17,794	1,636,693
2021	669,407	674,076	4,669	1,641,362
2022	699,382	674,076	(25,306)	1,616,056
2023	746,543	674,076	(72,467)	1,543,589
2024	761,474	674,076	(87,398)	1,456,191
2025	776,704	674,076	(102,628)	1,353,563
2026	792,238	674,076	(118,162)	1,235,401
2027	824,669	674,076	(150,593)	1,084,808
2028	874,336	674,076	(200,260)	884,548
2029	891,822	674,076	(217,746)	666,802
2030	909,659	674,076	(235,583)	431,219
2031	927,852	674,076	(253,776)	177,443
2032	626,761	449,318	(177,443)	-

NOTE N - COMMITMENTS, CONTINGENCY, AND OTHER UNCERTAINTY (CONTINUED)

[2] Employment agreements:

The Organization is obligated under employment agreements with its President and Chief Executive Officer 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.

[4] Other uncertainty:

The extent of the impact and effects of the recent outbreak of COVID-19 on the operation and financial performance of the Organization's business will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, and the consequential potential of staff shortages, all of which are highly uncertain and cannot be predicted. If demands for the Organization's services are impacted for an extended period, the Organization's results of operations may be materially adversely affected.