
LYRIC OPERA OF KANSAS CITY, INC.
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

LYRIC OPERA
KANSAS CITY

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1200 Main Street
Suite 1000
Kansas City, MO 64105

T: 816.472.1122
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Trustees
Lyric Opera of Kansas City, Inc.
Kansas City, Missouri

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lyric Opera of Kansas City, Inc., which comprise the consolidated statement of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility For The Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lyric Opera of Kansas City, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 2 to the consolidated financial statements, as of July 1, 2019, the Lyric Opera of Kansas City, Inc. adopted the provisions of Accounting Standards Update 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Our opinion is not modified with respect to this matter.

RubinBrown LLP

December 18, 2020

LYRIC OPERA OF KANSAS CITY, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	June 30,	
	2020	2019
Current Assets		
Cash and cash equivalents	\$ 1,405,279	\$ 338,348
Accounts receivable	17,917	33,118
Promises to give	402,359	1,032,633
Prepaid production costs	48,497	37,728
Other prepaid expenses	114,056	93,936
Total Current Assets	1,988,108	1,535,763
Property And Equipment		
Land, buildings, improvements and equipment	10,305,454	10,231,789
Less: Accumulated depreciation	(2,112,565)	(1,921,776)
Net Property And Equipment	8,192,889	8,310,013
Funds Held In Trust By Others	1,899,706	1,691,961
Promises To Give - Long-Term	675,321	1,012,055
Interest In Net Assets Of Lyric Foundation	11,633,486	11,587,473
Total Assets	\$ 24,389,510	\$ 24,137,265

Liabilities And Net Assets		
Current Liabilities		
Accounts payable	\$ 52,840	\$ 159,463
Accrued payroll and taxes	110,046	104,805
Current portion of capital lease payable	13,951	12,588
Deferred income:		
Ticket sales	562,773	653,107
Other	50,457	25,823
Line of credit	—	632,212
Paycheck Protection Program refundable advance	141,551	—
Total Current Liabilities	931,618	1,587,998
Long-Term Liabilities		
Capital lease payable	44,904	52,450
Long-term debt	1,315,000	—
Total Long-Term Liabilities	1,359,904	52,450
Net Assets		
Without donor restrictions	6,798,809	6,406,821
With donor restrictions	15,299,179	16,089,996
Total Net Assets	22,097,988	22,496,817
Total Liabilities And Net Assets	\$ 24,389,510	\$ 24,137,265

LYRIC OPERA OF KANSAS CITY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Earned Revenue			
Ticket sales (Mainstage and Explorations)	\$ 813,370	\$ —	\$ 813,370
Rental income	64,518	—	64,518
Education	9,512	—	9,512
Auxiliaries	95,428	—	95,428
Miscellaneous	39,966	—	39,966
Resident artist program	8,027	—	8,027
Total Earned Revenue	1,030,821	—	1,030,821
Contributed Revenue And Change In Value Of Funds Held In Trust By Others			
Individual, corporate and foundation	1,018,070	1,175,340	2,193,410
Ticket sales converted to donations	182,523	—	182,523
Paycheck Protection Program loan forgiveness	323,549	—	323,549
Federal, state and local	—	102,922	102,922
Change in value of funds held in trust by others	—	207,745	207,745
In-kind contributions	52,625	—	52,625
Lyric Opera Ball	417,924	33,175	451,099
Net assets released from restrictions	2,356,012	(2,356,012)	—
Total Contributed Revenue And Change In Value Of Funds Held In Trust By Others	4,350,703	(836,830)	3,513,873
Total Revenue	5,381,524	(836,830)	4,544,694
Expenses			
Program services			
Production and artistic	2,995,029	—	2,995,029
Education and outreach (including auxiliaries)	153,793	—	153,793
Total program services	3,148,822	—	3,148,822
Supporting activities			
Management and general	1,136,193	—	1,136,193
Fundraising (including ball)	704,521	—	704,521
Total supporting activities	1,840,714	—	1,840,714
Total Expenses	4,989,536	—	4,989,536
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation	391,988	(836,830)	(444,842)
Change In Net Assets Of Lyric Foundation	—	46,013	46,013
Change In Net Assets	391,988	(790,817)	(398,829)
Net Assets - Beginning Of Year	6,406,821	16,089,996	22,496,817
Net Assets - End Of Year	\$ 6,798,809	\$ 15,299,179	\$ 22,097,988

LYRIC OPERA OF KANSAS CITY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Earned Revenue			
Ticket sales (Mainstage and Explorations)	\$ 1,459,700	\$ —	\$ 1,459,700
Rental income	183,990	—	183,990
Education	43,829	—	43,829
Auxiliaries	260,997	—	260,997
Miscellaneous	40,618	—	40,618
Resident artist program	8,464	—	8,464
Total Earned Revenue	1,997,598	—	1,997,598
Contributed Revenue And Change In Value Of Funds Held In Trust By Others			
Individual, corporate and foundation	930,576	2,824,315	3,754,891
Contribution of note and interest receivable from the Lyric Foundation due to the QALICB unwind transaction (Note 18)	7,896,600	—	7,896,600
Federal, state and local	—	108,978	108,978
Change in value of funds held in trust by others	—	87,441	87,441
In-kind contributions	49,795	—	49,795
Lyric Opera Ball	587,046	48,925	635,971
Extinguishment of note payable (Note 18)	2,648,100	—	2,648,100
Net assets released from restrictions	2,829,920	(2,829,920)	—
Total Contributed Revenue And Change In Value Of Funds Held In Trust By Others	14,942,037	239,739	15,181,776
Total Revenue	16,939,635	239,739	17,179,374
Expenses			
Program services			
Production and artistic	4,621,227	—	4,621,227
Education and outreach (including auxiliaries)	450,027	—	450,027
Total program services	5,071,254	—	5,071,254
Supporting activities			
Management and general	1,745,664	—	1,745,664
Fundraising (including ball)	861,272	—	861,272
Total supporting activities	2,606,936	—	2,606,936
Total Expenses	7,678,190	—	7,678,190
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation	9,261,445	239,739	9,501,184
Change In Net Assets Of Lyric Foundation	—	(4,705,945)	(4,705,945)
Change In Net Assets	9,261,445	(4,466,206)	4,795,239
Net Assets - Beginning Of Year	(2,854,624)	20,556,202	17,701,578
Net Assets - End Of Year	\$ 6,406,821	\$ 16,089,996	\$ 22,496,817

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2020

	Productions And Explorations	Education And Outreach	Total Program Expenses	General And Administrative	Fundraising	Total Supporting Activities	Total
Salaries and wages	\$ 633,009	\$ 15,204	\$ 648,213	\$ 407,950	\$ 413,856	\$ 821,806	\$ 1,470,019
Payroll taxes and employee benefits	98,693	2,009	100,702	81,722	61,464	143,186	243,888
Professional services	78,315	41,951	120,266	123,681	90,581	214,262	334,528
Supplies and equipment	525	1,900	2,425	—	—	—	2,425
Utilities and insurance	74,989	5,328	80,317	78,917	5,103	84,020	164,337
Depreciation and amortization	180,148	10,810	190,958	29,163	10,136	39,299	230,257
Travel, hospitality and events	11,215	69,777	80,992	11,790	69,965	81,755	162,747
Donor expenses	—	—	—	—	26,097	26,097	26,097
Interest expense	—	—	—	41,309	—	41,309	41,309
Advertising and marketing	10,817	2,517	13,334	265,922	1,975	267,897	281,231
Rent and occupancy	230,318	992	231,310	1,353	945	2,298	233,608
Dues, memberships and subscriptions	2,268	—	2,268	14,886	412	15,298	17,566
Supplies and office expenses	47,623	3,305	50,928	79,500	23,987	103,487	154,415
Production (mainstage and explorations)	1,627,069	—	1,627,069	—	—	—	1,627,069
Production (set rental expense)	40	—	40	—	—	—	40
	\$ 2,995,029	\$ 153,793	\$ 3,148,822	\$ 1,136,193	\$ 704,521	\$ 1,840,714	\$ 4,989,536

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2019

	Productions And Explorations	Education And Outreach	Total Program Expenses	General And Administrative	Fundraising	Total Supporting Activities	Total
Salaries and wages	\$ 493,497	\$ 97,008	\$ 590,505	\$ 737,493	\$ 330,248	\$ 1,067,741	\$ 1,658,246
Payroll taxes and employee benefits	91,884	22,081	113,965	166,944	67,693	234,637	348,602
Professional services	77,351	6,014	83,365	121,791	91,690	213,481	296,846
Supplies and equipment	1,092	2,567	3,659	—	—	—	3,659
Utilities and insurance	81,364	5,872	87,236	65,755	5,649	71,404	158,640
Depreciation and amortization	167,548	10,241	177,789	115,837	9,602	125,439	303,228
Travel, hospitality and events	41,430	259,514	300,944	11,507	210,429	221,936	522,880
Donor expenses	—	—	—	—	75,748	75,748	75,748
Interest expense	—	—	—	20,374	—	20,374	20,374
Advertising and marketing	12,907	409	13,316	402,055	5,907	407,962	421,278
Rent and occupancy	387,476	7,715	395,191	9,904	7,236	17,140	412,331
Dues, memberships and subscriptions	1,796	—	1,796	14,063	529	14,592	16,388
Supplies and office expenses	55,442	12,309	67,751	46,408	31,297	77,705	145,456
Production (mainstage and explorations)	2,717,533	152	2,717,685	—	730	730	2,718,415
Production (set rental expense)	96,373	—	96,373	—	—	—	96,373
QALICB unwind expense	395,534	26,145	421,679	33,533	24,514	58,047	479,726
	\$ 4,621,227	\$ 450,027	\$ 5,071,254	\$ 1,745,664	\$ 861,272	\$ 2,606,936	\$ 7,678,190

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ (398,829)	\$ 4,795,239
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	230,257	303,228
Amortization of debt issuance costs	—	79,839
Extinguishment of long-term debt (Note 18)	—	(10,290,000)
Change in value of interest in net assets of Lyric Foundation	(46,013)	4,705,945
Change in value of funds held in trust by others	(207,745)	(87,441)
Contributions to integrated campaign	(53,139)	(181,600)
Changes in assets and liabilities:		
Accounts receivable and promises to give	982,209	(111,172)
Prepaid costs and other assets	(30,889)	76,487
Accounts payable and accrued payroll and taxes	(101,382)	47,859
Accrued interest	—	(62,284)
Deferred income	(65,700)	(106,863)
Paycheck Protection Program refundable advance	141,551	—
Net Cash Provided By (Used In) Operating Activities	450,320	(830,763)
Cash Flows Used In Investing Activities		
Purchases of property and equipment	(106,468)	(122,909)
Cash Flows From Financing Activities		
Payments on capital lease obligations	(12,848)	(114,042)
Proceeds of integrated campaign	53,139	181,600
Payments on line of credit	(1,000,000)	(202,835)
Proceeds from line of credit	367,788	835,047
Proceeds from long-term debt	1,315,000	—
Net Cash Provided By Financing Activities	723,079	699,770
Increase (Decrease) In Cash And Cash Equivalents	1,066,931	(253,902)
Cash And Cash Equivalents - Beginning Of Year	338,348	592,250
Cash And Cash Equivalents - End Of Year	\$ 1,405,279	\$ 338,348
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ 41,309	\$ 83,045
Supplemental Disclosure Of Noncash Information		
Extinguishment of long-term debt (Note 18)	—	10,290,000
Contribution of note and interest receivable from the Lyric Foundation due to QALICB unwind transaction (Note 18)	—	7,896,600
Termination of a capital lease prior to maturity	—	33,278
Acquisition of property through a capital lease	6,665	68,235

LYRIC OPERA OF KANSAS CITY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 And 2019

1. Organization

The Lyric Opera of Kansas City, Inc. (Lyric) is a not-for-profit corporation incorporated in the state of Missouri in 1958. The mission of the organization is to make Lyric Opera of Kansas City indispensable to the public through transformational opera experiences and broad service which captures the hearts and minds of our communities. The Lyric's revenues and support are derived primarily from contributions and ticket sales.

The Lyric Opera QALICB, Inc. (QALICB) was formed June 1, 2011 for the exclusive benefit of the Lyric. The QALICB's purpose was to hold title to property, complete construction of the Opera Center and lease said property. The property was operated in such a way that it qualified as a Qualified Active Low-Income Community Business under the definition of the New Markets Tax Credit (NMTC) Program under Internal Revenue Code (IRC) §45(d). One of the members of the QALICB's board was also a current member of the Lyric's board. As discussed in Note 18, the QALICB reached the end of the seven-year compliance period for the NMTC program during the fiscal year ending June 30, 2019 and the QALICB was dissolved as part of the unwind transaction.

These consolidated financial statements of the Lyric include the accounts of the QALICB. All significant intercompany transactions and account balances have been eliminated in consolidation.

2. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying consolidated financial statements of the Lyric have been prepared on the accrual basis of accounting.

New Accounting Standard Implementation

Effective July 1, 2019, the Lyric adopted the provisions of Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, which provides enhanced guidance to assist organizations in evaluating whether transactions should be accounted for as contributions or reciprocal transactions. The implementation did not have a material impact on the Lyric's consolidated financial statements.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements (*Continued*)

Basis Of Presentation

The financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Lyric is required to report information regarding its financial position and activities according to the following classes of net assets:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations as well as net assets designated by the Board of Trustees for specific purposes.

Net Assets With Donor Restrictions - This category includes net assets subject to donor-imposed stipulations that will be met by actions of the Lyric and/or the passage of time. Certain net assets in this category are subject to donor-imposed stipulations that they be invested in perpetuity to provide a source of income to be used for general or a specific purpose.

Estimates And Assumptions

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash And Cash Equivalents

The Lyric considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Recoveries of receivables previously written off are recorded when received. Management determined there was no allowance for doubtful accounts required at June 30, 2020 or 2019.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements (*Continued*)

Promises To Give

Unconditional promises to give in future periods are recognized as support in the period the promises are received. Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Conditional promises to give, which depend upon specified future and uncertain events, are not included as support until such time as the conditions are substantially met.

Property And Equipment

The Lyric capitalizes all expenditures for property and equipment over \$2,500. Property and equipment are stated at cost at the date of the acquisition or fair value at date of donation, in the case of a gift. Maintenance and repairs are charged to expense as incurred. When items of property or equipment are sold or retired, the related cost is removed from the accounts and any gain or loss is included in the results of operations. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis. Useful lives are as follows:

Building	50 years
Furniture and equipment	5 - 20 years

The Lyric reviews its investment in rental property for impairment whenever events or changes in circumstances indicates that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the rental property to the future net undiscounted cash flow expected to be generated by the rental property, including the residual value of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There was no impairment loss recognized for the years ended June 30, 2020 and 2019. As discussed in Note 18, during the fiscal year ending June 30, 2019, the NMTC program was unwound and the QALICB was dissolved. As part of the unwind transaction, the ownership of the Opera Center transferred to the Lyric.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements *(Continued)*

Capital Leases

Assets held under capital leases (which include two copiers, computers, lap-tops and other network equipment) are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased assets at the inception of the lease. Amortization expense is computed using the straight-line method over the term of the lease. At June 30, 2020 and 2019, assets held under a capital lease totaled to \$271,979 and \$265,314, respectively, and accumulated amortization totaled to \$213,123 and \$200,276, respectively. Future minimum payments under the lease terms will be \$13,951 in fiscal years ending June 30, 2021, 2022, 2023, and 2024, and \$3,051 in fiscal year ending June 30, 2025.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized using the straight-line method over the life of the related debt. The straight-line method is used as it is not materially different from the effective interest method. Amortization of debt issuance costs is considered interest expense and is included in management and general expenses on the consolidated statement of activities and amounted to \$79,839 for the year ended June 30, 2019. As part of the dissolution of the QALICB as discussed in Note 18, the notes payable and associated debt issuance costs were extinguished during the fiscal year ending June 30, 2019.

Interest

Interest expense during the years ended June 30, 2020 and 2019 totaled \$41,309 and \$20,374, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those whose use by the Lyric have been limited by donors to a specific time period or purpose or to be maintained by the Lyric, or on behalf of the Lyric, in perpetuity.

Interest and dividends from restricted investments are credited to net assets without donor restriction unless donor stipulations restrict such earnings.

Deferred Income - Ticket Sales And Prepaid Production Costs

Income from ticket sales pertaining to upcoming productions is recorded as deferred income and recognized as revenue when earned. Production costs applicable to upcoming productions are recorded as prepaid expenses and are recognized as expenses on a matching basis in the period of the applicable production.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements (*Continued*)

Revenue And Support

Gifts of cash and other assets are reported as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions.

Rental Income

Income from renting various theater sets and accessories is recognized as income when the rental services have been rendered.

Auxiliaries

Auxiliary income consists of income from various Guild events and trips that occur throughout the year, the Lyric Opera Circle and Orpheus KC. Auxiliary income is recorded as it is earned.

Interest In Net Assets Of Lyric Foundation

Under current accounting guidance, the Lyric and the Lyric Opera of Kansas City Foundation (Lyric Foundation) are financially interrelated organizations. Accordingly, the Lyric recognizes its interest in the net assets of the Lyric Foundation and adjusts that interest for its share of the change in net assets of the Lyric Foundation.

Advertising

Advertising costs are expensed as incurred. Advertising expense for 2020 and 2019 was \$281,231 and \$421,278, respectively.

Functional Expense

The consolidated statement of functional expenses presents expenses by function and natural classification. Certain natural expenses have been allocated among the three categories based on a variety of cost allocations such as time expended, usage, square footage and other methods. Depreciation expense is allocated based on a building and usage analysis. Interest expense on external debt is allocated to functional categories which have benefited from the proceeds of the external debt.

Income Taxes

The Lyric is exempt from income taxes under Section 501(a) of the IRC and a similar section of state law.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements *(Continued)*

The Lyric's tax returns for tax years 2016 and later remain subject to examination by taxing authorities.

3. Promises To Give

Promises to give consist of the following:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 518,508	\$ 1,161,771
Due in one to five years	559,172	882,917
	<u>\$ 1,077,680</u>	<u>\$ 2,044,688</u>

The Lyric considers these promises to give to be fully collectable. Therefore, no allowance for doubtful accounts has been recorded.

Included in promises to give due in less than one year at June 30, 2020 and 2019 is \$116,149 and \$129,138, respectively, which is restricted for the integrated campaign. As a result, this amount has been classified as a noncurrent asset on the accompanying consolidated statement of financial position.

4. Funds Held In Trust By Others

Funds held in trust by others includes a beneficial interest of a charitable remainder unitrust. This trust was established to provide the donors with a percentage of income from the assets of the trust for the remainder of their lives. The assets of the trust are held by external trustees; the Lyric has no control over how the assets are invested. The fair value of the funds held in trust by others is estimated by applying the income approach. Carrying values are adjusted annually and the adjustment is recognized as change in value of funds held in trust by others on the consolidated statement of activities. At June 30, 2020 and 2019, the carrying value of the trust was \$1,899,706 and \$1,691,961, respectively. For the years ended June 30, 2020 and 2019, the increase in value of the beneficial interest of a charitable remainder unitrust was \$207,745 and \$87,441, respectively.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements (*Continued*)

5. Property And Equipment

Property and equipment consist of:

	2020	2019
Land	\$ 470,000	\$ 470,000
Michael & Ginger Frost Production Arts Building	4,350,271	4,343,622
Beth Ingram Administration Building	4,473,577	4,409,415
Furniture and equipment	739,627	743,438
Equipment under capital lease	271,979	265,314
	<u>10,305,454</u>	<u>10,231,789</u>
Less: Accumulated depreciation and amortization	2,112,565	1,921,776
	<u>\$ 8,192,889</u>	<u>\$ 8,310,013</u>

Depreciation and amortization expense was \$230,257 and \$303,228 for 2020 and 2019, respectively.

6. Beneficial Interest In Perpetual Trust

The Lyric had a beneficial interest in a perpetual trust created by an independent donor, which was not in the possession or control of the Lyric, but was held and administered by an advisory committee consisting of at least three, but no more than five, members. This committee had to include at least one representative from the Lyric. On June 8, 2009, the advisory committee approved the transfer of the advisory committee's duties to the Lyric Foundation. As a result, the trust's assets are included within the Lyric's interest in net assets of the Lyric Foundation on the accompanying consolidated statement of financial position at June 30, 2020 and 2019. The Lyric receives an annual donation in an amount equal to five percent of the average fair market value of the trust's assets. This donation is included in contributions without donor restrictions.

7. Long-Term Debt And Paycheck Protection Program Refundable Advance

Long-Term Debt

Financing was provided to the QALICB in the form of two notes payable in the amounts of \$7,641,900 and \$2,648,100 with KCMO CDE VII, LLC. Both notes bore interest at 2.42% per annum for a term of 360 months. The maturity date of both notes was July 2041. These notes payable were secured by a deed of trust and assignments of leases and rents.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements (*Continued*)

Repayment of these notes payable was guaranteed by the Lyric. These notes were extinguished as part of the wind down of the QALICB on July 30, 2018 as described in Note 18.

For the \$7,641,900 note payable, payments of interest were due quarterly until October 2018, when quarterly payments of \$108,956 including principal and interest were payable until maturity. Interest expense related to this note payable was \$15,418 for the year ending June 30, 2019.

For the \$2,648,100 note payable, payments of interest were due quarterly until July 2018, when a principal payment of \$315,000 was due. Beginning in October 2018, quarterly payments of \$33,265, including principal and interest, were payable until maturity. Interest expense related to this note payable was \$5,343 for the year ending June 30, 2019.

On February 4, 2020, the Lyric obtained financing in the form of a \$1,315,000 promissory note. This note carries a variable interest rate equal to that of the Wall Street Journal Prime Rate but not less than 3.50% and has a maturity date of February 4, 2027. At June 30, 2020, the interest rate was 3.50%, with interest payments beginning March 4, 2020 and principal payments beginning March 4, 2022. Interest expense related to this promissory note was \$16,949 for the year ending June 30, 2020.

In connection with the promissory note, the Lyric Opera will need to maintain certain bank covenant requirements beginning June 30, 2021.

Future scheduled maturities for the years ending June 30 are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ —
2022	26,885
2023	82,561
2024	85,498
2025	88,538
<u>Thereafter</u>	<u>1,031,518</u>
	<u>\$ 1,315,000</u>

Paycheck Protection Program Refundable Advance

In response to the COVID-19 pandemic, the Paycheck Protection Program (PPP) was established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be administered by the U.S. Small Business Administration (SBA). Companies who met the eligibility requirements set forth by the PPP could qualify for PPP loans. If the loan proceeds are fully utilized to pay qualified expenses during the twenty-four week measurement period, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the Lyric.

In April 2020, the Lyric received a loan of \$465,100 under the PPP provided by a lender. The loan bears interest at 1.0%, with principal and interest payments deferred for the first ten months following the measurement period. After that, the loan and interest would be paid back over a period of eighteen months, if the loan is not forgiven under the terms of the PPP.

When the Lyric applied for the loan, management believed it would qualify to have the loan forgiven under the terms of the PPP, and therefore considered the loan to be substantively a conditional contribution by the SBA. The Lyric has performed initial calculations for PPP loan forgiveness, and expects that the PPP loan will be forgiven in full because (1) the Lyric has utilized all of the proceeds for payroll and (2) the Lyric believes it will continue to comply with other terms and conditions necessary for forgiveness. Of the total proceeds, \$323,549 were utilized for payroll expenses through June 30, 2020 and the remaining \$141,551 were utilized towards payroll expenses subsequent to June 30, 2020. Accordingly, the Lyric has determined that the PPP loan should be accounted for as a conditional contribution. Under the provisions of ASC 985-605, a conditional contribution is recognized as revenue when the condition or conditions are substantially met.

As discussed above, the Lyric believes it will meet the conditions required for forgiveness. As of June 30, 2020, the Lyric has utilized PPP proceeds for what it believes to be payroll expenditures amounting to \$323,549 and has recognized Paycheck Protection Program loan forgiveness for that amount. The remaining balance of the proceeds is recorded as Paycheck Protection Program refundable advance on the consolidated statement of financial position as of June 30, 2020. Subsequent to June 30, 2020, the Lyric has spent \$141,551 on payroll expenditures. The Lyric plans to submit the PPP loan forgiveness application in the near term. Although the Lyric believes it is probable that the PPP loan will be forgiven, the Lyric's actions and information must be evaluated by the lender and the SBA before forgiveness is formally granted.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements (*Continued*)

8. Line Of Credit

On July 23, 2018, the Lyric secured a line of credit agreement with a maximum borrowing capacity of \$750,000 with an original maturity date of July 22, 2019. The line of credit has a variable interest rate based on the Wall Street Journal Prime Rate, but not less than 5%. At June 30, 2020 the interest rate was 5%. During 2019 the agreement was amended to increase the borrowing capacity to \$1,000,000 and to extend the maturity date to July 21, 2020. During 2020, the agreement was amended again to extend the maturity date to January 21, 2021. The agreement is secured by substantially all assets of the Lyric. There was no outstanding balance at June 30, 2020.

9. Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Future activities	\$ 216,147	\$ 325,567
Perpetual in nature	10,279,051	10,249,051
Time restriction	4,803,981	5,515,378
	<u>\$ 15,299,179</u>	<u>\$ 16,089,996</u>

Future activities include funds for education and outreach activities, the resident artist program, the apprentice artist program and future productions.

Net assets with donor restrictions that are perpetual in nature totaling \$10,279,051 and \$10,249,051 at June 30, 2020 and 2019, respectively, are to be maintained in perpetuity, with the income being available for purposes without donor restrictions.

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2020</u>	<u>2019</u>
Future activities	\$ 1,476,422	\$ 1,479,008
Time restriction	879,590	1,350,912
	<u>\$ 2,356,012</u>	<u>\$ 2,829,920</u>

10. Fair Value Measurements

The Lyric accounts for certain investments at fair value as required by U.S. generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- *Cost approach* – Based on the amount that currently would be required to replace the service capacity of an asset.
- *Income approach* – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

- Level 1* Quoted prices that are readily available in active markets/exchanges for identical investments.
- Level 2* Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3* Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements *(Continued)*

At June 30, 2020 and 2019, the funds held in trust by others is categorized as a Level 3 asset and the fair value is primarily determined using techniques consistent with the income approach, based on management's estimates and assumptions in the absence of observable market data. At June 30, 2020, key assumptions in the income approach include (1) the life expectancy of other trust beneficiaries, (2) a projected annual rate of return of the invested trust assets held by others of 7.0%, and (3) a market interest rate of 0.6% to determine the net present value of the funds ultimately to be received by the Lyric. At June 30, 2019, key assumptions in the income approach include (1) the life expectancy of other trust beneficiaries, (2) a projected annual rate of return of the invested trust assets held by others of 7.0%, and (3) a market interest rate of 2.8% to determine the net present value of the funds ultimately to be received by the Lyric.

The following is a reconciliation of the beginning and ending balances for the funds held in trust by others measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2020 and 2019:

Balance - July 1, 2018	\$ 1,604,520
Change in value of funds held in trust by others	<u>87,441</u>
Balance - June 30, 2019	1,691,961
Change in value of funds held in trust by others	<u>207,745</u>
Balance - June 30, 2020	<u>\$ 1,899,706</u>

Changes in fair value are presented on the Lyric's consolidated statement of activities for the years ended June 30, 2020 and 2019. During 2020 and 2019, there were no changes in the methods and/or assumptions utilized to derive the fair values of the Lyric's assets.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements (*Continued*)

11. Related Party Transactions

The Lyric Foundation was formed to benefit, perform the functions of and carry out the charitable purposes of the Lyric. At the discretion of the Lyric Foundation's Board of Trustees, it may hold and reinvest earnings, distribute its earnings to the Lyric, or use its earnings for any purpose that furthers the charitable purposes of the Lyric. Distributions of principal within endowed funds by the Lyric Foundation are prohibited by its articles of incorporation, the terms of specific bequests and by specific agreements. The Lyric Foundation is required to maintain an independent Board of Trustees and officers. The Lyric may not require distributions of the Lyric Foundation's earnings to be made to it or on its behalf.

The Lyric Foundation has agreed to reimburse the Lyric for certain expenses the Lyric incurred on its behalf. Related thereto, no receivable was due as of June 30, 2020 or 2019.

During the years ended June 30, 2020 and 2019, the Lyric Foundation made grants totaling \$399,182 and \$488,360, respectively, to the Lyric.

The members of the Board of Trustees of the Lyric and their employers and foundations made contributions totaling \$466,896 and \$230,921 for the years ended June 30, 2020 and 2019, respectively.

The Managing Member of the KCMO CDE VII, LLC, with a 0.01% ownership interest, is Kansas City, Missouri Community Development CDE. The Investor Member of the KCMO CDE VII, LLC, with a 99.99% ownership interest, is Lyric Opera Investment Fund, LLC (Investment Fund). The QALICB received its initial loan funding from KCMO CDE VII, LLC, whose funding was received through transactions involving the Lyric, the Foundation and the Lyric Opera Investment Fund, LLC, whose sole member is PNC New Markets Investments Partners, LLC (PNC). All of these entities were considered related parties prior to the wind down of the QALICB in July of 2018 (Note 18).

During the year ended June 30, 2020, the Lyric Foundation did not receive contributions from the Lyric.

During the year ended June 30, 2019, the Lyric Foundation received contributions of \$9,000 and \$136,000 from the QALICB and the Lyric, respectively.

For the year ended June 30, 2019, the contributions from the QALICB to the Lyric Foundation are included in management and general expense in the consolidated statement of activities.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements (*Continued*)

Additionally during the year ended June 30, 2019, in connection with the unwind transaction of the QALICB entity, the Foundation gifted the note receivable of \$7,641,900 and a corresponding interest receivable of \$254,700 to the Lyric (Note 18).

Following the earlier of (a) the seventh anniversary of the date of the last qualified equity investment made by the Investment Fund with respect to any qualified low-income community investment in the QALICB, and (b) the date that a Recapture Event has occurred, PNC had the right and option, but not the obligation, to require the Lyric to purchase all of PNC's interest in the Investment Fund. The purchase price for PNC's interest was \$1,000 plus any further amounts payable to PNC as defined in the Investment Fund Put And Call Agreement. PNC had 180 days to exercise its option. PNC exercised its option on July 30, 2018. See Note 18 for details regarding the unwind transaction of the QALICB.

12. Missouri Cultural Trust Fund

The Lyric has entered into a matching grant with the Missouri Cultural Trust Fund (MCT). The grant guidelines were for the Lyric to raise up to \$3,700,000 (approximately \$3,152,000 was actually raised) in endowment funds from private donors by June 30, 2001, solely to support the Lyric and its mission. Such funds are currently maintained by the Greater Kansas City Community Foundation on behalf of the Lyric Foundation. In return, the MCT set aside approximately \$1,576,000 or a 50% match of private funds raised, in the MCT. The MCT remains the owner of the \$1,576,000 of matching funds and, therefore, such assets are not included in the accompanying consolidated financial statements. The Lyric currently receives distributions of up to 5% from MCT matching funds. This is subject to change by MCT. No distributions were received during the years ended June 30, 2020 and June 30, 2019.

13. Significant Estimates And Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Promises To Give

Promises to give from two entities at June 30, 2020 and June 30, 2019 comprised 51% and 54%, respectively, of total promises to give from private sources.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements *(Continued)*

At June 30, 2020 and 2019, promises to give due from board members was \$359,218 and \$514,457 respectively.

Contribution Revenues

Contributions from one entity comprised 28% of the total contribution revenues from private sources for the year ended June 30, 2020. Contributions from two entities comprised 34% of the total contribution revenues from private sources for the year ended June 30, 2019.

The Lyric Opera Ball fund-raising event comprised approximately 14% and 5% of the total contributed revenue for the years ended June 30, 2020 and 2019, respectively.

Cash Accounts

The Lyric maintains cash accounts in various banks located in the metropolitan Kansas City area. The balances, at times, may have exceeded the federally insured limit of \$250,000. The insurance is for balances in banks without regard to outstanding items. In addition, a Money Market Mutual Fund is utilized by the Lyric. The balance in this account is uninsured. A summary of the insured and uninsured amounts at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Cash in bank	\$ 650,311	\$ 309,252
Portion insured by the FDIC	<u>(500,000)</u>	<u>(306,911)</u>
Uninsured cash in bank	150,311	2,341
Cash in Money Market Mutual Fund	<u>196,052</u>	<u>46,537</u>
	<u>\$ 346,363</u>	<u>\$ 48,878</u>

14. Contributed Services

For the years ended June 30, 2020 and 2019, the Lyric received contributed services for legal and marketing services which totaled \$52,625 and \$49,795, respectively. The value of contributed services is based on quoted market prices for those services.

15. Risks And Uncertainties

The Lyric Foundation (Note 11) invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

The funds held in trust by others (Note 4) are exposed to various risks such as the projected performance of invested trust assets held by others, the life expectancy of other trust beneficiaries and market interest rates. Due to the level of risk associated with funds held in trust by others, it is at least reasonably possible that changes in the value of funds held in trust by others will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

The COVID-19 pandemic has had a significant impact on the programming and operations of the Lyric. Mainstage performances held at the Kauffman Center for the performing arts were cancelled starting with the March 13, 2020 performance of *Lucia di Lammermoor* and will extend at least through the 2020-2021 season. Shortly after the first cancelled performance, the Lyric staff began working remotely. Management does not anticipate returning to the Lyric offices until an effective COVID-19 vaccine is widely available. In response to the pandemic, the Lyric has taken steps to strengthen its financial position and maintain liquidity and flexibility. Anticipating reductions in both earned and contributed income, programming and operations were scaled back. A new season of outdoor and other smaller productions which can be rehearsed and performed safely were rolled out in August 2020. The series, called “New Visions,” includes an outdoor concert series called “Soundscapes in the City” as well as a digital series on the history of opera called “Opera in Eight Parts.” In December, a new version of *Amahl and the Night Visitors*, a family opera featuring life size puppets and socially distanced singers and musicians, will be released for digital viewing. There will be additional offerings in the spring of 2021. Throughout the pandemic, management continues to monitor the environment and make adjustments as necessary.

16. Guarantees

As part of the financing arrangements, the Lyric and the QALICB provided certain guarantees to the KCMO CDE VII, LLC and PNC New Markets Investment Partners, LLC.

Tax Credit Delivery And Recapture Guarantees

Pursuant to the Unconditional Guaranty Agreement, the QALICB and the Lyric agreed to guarantee against loss or recapture of NMTC arising from failure to comply with the IRC and Treasury Regulations related to the NMTC program. This guarantee was up to the full amount of any recapture and/or lost credits, including interest and penalties thereon. Due to the dissolution of the QALICB as described in Note 18, this guarantee has expired.

17. Commitments

The Lyric has entered into a License Agreement to use the Kauffman Center For The Performing Arts (Kauffman Center). This License Agreement has an initial term of 20 years with the right to extend that initial term for 3 subsequent ten-year terms for a total term of 50 years. The annual license fee for the Lyric's use of the Kauffman Center for the years ended June 30, 2020 and 2019, respectively, totaled \$216,030 and \$270,840, which is included in production and artistic expenses in the accompanying consolidated statement of activities for the years ended June 30, 2020 and 2019, respectively. This annual license fee is subject to adjustment for increases in the Consumer Price Index and increases in the ownership costs incurred by the Kauffman Center. The license fee may also be adjusted for changes in the amount of usage by the Lyric. The Kauffman Center reserves the right to terminate the License Agreement if the Lyric does not meet specified annual minimum usage amounts. No fees are expected to be paid under the terms of the License Agreement for the year ending June 30, 2021 due to the cancellation of all mainstage performances due to the COVID-19 pandemic.

18. Dissolution Of QALICB

On July 27, 2018, the Lyric, QALICB, and the Lyric Foundation reached the end of the seven-year compliance period for its federal New Market Tax Credit program. Under this program, \$3 million of federal income tax credits were contributed to incentivize investment in low income communities and thus, the Richard J. Stern Opera Center was created. On July 30, 2018, these partners, along with partners PNC Bank and AltCap, unwound the tax credit project, thereby transferring ownership of the Richard J. Stern Opera Center wholly to Lyric. The 0.01% minority interest in the KCMO CDE VII (Sub-CDE) was eliminated by an amendment to the Sub CDE's operating agreement. The amendment resulted in the Investment Fund possessing a 100% ownership interest in the Sub-CDE, and the Lyric possessing a 100% ownership interest in the Investment Fund, the QALICB, and the Sub-CDE. The amended ownership structure resulted in the Lyric controlling the debtor and creditor relationship on the \$7,641,900 and \$2,648,100 notes payable disclosed in Note 7. The remaining balances due on the notes payable were effectively extinguished with no payments due on the remaining outstanding principal or interest. As a result of this extinguishment, the Lyric recorded a noncash contribution of \$7,896,600 which appears in the consolidated statement of activities for the year ending June 30, 2019 and the Foundation recorded a contribution expense of \$7,896,600 which appears in the Lyric Foundation statement of activities for the year ending June 30, 2019. In addition, the QALICB was dissolved during the fiscal year ending June 30, 2019.

One key element of the QALICB unwind transaction mentioned in the preceding paragraph was an exit or "success" fee in the amount of \$315,000, which was due to AltCap. To facilitate the payment of this fee, Lyric secured a line of credit with Academy Bank located in Kansas City, Missouri (Note 8). The remaining funds left over in the QALICB bank accounts were used to pay down the line of credit.

19. Liquidity

The Lyric regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Lyric has various sources of liquidity at its disposal, including endowment appropriations and a line of credit. In addition to financial assets available to meet general expenditures over the next 12 months, the Lyric operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Consolidated Financial Statements *(Continued)*

The Lyric utilizes a line of credit to manage liquidity needs. Funds can be drawn on the line of credit at the discretion of the Finance Committee and the Board Treasurer. As of June 30, 2020, the unused borrowing capacity on the line of credit was \$1,000,000.

The Lyric Board of Trustees created a new endowment fund in November 2018. The Lyric has plans to raise \$10,000,000 over the next five years. The Board of Directors created an investment committee to oversee the fund and has adopted an investment and distribution policy. No draws were taken from the endowment during the years ending June 30, 2020 or 2019, respectively.

As of June 30, 2020, the Lyric had \$402,359 of promises to give which were restricted for the 2020-2021 season.

Additionally, the Lyric historically has been awarded two grants from local private foundations in June of each year. In 2020, grants of \$550,000 and \$600,000 were awarded in July 2020.

As of June 30, 2020, the following table shows the total financial assets held by the Lyric that could readily be made available within one year to meet general expenditures, after reduction of financial assets designated by the board or subject to donor-imposed restrictions:

Accounts receivable	\$	17,917
Contributions for general expenditures due in one year or less		402,359
Appropriation of Lyric Opera Foundation endowment for use over next 12 months		<u>249,285</u>
	\$	<u><u>669,561</u></u>

20. Subsequent Events

Management has evaluated subsequent events through the date the consolidated financial statements were available for issue, which is the date of the Independent Auditors' Report.

Independent Auditors' Report On Supplementary Information

Board of Trustees
Lyric Opera of Kansas City, Inc.
Kansas City, Missouri

We have audited the consolidated financial statements of Lyric Opera of Kansas City, Inc. as of and for the years ended June 30, 2020 and 2019, and our report thereon dated December 18, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position as of June 30, 2020 and 2019, and the consolidating statements of activities for the years ended June 30, 2020 and 2019, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

December 18, 2020

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION June 30, 2020

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera Of Kansas City Foundation	Elimination Entries	Consolidated The Lyric Opera Of Kansas City, Inc.
Current Assets				
Cash and cash equivalents	\$ 1,405,279	\$ —	\$ —	\$ 1,405,279
Accounts receivable	17,917	—	—	17,917
Promises to give	402,359	1,000,000	(1,000,000)	402,359
Prepaid production costs	48,497	—	—	48,497
Other prepaid expenses	114,056	—	—	114,056
Total Current Assets	1,988,108	1,000,000	(1,000,000)	1,988,108
Other Assets				
Investments	—	10,633,486	(10,633,486)	—
Total Other Assets	—	10,633,486	(10,633,486)	—
Property And Equipment				
Land, buildings, improvements and equipment	10,305,454	—	—	10,305,454
Less: Accumulated depreciation	(2,112,565)	—	—	(2,112,565)
Net Property And Equipment	8,192,889	—	—	8,192,889
Funds Held In Trust By Others	1,899,706	—	—	1,899,706
Promises To Give - Long-Term	675,321	—	—	675,321
Interest In Net Assets Of Lyric Foundation	—	—	11,633,486	11,633,486
Total Assets	\$ 12,756,024	\$ 11,633,486	\$ —	\$ 24,389,510
Current Liabilities				
Accounts payable	\$ 52,840	\$ —	\$ —	\$ 52,840
Accrued payroll and taxes	110,046	—	—	110,046
Current portion of capital lease payable	13,951	—	—	13,951
Deferred income:				
Ticket sales	562,773	—	—	562,773
Other	50,457	—	—	50,457
Line of credit	—	—	—	—
Paycheck Protection Program refundable advance	141,551	—	—	141,551
Total Current Liabilities	931,618	—	—	931,618
Long - Term Liabilities				
Capital lease payable	44,904	—	—	44,904
Long-term debt	1,315,000	—	—	1,315,000
Total Long - Term Liabilities	1,359,904	—	—	1,359,904
Total Liabilities	2,291,522	—	—	2,291,522
Net Assets				
Without donor restrictions	4,972,214	1,826,595	—	6,798,809
With donor restrictions	5,492,288	9,806,891	—	15,299,179
Total Net Assets	10,464,502	11,633,486	—	22,097,988
Total Liabilities And Net Assets	\$ 12,756,024	\$ 11,633,486	\$ —	\$ 24,389,510

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2019

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera QALICB	The Lyric Opera Of Kansas City Foundation	Elimination Entries	Consolidated The Lyric Opera Of Kansas City, Inc.
Current Assets					
Cash and cash equivalents	\$ 338,348	\$ —	\$ —	\$ —	\$ 338,348
Accounts receivable	33,118	—	—	—	33,118
Promises to give	1,032,633	—	2,000,000	(2,000,000)	1,032,633
Prepaid production costs	37,728	—	—	—	37,728
Other prepaid expenses	93,936	—	—	—	93,936
Total Current Assets	1,535,763	—	2,000,000	(2,000,000)	1,535,763
Other Assets					
Investments	—	—	9,587,473	(9,587,473)	—
Property And Equipment					
Land, buildings, improvements and equipment	10,231,789	—	—	—	10,231,789
Less: Accumulated depreciation	(1,921,776)	—	—	—	(1,921,776)
Net Property And Equipment	8,310,013	—	—	—	8,310,013
Funds Held In Trust By Others	1,691,961	—	—	—	1,691,961
Promises To Give - Long-Term	1,012,055	—	—	—	1,012,055
Interest In Net Assets Of Lyric Foundation	—	—	—	11,587,473	11,587,473
Total Assets	\$ 12,549,792	\$ —	\$ 11,587,473	\$ —	\$ 24,137,265
Current Liabilities					
Accounts payable	\$ 159,463	\$ —	\$ —	\$ —	\$ 159,463
Accrued payroll and taxes	104,805	—	—	—	104,805
Revolving line of credit	—	—	—	—	—
Current portion of capital lease payable	12,588	—	—	—	12,588
Deferred income:					
Ticket sales	653,107	—	—	—	653,107
Other	25,823	—	—	—	25,823
Line of credit	632,212	—	—	—	632,212
Total Current Liabilities	1,587,998	—	—	—	1,587,998
Long-Term Liabilities					
Capital lease payable	52,450	—	—	—	52,450
Total Liabilities	1,640,448	—	—	—	1,640,448
Net Assets					
Without donor restrictions	4,628,092	—	1,778,729	—	6,406,821
With donor restrictions	6,281,252	—	9,808,744	—	16,089,996
Total Net Assets	10,909,344	—	11,587,473	—	22,496,817
Total Liabilities And Net Assets	\$ 12,549,792	\$ —	\$ 11,587,473	\$ —	\$ 24,137,265

LYRIC OPERA OF KANSAS CITY, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera Of Kansas City Foundation	Elimination/ Reclassification Entries	Consolidated The Lyric Opera Of Kansas City, Inc.	Without Donor Restrictions	With Donor Restrictions
Earned Revenue						
Ticket sales (Mainstage and Explorations)	\$ 813,370	\$ —	\$ —	\$ 813,370	\$ 813,370	\$ —
Rental income	64,518	—	—	64,518	64,518	—
Education	9,512	—	—	9,512	9,512	—
Auxiliaries	95,428	—	—	95,428	95,428	—
Miscellaneous	39,966	—	—	39,966	39,966	—
Resident artist program	8,027	—	—	8,027	8,027	—
Realized gains	—	290,237	(290,237)	—	—	—
Unrealized gains	—	4,104	(4,104)	—	—	—
Interest and dividends	—	214,616	(214,616)	—	—	—
Interest on note receivable	—	—	—	—	—	—
Total Earned Revenue	1,030,821	508,957	(508,957)	1,030,821	1,030,821	—
Contributed Revenue And Change In Value Of Funds Held In Trust By Others						
Individual, corporate and foundation	2,193,410	—	—	2,193,410	1,018,070	1,175,340
Ticket sales converted to donations	182,523	—	—	182,523	182,523	—
Paycheck Protection Program loan forgiveness	323,549	—	—	323,549	323,549	—
Federal, state and local	102,922	—	—	102,922	—	102,922
Change in value of funds held in trust by others	207,745	—	—	207,745	—	207,745
In-kind contributions	52,625	—	—	52,625	52,625	—
Lyric Opera Ball	451,099	—	—	451,099	417,924	33,175
Net assets released from restrictions	—	—	—	—	2,356,012	(2,356,012)
Total Contributed Revenue And Change In Value Of Funds Held In Trust By Others	3,513,873	—	—	3,513,873	4,350,703	(836,830)
Total Revenue	4,544,694	508,957	(508,957)	4,544,694	5,381,524	(836,830)
Expenses						
Program services:						
Production and artistic	2,995,029	—	—	2,995,029	2,995,029	—
Education (including auxiliaries)	153,793	—	—	153,793	153,793	—
Professional services	—	32,345	(32,345)	—	—	—
Investment fees	—	31,417	(31,417)	—	—	—
Interest expense	—	—	—	—	—	—
Contribution to Lyric Opera	—	399,182	(399,182)	—	—	—
Total program services	3,148,822	462,944	(462,944)	3,148,822	3,148,822	—
Supporting activities:						
Management and general	1,136,193	—	—	1,136,193	1,136,193	—
Fundraising (including ball)	704,521	—	—	704,521	704,521	—
Total supporting activities	1,840,714	—	—	1,840,714	1,840,714	—
Total Expenses	4,989,536	462,944	(462,944)	4,989,536	4,989,536	—
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation						
	(444,842)	46,013	(46,013)	(444,842)	391,988	(836,830)
Change In Net Assets Of Lyric Foundation	—	—	46,013	46,013	—	46,013
Change In Net Assets	(444,842)	46,013	—	(398,829)	391,988	(790,817)
Net Assets - Beginning Of Year	10,909,344	11,587,473	—	22,496,817	6,406,821	16,089,996
Net Assets - End Of Year	\$ 10,464,502	\$ 11,633,486	\$ —	\$ 22,097,988	\$ 6,798,809	\$ 15,299,179

LYRIC OPERA OF KANSAS CITY, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2019

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera QALICB	The Lyric Opera Of Kansas City Foundation	Elimination/ Reclassification Entries	Consolidated The Lyric Opera Of Kansas City, Inc.	Without Donor Restrictions	With Donor Restrictions
Earned Revenue							
Ticket sales (Mainstage and Explorations)	\$ 1,459,700	\$ —	\$ —	\$ —	\$ 1,459,700	\$ 1,459,700	\$ —
Rental income	183,990	141,750	—	(141,750)	183,990	183,990	—
Education	43,829	—	—	—	43,829	43,829	—
Auxiliaries	260,997	—	—	—	260,997	260,997	—
Miscellaneous	40,612	6	—	—	40,618	40,618	—
Resident artist program	8,464	—	—	—	8,464	8,464	—
Realized gains	—	—	165,255	(165,255)	—	—	—
Unrealized gains	—	—	167,463	(167,463)	—	—	—
Interest and dividends	—	—	210,021	(210,021)	—	—	—
Interest on note receivable	—	—	56,210	(56,210)	—	—	—
Total Earned Revenue	1,997,592	141,756	598,949	(740,699)	1,997,598	1,997,598	—
Contributed Revenue And Change In Value Of Funds Held In Trust By Others							
Contributions from Lyric Opera	—	—	3,000,124	(3,000,124)	—	—	—
Contributions from Lyric Opera QALICB	—	—	9,000	(9,000)	—	—	—
Individual, corporate and foundation	3,754,891	—	136,000	(136,000)	3,754,891	930,576	2,824,315
Contribution of note and interest receivable from the Lyric Foundation due to the QALICB unwind transaction (Note 18)	7,896,600	—	—	—	7,896,600	7,896,600	—
Federal, state and local	108,978	—	—	—	108,978	—	108,978
Change in value of funds held in trust by others	87,441	—	—	—	87,441	—	87,441
In-kind contributions	49,795	—	—	—	49,795	49,795	—
Extinguishment of note payable (Note 18)	—	2,963,100	—	(315,000)	2,648,100	2,648,100	—
Lyric Opera Ball	635,971	—	—	—	635,971	587,046	48,925
Net assets released from restrictions	—	—	—	—	—	2,829,920	(2,829,920)
Total Contributed Revenue And Change In Value Of Funds Held In Trust By Others	12,533,676	2,963,100	3,145,124	(3,460,124)	15,181,776	14,942,037	239,739
Total Revenue	14,531,268	3,104,856	3,744,073	(4,200,823)	17,179,374	16,939,635	239,739
Expenses							
Program services:							
Production and artistic	4,621,227	—	—	—	4,621,227	4,621,227	—
Education	450,027	—	—	—	450,027	450,027	—
Professional services	—	—	35,611	(35,611)	—	—	—
Investment fees	—	—	29,118	(29,118)	—	—	—
Interest expense	—	—	329	(329)	—	—	—
Contribution to Lyric Opera	—	—	8,384,960	(8,384,960)	—	—	—
Total program services	5,071,254	—	8,450,018	(8,450,018)	5,071,254	5,071,254	—
Supporting activities:							
Management and general	160,284	521,814	—	(378,997)	1,745,664	1,745,664	—
Fundraising (including ball)	861,272	—	—	—	861,272	861,272	—
Total supporting activities	2,464,119	521,814	—	(378,997)	2,606,936	2,606,936	—
Total Expenses	7,535,373	521,814	8,450,018	(8,829,015)	7,678,190	7,678,190	—
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation							
	6,995,895	2,583,042	(4,705,945)	4,628,192	9,501,184	9,261,445	239,739
Change In Net Assets Of Lyric Foundation	—	—	—	(4,705,945)	(4,705,945)	—	(4,705,945)
Change In Net Assets	6,995,895	2,583,042	(4,705,945)	(77,753)	4,795,239	9,261,445	(4,466,206)
Transfer Of Assets From QALICB To Lyric	500,039	(1,270,639)	—	770,600	—	—	—
Net Assets - Beginning Of Year	3,413,410	(1,312,403)	16,293,418	(692,847)	17,701,578	(2,854,624)	20,556,202
Net Assets - End Of Year	\$ 10,909,344	\$ —	\$ 11,587,473	\$ —	\$ 22,496,817	\$ 6,406,821	\$ 16,089,996